



**TOWN OF LOS GATOS
COUNCIL MEETING AGENDA
DECEMBER 17, 2024
110 EAST MAIN STREET AND TELECONFERENCE
TOWN COUNCIL CHAMBERS
7:00 PM**

*Matthew Hudes, Mayor
Rob Moore, Vice Mayor
Mary Badame, Council Member
Rob Rennie, Council Member
Maria Ristow, 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). 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 live stream of the meeting may be viewed on television and/or online at www.LosGatosCA.gov/TownYouTube.

HOW TO PARTICIPATE

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

- **Zoom Webinar (Online):** Join from a PC, Mac, iPad, iPhone or Android device. Please use this URL to join: https://losgatosca.gov.zoom.us/j/82232739012?pwd=1zlbRu029_33oyBb9l3AyTZQ7D2MEQ.kN8FbuOkINsmz-Jj
Passcode: 793054 You can also type in 822 3273 9012 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/> and use passcode 793054.
 - When the Mayor announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand.
- **Telephone:** Please dial (877) 336-1839 for US Toll-free or (636) 651-0008 for US Toll. (Conference code: 1052180)
 - If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- **In-Person:** Please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Mayor announces the item for which you wish to speak.

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

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

(3) Deadlines to submit written comments are:

11:00 a.m. the Thursday before the Council meeting for inclusion in the agenda packet.

11:00 a.m. the Monday before the Council meeting for inclusion in an addendum.

11:00 a.m. on the day of the Council meeting for inclusion in a desk item.

(4) Persons wishing to make an audio/visual presentation must submit the presentation electronically to Clerk@losgatosca.gov no later than 3:00 p.m. on the day of the Council meeting.

CALL MEETING TO ORDER

ROLL CALL

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

PLEDGE OF ALLEGIANCE

PRESENTATIONS

- i. Presentation of Town of Los Gatos Acceptance into the AARP Network of Age-Friendly States and Communities.

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 contained on Page 1 of this agenda. If an item is removed, the Mayor has the sole discretion to determine when the item will be heard.)*

1. Approve Closed Session Minutes of the December 3, 2024 Town Council Meeting.
2. Approve the Minutes of the December 3, 2024 Town Council Meeting.
3. Adopt An Ordinance to Repeal Town Code Sections 6.120.060, 6.120.070, and 6.120.080 (All Electric Construction Requirements).

Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Repealing Section 6.120.060, "All Electric Construction Definitions," Section 6.120.070, "Residential All Electric Construction," and Section 6.120.080, "Nonresidential All Electric Construction" of the Town Code.

4. Adopt an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding State Mandated Density Bonuses, Pursuant to Implementation Program R of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to Government Code Sections 65915 and Following. Town Code Amendment Application A-24-005. **Project Location: Town Wide.** Applicant: Town of Los Gatos.

Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning," of the Town Code to Update the Town's Density Bonus Ordinance to Reflect Changes Made in State Law.

5. Adopt an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code to Add Low Barrier Navigation Centers as a By-Right Use in Mixed-Use and Nonresidential Zones, Pursuant to Implementation Program AD of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to Government Code Sections 65660 - 65668. Town Code Amendment Application A-24-006. **Project Location: Town Wide.** Applicant: Town of Los Gatos.

Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos to Add Division 11, “Low Barrier Navigation Centers,” to Article I, “General” of Chapter 29, “Zoning Regulations,” of the Town Code.

6. Adopt a Replacement Units Ordinance Pursuant to Implementation Program AU of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to State Law. Town Code Amendment Application A-24-007. **Project Location: Town Wide.** Applicant: Town of Los Gatos.

Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, “Zoning,” of the Town Code, to Add Division 12, “Replacement Housing Units,” to Article I, “General.”

7. Consider the Following Actions for the Property Location: 653 Blossom Hill Road. APN 529-65-002. Property Owner: Natalie Ladd.
- a. Adopt a Resolution Approving a Purchase and Sale Agreement for the Re-Purchase of an Affordable Housing Unit Subject to an Existing Below Market Price (BMP) First Right of Refusal Option; and
 - b. Authorize the Town Manager to Negotiate and Execute all Agreements and Documents Necessary and Appropriate to Effectuate the Preservation of the Affordable Housing Unit; and
 - c. Authorize an Expenditure Budget Adjustment in the Amount of \$476,154 from Available BMP Housing In-Lieu Fee Fund to Purchase, Make Any Necessary Repairs, and Pay Any Past Due Fees and Taxes of the Property Prior to Resale; and
 - d. Authorize a Revenue Budget Adjustment in the Amount of \$476,154 to Redeposit the Sales Proceeds to the BMP Fund after Reselling the Unit.
8. Authorize the Town Manager to Execute a Five-Year Agreement for Services with Buringrud & Reyes Electric Inc. for Maintenance of Downtown Decorative Tree Lighting for a Total Agreement Amount Not to Exceed \$304,425.
9. Adopt a Resolution to Designate the Traffic Sergeant or Police Department Staff Member as Designated by the Chief of Police to the Board of Directors of the Los Gatos-Monte Sereno Safe Routes to School Organization.
10. Authorize the Town Manager to Execute a Use Agreement with California Farmers’ Markets Association for Farmers’ Market Operation Services for a Three-Year Term with Two Three-Year Options to Extend the Term.
11. Adopt Council Committee Appointments Effective January 1, 2025.
12. Approve a Side Letter that Amends the Town Employees Association (TEA) Salary Schedule to Establish a New Classification Title and Salary Range for Project Analyst I/II.
13. Receive the Monthly Financial and Investment Report for October 2024.
14. Receive Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024, and Adopt a Resolution Confirming June 30, 2024 Fund Balances in Accordance with Fiscal Year 2023/24 Final Audit and Town Council General Fund Reserve Policy.
15. Adopt the Town of Los Gatos Community Wildfire Protection Plan (Annex 9 of the Countywide Community Wildfire Protection Plan).
16. Receive a Fiscal Year (FY) 2023/24 Status Report on Receipt and Use of Development Impact Fees.

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. 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.)*

PUBLIC HEARINGS *(Applicants/Appellants and their representatives may be allotted up to a total of five minutes for opening statements. Members of the public may be allotted up to three minutes to comment on any public hearing item. Applicants/Appellants and their representatives may be allotted up to a total of three minutes for closing statements. Items requested/recommended for continuance are subject to Council's consent at the meeting.)*

- [17.](#) Conduct a Public Hearing for Appeal of Administrative Citation VL-19-362 (16660 Cypress Way) for Violations of the Los Gatos Town Code Related to Grading and Building and Adopt a Resolution Upholding the Administrative Citation and Imposing Costs According to Proof.
- [18.](#) Consider an Appeal of a Planning Commission Decision to Approve an Architecture and Site Application for Construction of a Single-Family Residence and Site Improvements Requiring a Grading Permit on Vacant Property Zoned R-1:8. **Located at 15411 National Avenue.** APN 424-12-140. Architecture and Site Application S-23-033. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction. Property Owners: Vyankatesh and Ramya Muddada. Applicant: Jose Rama. Appellant: Hellen Martinez. Project Planner: Erin Walters.

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

- [19.](#) Introduce an Ordinance Amending Section 06.20.020 (Buildings and Building Regulations) to Add the Definition of Qualifying Alterations; and Consider Introducing an Ordinance Establishing Air Quality and NOx Emissions Regulations.
Ordinance Titles: An Ordinance of the Town Council of the Town of Los Gatos Adding a Section 06.20.020, "Qualifying Alterations," to Article II, "Administration Of Codes," of Chapter 6, "Buildings And Building Regulations," of the Town Code to Add a Definition for "Qualifying Alterations"; and An Ordinance of the Town Council of the Town of Los Gatos Adding Article V, "Air Quality" to Chapter 13, "Health and Safety" of the Town Code to Establish Air Quality and NOx Emissions Regulations, and Amending Section 29.20.720, "Administration And Enforcement" to Add the Implementation of the Air Quality Ordinance, and Amending Section 29.20.720 to Add Implementation to Duties of the Building Official.
- [20.](#) Discuss Options for a New Annual Town Event for Fall 2025 and Provide Direction.
- [21.](#) Approve a Third Amendment to the Employment Agreement Between the Town of Los Gatos and the Town Attorney and Authorize the Mayor to Execute the Amendment; Modify the Management Salary Schedule; and Authorize a Budget Adjustment in the Amount of \$22,017.61 from Available General Fund Capital/Special Projects Reserve.

22. Approve the Proposed Modifications to Town Council Policy 2-11 “Commission Appointments, Residency, and Attendance Requirements, and Establishing a Quorum” as Recommended by the Council Policy Committee.

COUNCIL / MANAGER MATTERS

CLOSED SESSION REPORT

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

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

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 Town’s website at www.losgatosca.gov. Town Council agendas and related materials can be viewed online at <https://losgatos-ca.municodemeetings.com/>.



**TOWN OF LOS GATOS
COUNCIL CLOSED SESSION MINUTES**

MEETING DATE: 12/17/2024

ITEM NO. 1.

ITEM NO: 1

**DRAFT
Minutes of the Town Council Special Meeting – Closed Session
Tuesday, December 3, 2024
5:15 P.M.**

The Town Council of the Town of Los Gatos conducted a special meeting in-person.

MEETING CALLED TO ORDER AT 5:15 P.M.

ROLL CALL

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

Absent: None.

VERBAL COMMUNICATIONS (ONLY ON ITEMS ON THE AGENDA)

Lee Fagot

- Commented on concerns with the suit filed by Lynley Hogan and inquired about a response.

THE TOWN MOVED TO CLOSED SESSION ON THE FOLLOWING ITEMS:

1. EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957(b)(1)
Title: Town Attorney
2. CONFERENCE WITH LEGAL COUNSEL— EXISTING LITIGATION Pursuant to Government Code 54956.9(d)(1)
Lynley Kerr Hogan vs. Rob Moore et al
Santa Clara County Superior Court Case Number: 24CV451604
3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant Exposure to Litigation pursuant to Government Code Section 54956.9(d)(2): 2 cases.

The Town Council reconvened in open session. The Town Council authorized the defense of two council members who have been sued by Lynley Hogan.

ADJOURNMENT

The meeting adjourned at approximately 6:45 p.m.

Attest:

Submitted by:

Jenna De Long, Deputy Town Clerk

Chris Constantin, Town Manager



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 2

ITEM NO. 2.

**DRAFT
Minutes of the Town Council Meeting
Tuesday, December 3, 2024
7:00 P.M.**

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

MEETING CALLED TO ORDER AT 7:00 P.M.

ROLL CALL

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

Absent: None

PLEDGE OF ALLEGIANCE

Girl Scouts Pari, Sahara, and Myra led the Pledge of Allegiance. The audience was invited to participate.

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

1. Approve the November 19, 2024, Town Council Closed Session Meeting Minutes.
2. Approve the November 19, 2024, Town Council Study Session Meeting Minutes.
3. Approve the November 19, 2024, Town Council Meeting Minutes.
4. Receive an Annual Report Regarding the Independent Police Auditor Function.
5. Adopt a Resolution Declaring Certain Hazardous Vegetation Growing in the Town of Los Gatos to be a Public Nuisance, Ordering Abatement, and Setting a Public Hearing Date of January 21, 2025, to Consider Objections for the Proposed Abatement. **RESOLUTION 2024-051**
6. Adopt an Ordinance Amending Section 15.30.235 of the Town Code to Reduce the Speed Limit on Blossom Hill Road between Santa Cruz Avenue/Winchester Boulevard and Camino del Cerro. **ORDINANCE 2362**
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Section 15.30.235, "Establishing Speed Limits on Certain Streets," of the Town Code Establishing Speed Limits.
7. Adopt an Ordinance to Amend Chapter 14 of the Town Code to Rescind the Existing Pushcart Ordinance and Replace It with a New Sidewalk Vending Ordinance in Compliance with State Law and Amend the Existing Peddler and Solicitor Ordinance to Exclude Sidewalk Vendors From its Provisions. **ORDINANCE 2363**
Ordinance Title: "An Ordinance of The Town Council of The Town of Los Gatos Amending Sections 14.40.010, 'Definitions,' and 14.40.015, 'Nonapplicability,' of Article IV, 'Peddlers and Solicitors,' of Chapter 14, 'Licenses and Miscellaneous Business Regulations,' of the

SUBJECT: Draft Minutes of the Town Council Meeting of December 3, 2024

DATE: December 3, 2024

Town Code and Replacing Article VII, 'Pushcarts,' of Chapter 14, 'Licenses and Miscellaneous Business Regulations,' with a New Article VII, 'Sidewalk Vending.'"

8. Adopt an Ordinance to Amend Chapter 29 of the Town Code to Adjust the Permitted Size of Signs at Intersections, Clarify Regulations Applicable to Temporary Signs on Private Property, and Prohibit Temporary Signage on Public Property. **ORDINANCE 2364**
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning Regulations," Article I, "In General," Division 3, "Signs."
9. Authorize the Town Manager to Execute the Second Amendment to the Consulting Services Agreement with Nichols Consulting Engineers for an Extension of Time for the Shannon Road Repair Project (CIP No. 811-0008).
10. Approve an Amendment to the Joint Powers Agreement of the West Valley Clean Water Program Authority to Support the Authority's Proposed Name Change.
11. Authorize The Town Manager to Execute a Certificate of Acceptance and Notice of Completion for the 2024 Annual Curb, Gutter, and Sidewalk Maintenance Project (CIP No. 813-9921), Completed by Villalobos and Associates Inc., and Authorize the Town Clerk to File for Recordation.
12. Authorize the Town Manager to Execute a Third Amendment to the Agreement for Consultant Services with Disability Access Consultants, LLC to Extend the Term of the Agreement from December 31, 2024, to June 30, 2025, for the Annual ADA Compliance Work Project (CIP No. 812-2013).
13. Authorize the Town Manager to Execute a Second Amendment to the Contract for Legal Services with the Law Firm of Atchison, Barisone & Condotti to Increase the Contract Amount by \$100,000 in an Amount Not to Exceed \$250,000 until December 31, 2025.
14. Authorize the Town Manager to Execute a Contract Amendment to the Contract for Legal Services with the Law Firm of Goldfarb & Lipman to Increase the Contract Amount in an Amount Not to Exceed \$165,000.
15. Direct Staff to Exercise the Option to Purchase the Below Market Rate (BMR) Unit at 653 Blossom Hill Road and Take Necessary Steps.

Mayor Badame opened public comment.

No one spoke.

Mayor Badame closed public comment.

MOTION: Motion by Council Member Ristow to approve consent items one through fifteen. Seconded by Council Member Moore.

VOTE: Motion passed unanimously.

SUBJECT: Draft Minutes of the Town Council Meeting of December 3, 2024

DATE: December 3, 2024

VERBAL COMMUNICATIONS

Rob Stump

- Commented on pursuing a second point of public access for Los Gatos High School through the Los Gatos Lodge property.

Rich Stevens

- Commented concerns on the New Town development and asked clarifying questions.

Jeff Lochridge

- Commented on concerns with proposed projects and the accessibility of related information and asked clarifying questions.

Gus

- Read a passage from a book and commented on concerns with the presidential election and Lynne Avenue.

Lee Quintana

- Commented on Item 18 and requested clarification regarding the attached map; and stated concerns with the resolution in Item 19.

PUBLIC HEARINGS

16. Introduce An Ordinance to Repeal Town Code Sections 6.120.060, 6.120.070, and 6.120.080 (All Electric Construction Requirements).

Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Repealing Section 6.120.060, "All Electric Construction Definitions," Section 6.120.070, "Residential All Electric Construction," and Section 6.120.080, "Nonresidential All Electric Construction" of the Town Code.

Gabrielle Whelan, Town Attorney, presented the staff report.

Mayor Badame opened public comment.

Lynley

- Commented on the ability to choose and encouraged the Council to remove the requirements.

Mayor Badame closed public comment.

Council discussed the item.

MOTION: Motion by Vice Mayor Hudes to introduce an ordinance to repeal Town Code Sections 6.120.060, 6.120.070, and 6.120.080 which codify all-electric construction requirements. **Seconded by Council Member Ristow.**

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SUBJECT: Draft Minutes of the Town Council Meeting of December 3, 2024

DATE: December 3, 2024

VOTE: Motion passed unanimously.

17. Introduce an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding State Mandated Density Bonuses, Pursuant to Implementation Program R of the 2023-2031 Housing Element. Adoption of This Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to Government Code Sections 65915 and Following. Town Code Amendment Application A-24-005. Project Location: Town Wide. Applicant: Town of Los Gatos.
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning," of the Town Code to Update the Town's Density Bonus Ordinance to Reflect Changes Made in State Law.

Gabrielle Whelan, Town Attorney, presented the staff report.

Mayor Badame opened public comment.

No one spoke.

Mayor Badame closed public comment.

Council discussed the item.

MOTION: Motion by Council Member Ristow to introduce an ordinance amending Chapter 29 (Zoning Regulations) of the Town Code regarding state mandated density bonuses, pursuant to Implementation Program R of the 2023-2031 Housing Element.
Seconded by Council Member Moore.

VOTE: Motion passed unanimously.

18. Introduce an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code to Add Low Barrier Navigation Centers as a By-Right Use in Mixed-Use and Nonresidential Zones, Pursuant to Implementation Program AD of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to Government Code Sections 65660 - 65668. Town Code Amendment Application A-24-006. Project Location: Town Wide. Applicant: Town of Los Gatos.
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos to Add Division 11, "Low Barrier Navigation Centers," to Article I, "General" of Chapter 29, "Zoning Regulations," of the Town Code.

Gabrielle Whelan, Town Attorney, presented the staff report.

Mayor Badame opened public comment.

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SUBJECT: Draft Minutes of the Town Council Meeting of December 3, 2024

DATE: December 3, 2024

No one spoke.

Mayor Badame closed public comment.

Council discussed the item.

MOTION: Motion by Council Member Moore to introduce an ordinance amending Chapter 29 (Zoning Regulations) of the Town Code to add Low Barrier Navigation Centers as a By-Right Use in Mixed-Use and Nonresidential Zones, where multi-family uses are permitted, pursuant to Implementation Program AD of the Housing Element **AMENDMENT:** and Include a Section 7 be inserted [in the ordinance] to read: Sunset Clause. This ordinance will sunset on January 1, 2027, when Government Code Sections 66650-66658 are repealed or upon any earlier date if repealed earlier. **Seconded by Council Member Ristow.**

The Town Attorney stated the Planning Commission had recommended adding a sunset clause so that the ordinance sunsets when the State Law requiring it sunsets and proposed that a section seven be inserted [in the ordinance] to read: Sunset Clause. This ordinance will sunset on January 1, 2027, when Government Code Sections 65660-65688 are repealed or upon any earlier date if repealed earlier.

VOTE: Motion passed 4-1. Vice Mayor Hudes voted no.

19. Introduce a Replacement Units Ordinance and Adopt a Resolution Adopting Replacement Units Guidelines, Pursuant to Implementation Program AU of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to State Law. Town Code Amendment Application A-24-007. Project Location: Town Wide. Applicant: Town of Los Gatos. **RESOLUTION 2024-052**
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning," of the Town Code, to Add Division 12, "Replacement Housing Units," to Article I, "General."

Gabrielle Whelan, Town Attorney, presented the staff report.

Mayor Badame opened public comment.

Carin Yamatoto

- Asked for clarification on the impact this item would have on the community.

Mayor Badame closed public comment.

Council discussed the item.

SUBJECT: Draft Minutes of the Town Council Meeting of December 3, 2024

DATE: December 3, 2024

MOTION: Motion by Council Member Moore to introduce a replacement units ordinance and adopt a resolution adopting replacement units guidelines, pursuant to Implementation Program AU of the 2023-2031 Housing Element. **Seconded** by Council Member Ristow.

VOTE: Motion passed unanimously.

Mayor Badame called a recess 8:02 p.m.

Mayor Badame reconvened the meeting at 8:10 p.m.

The Mayor stated she was going to reopen Item 18.

OTHER BUSINESS

20. Receive the Los Gatos-Monte Sereno Police Department Organizational Assessment Report Completed by Meliora Public Safety Consulting.

Jamie Field, Police Chief, presented the staff report.

Mayor Badame opened public comment.

Lynley

- Provided appreciative comments for the responsiveness of the Police Department.

Mayor Badame closed public comment.

Council discussed the item.

COUNCIL/TOWN MANAGER REPORTS

Council Matters

- Council Member Ristow stated she attended the Live Oak Thanksgiving Feast, the Interfaith Thanksgiving Service; met with SummerHill representatives regarding the Los Gatos Lodge site; attended a Council Policy Committee meeting, a Finance Commission meeting as an observer; met with residents regarding a number of topics; and is looking forward to the upcoming Winter Celebration and Los Gatos Children's Parade.
- Council Member Moore stated he is starting a Young Leaders Group; attended a Rank Choice Voting Pros and Cons meeting; attended an AI (Artificial Intelligence) Luncheon sponsored by Joint Venture; attended a Los Gatos CERT (Community Emergency Response Team) meet and greet and training; and taped an episode of PodCats.
- Council Member Rennie stated he met with representatives of SummerHill regarding the Los Gatos Lodge site; and attended a Silicon Valley Clean Energy Authority (SVCEA) Risk Oversight Committee meeting, and a Finance Commission meeting.

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SUBJECT: Draft Minutes of the Town Council Meeting of December 3, 2024

DATE: December 3, 2024

- Vice Mayor Hudes stated he met with Supervisor Simitian and Deputy County Executive Hernandez; attended a Finance Commission meeting, participated in the Los Gatos Thrives Foundation meetings; and stated he had a great Thanksgiving with his family.
- Mayor Badame stated she participated in a Silicon Valley Animal Control Authority (SVACA) Board meeting; met with Supervisor Simitian; participated in a ribbon cutting for Pedro's; and attended a quarterly meeting with the Executive Director of the Chamber of Commerce.

Town Manager Matters

- Announced the Town is recruiting for Boards, Commissions, and Committees and the deadline to apply is 4:00 p.m. on December 9.
- Announced the Annual Winter Celebration will be held in Town Plaza Park on Friday, December 6 from 5:00 p.m. to 7:00 p.m.
- Announced a portion of North Santa Cruz Avenue will be closed from 8:45 a.m. to 3:00 p.m. for the Los Gatos Children's Christmas Parade on Saturday, December 7.

CLOSED SESSION REPORT

Gabrielle Whelan, Town Attorney, stated the Town Council met in closed session to discuss two items of anticipated litigation and one item of existing litigation. With regard to the existing litigation, the Town Council authorized the defense of two council members who have been sued by Lynley Hogan alleging a variety of violations, primarily civil rights violations.

ADJOURNMENT

The meeting adjourned at 10:10 p.m.

Respectfully Submitted:

Jenna De Long, Deputy Town Clerk



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO. 3.

ITEM NO: 3

DATE: December 5, 2024
TO: Mayor and Town Council
FROM: Gabrielle Whelan, Town Attorney
SUBJECT: Adopt An Ordinance to Repeal Town Code Sections 6.120.060, 6.120.070, and 6.120.080 (All Electric Construction Requirements).
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Repealing Section 6.120.060, "All Electric Construction Definitions," Section 6.120.070, "Residential All Electric Construction," and Section 6.120.080, "Nonresidential All Electric Construction" of the Town Code.

RECOMMENDATION:

Adopt an ordinance to repeal Town Code Sections 6.120.060, 6.120.070, and 6.120.080, which codify all-electric construction requirements.

BACKGROUND:

At the regular meeting of December 5, 2024, the Town Council held a public hearing to consider the introduction of an ordinance to repeal Town Code Sections 6.120.060, "All Electric Construction Definitions," Section 6.120.070, "Residential All Electric Construction," and Section 6.120.080, "Nonresidential All Electric Construction," which codify all-electric construction requirements. The Town Council voted unanimously to approve the introduction of the ordinance.

This ordinance is returning to the Town Council for final adoption. The ordinance will take effect 30 days after its adoption.

COORDINATION:

The Community Development Department coordinated with the Town Attorney's Office in the preparation of this report.

Reviewed by: Town Manager and Town Attorney

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SUBJECT: Reach Code Amendments

DATE: December 5, 2024

FISCAL IMPACT:

There is no fiscal impact to the Town associated with adoption of an ordinance to rescind the all-electric construction requirements.

ENVIRONMENTAL ASSESSMENT:

Adoption of this ordinance is exempt pursuant to the “common sense” exemption in that the Town is already subject to the 9th Circuit’s ruling in the Berkeley decision and amending the Town Code to comport with that ruling will not impact the physical environment (CEQA Guidelines Section 15061(b)(3)).

Attachment:

1. Draft Ordinance repealing the Town’s all-electric construction requirements

DRAFT ORDINANCE

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
REPEALING SECTION 6.120.060, "ALL ELECTRIC CONSTRUCTION DEFINITIONS,"
SECTION 6.120.070, "RESIDENTIAL ALL ELECTRIC CONSTRUCTION," AND SECTION
6.120.080, "NONRESIDENTIAL ALL ELECTRIC CONSTRUCTION" OF THE TOWN CODE**

WHEREAS, on November 15, 2022, the Town adopted the California Building and Fire Codes as required by state law; and

WHEREAS, as part of this adoption, the Town Council chose to address greenhouse gas emissions by approving specific amendments, known as Reach Codes, that required all new construction and qualifying major remodels to be fully electric; and

WHEREAS, on January 2, 2024, the Court of Appeals ruled that all-electric ordinances are preempted by the federal Environmental Policy and Conservation Act; and

WHEREAS, in July of 2024, the Restaurant Association contacted the Town regarding the Ninth Circuit ruling and requested that the Town repeal its all-electric ordinance in conformance with the decision; and

WHEREAS, in light of the Ninth Circuit decision, it is recommended that the Town Council repeal the Town's all-electric ordinance;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Los Gatos as follows:

SECTION I. Town Code Section 6.120.060, "All Electric Construction Definitions," is repealed.

SECTION II. Town Code Section 6.120.070, "Residential All Electric Construction," is repealed.

SECTION III. Town Code Section 6.120.080, "Nonresidential All Electric Construction" is repealed.

SECTION IV. 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 Section and shall not affect the validity of the remaining portions of this Section. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Section

irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses, or phrases in this Section might be declared unconstitutional, preempted, or otherwise invalid.

SECTION V. CEQA.

Adopting this Ordinance is not a project subject to CEQA because it can be seen with certainty that it will not impact the environment (CEQA Guidelines Section 15378).

SECTION VI. Publication.

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 VII. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the ____ day of ____, 2024, and adopted by the following vote as an ordinance of the Town of Los Gatos at a regular meeting of the Town Council of the Town of Los Gatos on the _____, 2024. This ordinance takes effect 30 days after it is adopted.

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO. 4.

ITEM NO: 4

DATE: December 5, 2024
TO: Mayor and Town Council
FROM: Gabrielle Whelan, Town Attorney
SUBJECT: Adopt an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding State Mandated Density Bonuses, Pursuant to Implementation Program R of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to Government Code Sections 65915 and Following. Town Code Amendment Application A-24-005. **Project Location: Town Wide.** Applicant: Town of Los Gatos.
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning," of the Town Code to Update the Town's Density Bonus Ordinance to Reflect Changes Made in State Law.

RECOMMENDATION:

Adopt an ordinance amending Chapter 29 (Zoning Regulations) of the Town Code regarding State mandated density bonuses, pursuant to Implementation Program R of the 2023-2031 Housing Element.

BACKGROUND:

At the regular meeting of December 3, 2024, the Town Council held a public hearing to consider the introduction of an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding State Mandated Density Bonuses, Pursuant to Implementation Program R of the 2023-2031 Housing Element. The Town Council voted unanimously to approve the introduction of the ordinance.

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

PAGE 2 OF 2

SUBJECT: Density Bonus Ordinance

DATE: December 5, 2024

This ordinance is returning to the Town Council for final adoption. The ordinance will take effect 30 days after its adoption.

COORDINATION:

This report was coordinated with the Community Development Department and the Town Attorney's Office.

FISCAL IMPACT:

Adoption of this ordinance will not have a fiscal impact in that the Town is already required to comply with Government Code Sections 65915 and following.

ENVIRONMENTAL ASSESSMENT:

Adoption of this ordinance is subject to the "common sense" exemption from CEQA in that it can be seen with certainty that it will not impact the environment, because the Town is already subject to Government Code Sections 65915 and following.

Attachments:

1. Draft Density Bonus Ordinance

DRAFT ORDINANCE**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
AMENDING CHAPTER 29, "ZONING," OF THE TOWN CODE TO UPDATE
THE TOWN'S DENSITY BONUS ORDINANCE TO REFLECT CHANGES
MADE IN STATE LAW**

WHEREAS, Sections 65915 et seq. of the California Government Code, known as State Density Bonus Law, requires the Town of Los Gatos to provide a developer that proposes a housing development within the jurisdictional boundaries of the Town of Los Gatos containing affordable and other types of housing with a density bonus and other incentives; and

WHEREAS, California Government Code Section 65915(a) requires that all jurisdictions within the state adopt an ordinance that specifies how compliance with State Density Bonus Law will be implemented; and

WHEREAS, since adoption of the Town's density bonus ordinance, the State Legislature has passed, and the Governor has signed into law numerous changes to State Density Bonus Law; and

WHEREAS, the 2023-2031 Housing Element, which was adopted on June 4, 2024, and subsequently found in compliance with housing element law on July 10, 2024, by the California Department of Housing and Community Development, provides that the Town will update its density bonus ordinance to comply with State law amendments; and

WHEREAS, the Planning Commission has reviewed the proposed amendments to the Town Code, has found that the proposed amendments are consistent with goals and policies of the Town's General Plan, and recommends adoption of the proposed amendments by the Town Council; and

WHEREAS, the Town finds and determines that the proposed amendments to the Town Code are adopted pursuant to the Town's police power authority to protect the public health, safety, and welfare.

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Los Gatos as follows:

SECTION I. Incorporation of Recitals.

The Town of Los Gatos Town Council finds that the above Recitals are true and correct and are incorporated herein by reference.

ATTACHMENT 1

SECTION II. Amendments to Chapter 29 of the Town of Los Gatos Town Code.

Sections 29.10.405 through 29.10.440 of Chapter 29 of the Town of Los Gatos Town Code are repealed and replaced with a new Division 8 of Article I of Chapter 29 to read as follows:

AFFORDABLE HOUSING DENSITY BONUS

Sections

- 29.10.410 Purpose.**
- 29.10.420 Definitions.**
- 29.10.430 Application requirements.**
- 29.10.440 Review process.**
- 29.10.450 Density bonus agreement.**
- 29.10.460 Density bonus calculations.**
- 29.10.470 Development standards.**
- 29.10.480 Density bonus for commercial development.**
- 29.10.490 Interpretation**

Sec. 29.10.410. Purpose.

In accordance with California Government Code Sections 65915, et seq., this Division specifies how compliance with State Density Bonus Law will be implemented. Specifically, the purpose of this Division is to provide density bonuses, incentives, concessions, and waivers of development standards for the production of housing for very low-, low-, and moderate-income households, senior households, provision of daycare facilities, student housing, and donations of land, and for other housing types as provided by state law. In enacting this Division, it is also the intent of the Town to implement the goals, objectives, and policies of the Town's Housing Element of the General Plan.

Sec. 29.10.420. Definitions.

The definitions found in State Density Bonus Law shall apply to the terms contained in this Division. "Incentives" include "concessions" as defined in State Density Bonus Law.

Sec. 29.10.430. Application Requirements.

(a) An applicant for a "housing development" as defined in State Density Bonus Law shall be eligible for a density bonus and other regulatory benefits that are provided by State Density Bonus Law when the applicant seeks and agrees to provide housing as specified in Government Code Section 65915(b), (c), (f), (g), (h), and (v), or in Government Code Section 65195.5, or successor provisions. The density bonus calculations shall be made in accordance with State Density Bonus Law.

(b) The granting of a density bonus, incentive, or concession, pursuant to this Division, shall not be interpreted, in and of itself, to require a general plan amendment, development code amendment, zone change, other discretionary approval, or the waiver of a Town ordinance or

provisions of a Town ordinance unrelated to development standards.

(c) All requests for density bonuses, incentives, parking reductions, and waivers for a housing development shall be filed with and on a form provided by the Community Development Director, or their designee, concurrently with the filing of the planning application for the first discretionary or ministerial permit required for the housing development, whichever permit is earliest. The applicant shall be informed whether the application is complete consistent with Government Code Section 65943.

(d) The application shall include the required fee and the following minimum information:

1. For a requested density bonus.
 - a. Summary table showing the maximum number of dwelling units permitted by the zoning and general plan excluding any density bonus units, proposed affordable units by income level, proposed bonus percentage, number of density bonus units proposed, total number of dwelling units proposed on the site, and resulting density in units per acre.
 - b. Subparagraph of Government Code Section 65915(b)(1) under which the housing development qualifies for a density bonus and reasonable documentation demonstrating that the housing development is eligible for a bonus under that subparagraph.
 - c. Where the housing development is seeking an additional bonus, the subparagraph of Government Code Section 65915(v)(1) under which the housing development qualifies for an additional density bonus and reasonable documentation demonstrating that the housing development is eligible for the additional bonus under that subparagraph.
 - d. A tentative map or preliminary site plan, drawn to scale, showing the number and location of all proposed units, designating the location of proposed affordable units and density bonus units.
 - e. The zoning and general plan designations and assessor's parcel number(s) of the housing development site.
 - f. A description of all dwelling units existing on the site in the five-year period preceding the date of submittal of the application and identification of any units rented in the five-year period; subject to any form of rent control through a public entity's valid exercise of its police power; or subject to a recorded covenant ordinance, or law restricting rents to levels affordable to households of lower or very low income.
 - g. If dwelling units on the site are currently rented, income and household size of all residents of currently occupied units, if known. If any dwelling units on the site were rented in the five-year period, but are not currently rented, the income and household size of residents occupying the dwelling units when the site contained the maximum number of dwelling units, if known.
 - h. The phasing of the construction of the affordable housing units in relation to the nonrestricted units in the housing development.

- i. If a density bonus is requested for a land donation, the location of the land to be dedicated, proof of site control, and reasonable documentation that each of the requirements included in Government Code Section 65915 (g) can be met.
2. **Requested incentives.** Incentives are those defined by State Density Bonus Law. The number of incentives that may be requested shall be based upon the number the applicant is entitled to pursuant to State Density Bonus Law. The application shall include the following minimum information for each incentive requested, shown on a site plan (if appropriate):
 - a. The Town of Los Gatos's usual regulation and the requested regulatory incentive or concession.
 - b. Except where mixed-use zoning is proposed as a concession or incentive, reasonable documentation to show that any requested incentive will result in identifiable and actual cost reductions to provide for affordable housing costs or rents.
 - c. If approval of mixed-use zoning is proposed, reasonable documentation that nonresidential land uses will reduce the costs of the housing development, that the nonresidential land uses are compatible with the housing development and the existing or planned development in the area where the proposed housing development will be located, and that mixed-use zoning will provide for affordable housing costs and rents.
3. **Requested waivers.** For each waiver requested, the applicant shall include a list, and shown on a site plan (if possible), the Town's required development standard and the requested development standard.
4. **Parking reductions.** If a housing development is eligible for a density bonus pursuant to State Density Bonus Law, the applicant may request an on-site vehicular parking ratio specified in Government Code Section 65915(p). An applicant may request this parking reduction in addition to the incentives and waivers permitted by paragraphs (2) and (3) of this subsection. The application shall include a table showing parking required by the zoning regulations, parking proposed under State Density Bonus Law, paragraph under Government Code Section 65915(p) (or other statute) under which the project qualifies for the parking reduction, and reasonable documentation that the project is eligible for the requested parking reduction.
5. **Density bonus or incentive for a childcare facility in a housing development.** The application shall include reasonable documentation that all of the requirements included in Government Code Section 65915(h) can be met.

6. **Density bonus or incentive for a condominium conversion.** The application shall include reasonable documentation that all of the requirements included in Government Code Section 65915.5 can be met.

Sec. 29.10.440. Application review process.

(a) All requests under State Density Bonus Law shall be part of the planning application and shall be applied for, reviewed, and acted upon concurrently with the planning application by the approval body with authority to approve the development, within the timelines prescribed by California Government Code Section 65950 et seq. or other statute. Appeals of the planning application in accordance with the requirements of Division 4 of Chapter 29 of the Town Code shall include all requests under State Density Bonus Law if appeals are authorized for the discretionary or ministerial permit applied for.

(b) To ensure that an application for a housing development conforms with the provisions of State Density Bonus Law, the staff report presented to the decision-making body shall state whether the application conforms to the following requirements of State Density Bonus Law, as applicable:

1. The housing development provides the housing required by State Density Bonus Law to be eligible for a density bonus and any incentives, parking reduction, or waivers requested, including housing required to replace units rented or formerly rented to very low- and low-income households as required by California Government Code Section 65915(c)(3).
2. If applicable, the housing development provides the housing required by State Density Bonus law to be eligible for an additional density bonus under Government Code Section 65915(v)(1).
3. If an incentive is requested, reasonable documentation has been presented showing that any requested incentive will result in identifiable and actual cost reductions to provide for affordable housing or costs or rents; except that, if a mixed-use development is requested, the application must instead meet all of the requirements of Government Code Section 65915(k)(2).
4. If a waiver is requested, the development standards for which a waiver is requested would have the effect of physically precluding the construction of the housing development at the densities or with the incentives permitted.
5. The housing development is eligible for any requested parking reductions under Government Code Section 65915(p) or other statute.
6. If the density bonus is based all or in part on donation of land, the requirements of Government Code Section 65915(g) have been met.
7. If the density bonus or incentive is based all or in part on the inclusion of a child care facility or condominium conversion, the requirements included in Government Code Section 65915(h) or 65915.5, as appropriate, have been met.

(c) The decision-making body shall grant an incentive requested by the applicant unless it makes a written finding, based upon substantial evidence, of any of the following:

1. The proposed incentive does not result in identifiable and actual cost reductions to provide for affordable housing costs, as defined in Health and Safety Code Section 50052.5; or for affordable rents, as defined in Health and Safety Code Section 50053; or
2. The proposed incentive would be contrary to state or federal law; or
3. The proposed incentive would have a specific, adverse impact upon the public health or safety or on any real property that is listed in the California Register of Historic Resources, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the housing development unaffordable to low- and moderate-income households. For the purpose of this subsection, “specific, adverse impact” means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified, written public health or safety standards, policies, or conditions as they existed on the date that the application for the housing development was deemed complete as defined in Government Code Section 65589.5.

(d) The decision-making body shall grant the waiver of development standards requested by the applicant unless it makes a written finding, based upon substantial evidence, of any of the following:

1. The proposed waiver would be contrary to state or federal law; or
2. The proposed waiver would have an adverse impact on any real property listed in the California Register of Historic Resources; or
3. The proposed waiver would have a specific, adverse impact upon the public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the housing development unaffordable to low- and moderate-income households. For the purpose of this subsection, “specific, adverse impact” means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified, written public health or safety standards, policies, or conditions as they existed on the date that the application for the housing development was deemed complete as defined in Government Code Section 65589.5.

(e) If a child care center complies with the requirements of Government Code Section 65915(h), the decision-making body may deny a density bonus or incentive that is based on the provision of child care facilities only if it makes a written finding, based on substantial evidence, that the Town already has adequate child care facilities.

(f) A request for minor modification of an approved density bonus housing plan may be granted by the Town Manager, or their designee, if the modification substantially complies with the original density bonus housing plan and conditions of approval. Other modifications to the density bonus housing plan shall be processed in the same manner as the original plan.

Sec. 29.10.450. Density bonus housing agreement.

(a) If a density bonus, incentive, parking reduction, or waiver is approved pursuant to this Division, the applicant shall enter into a binding affordable housing agreement and/or restrictive covenant, as described below, with the Town, which sets forth the conditions and guidelines to be met in the implementation of State Density Bonus Law and that ensures

compliance with all of the provisions of this chapter. The agreement will also establish specific compliance standards and remedies available to the Town upon failure by the applicant to comply with State Density Bonus Law, this Division, or the affordable housing agreement.

(b) For rental projects, the applicant shall enter into an affordable housing agreement with the Town, running with the land, in a form approved by the Town Attorney, to be executed by the Town Manager, or their designee. The agreement shall require the continued affordability of all rental units that qualified the applicant for the receipt of the density bonus, incentive, waiver, or parking reduction for a minimum of 55 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program; shall identify the type, size and location of each affordable unit; shall specify the eligible occupants; shall specify phasing of the affordable units in relation to the market-rate units; and shall contain other relevant provisions approved by the Town Attorney. Rents for the lower income density bonus units shall be set at an affordable rent as defined in State Density Bonus Law.

(c) For for-sale projects, the applicant shall enter into an affordable housing agreement with the Town of Los Gatos, running with the land, in a form approved by the Town Attorney, to be executed by the Town Manager, or their designee. The affordable housing agreement shall require that, the initial purchasers of those for-sale units that qualified the applicant for the receipt of the density bonus, incentive, waiver, or parking reduction are persons and families of lower or moderate income, as applicable, or if any for-sale unit is not purchased by an income-qualified household within one-hundred eighty (180) days after the issuance of the certificate of occupancy, then the unit(s) must be sold pursuant to a contract that satisfies the requirements of Revenue and Taxation Code Section 402.1(a)(10) to a qualified non-profit housing corporation as defined in State Density Bonus Law and that the units are offered at an affordable housing cost, as that cost is defined in Health and Safety Code Section 50052.5; and shall contain other relevant provisions approved by the Town Attorney. The Town shall enforce an equity sharing agreement consistent with State Density Bonus Law unless it is in conflict with the requirements of another public funding source or law. The affordable housing agreement shall require the continued affordability of the for-sale units for 45 years.

(d) Where a density bonus, waiver, or parking reduction is provided for a market-rate senior housing development, the applicant shall enter into a restrictive covenant with the Town, running with the land, in a form approved by the Town Attorney, to be executed by the Town Manager, or their designee, to require the housing development to be operated as "housing for older persons" consistent with state and federal fair housing laws.

(e) The executed affordable housing agreement shall be recorded against the housing development prior to final or parcel map approval, or, where a map is not being processed, prior to issuance of building permits for the housing development, whichever is earliest. The affordable housing agreement shall be binding on all future owners and successors in interest.

Sec. 29.10.460. Density bonus calculations.

(a) In determining the total number of units to be granted, each component of any density calculation, including base density and bonus density, resulting in fractional units shall be separately rounded up to the next whole number.

(b) When calculating the number of affordable units needed to qualify for a given density

bonus, any fractions of affordable dwelling units shall be rounded up to the next whole number.

(c) Except where a housing development is eligible for an additional bonus, pursuant to Government Code Section 65915(v), each housing development is entitled to only one density bonus. If a housing development qualifies for a density bonus under more than one category, the applicant shall identify the category under which the density bonus is requested to be granted.

(d) In determining the number of affordable units required to qualify a housing development for a density bonus pursuant to State Density Bonus Law, units added by a density bonus are not included in the calculations. Any on-site units that satisfy the Town of Los Gatos's inclusionary housing requirements in Division 6 of Chapter 29 of the Town Code and are required to be constructed concurrently with the housing development may qualify the housing development for a density bonus if those units meet the requirements of State Density Bonus Law.

(e) The applicant may elect to accept a lesser percentage of density bonus than the housing development is entitled to, or no density bonus, but no reduction will be permitted in the percentages of affordable units required by State Density Bonus law. Regardless of the number of affordable units, no housing development shall be entitled to a density bonus greater than what is authorized under State Density Bonus Law.

(f) Nothing in this Division requires the provision of direct financial incentives from the Town for the housing development, including, but not limited to, the provision of financial subsidies, publicly owned land, fee waivers, or waiver of dedication requirements. The Town, at its sole discretion, may choose to provide such direct financial incentives.

Sec. 29.10.470. Development standards.

(a) Building permits and final inspections or certificates of occupancy shall be issued concurrently for the market rate units and for any affordable units that qualified the project for a density bonus, incentive, waiver, or parking reduction, so that the affordable units comprise the required percentage of total units.

(b) The external finish appearance of affordable units shall be indiscernable from that of the market rate units in the project. The internal finish of affordable units shall be identical to those of the market rate units in the project, except that the applicant may request Town approval of substitutions for luxury interior finishes, appliances, or fixtures, if such substitutions do not violate any other Town Code requirement.

(c) To comply with fair housing laws, the affordable units shall contain the same proportional mix of bedroom sizes as the market-rate units. In mixed-income buildings, the occupants of the affordable units shall have the same access to the common entrances and to the common areas, parking, and amenities of the project as the occupants of the market-rate housing units, and the affordable units shall be located throughout the building and not isolated on one floor or to an area on a specific floor.

Sec. 29.10.480. Density bonus for commercial development.

A Commercial Development may request and receive a Development Bonus pursuant to the

provisions of Government Code Section 65915.7.

Sec. 29.10.490. Interpretation.

If any portion of this Division conflicts with State Density Bonus Law or other applicable state law, state law shall supersede this Division. Any ambiguities in this Division shall be interpreted to be consistent with State Density Bonus Law. Statutory references in this Division include successor provisions.

SECTION III. California Environmental Quality Act (CEQA) Considerations.

The Town Council finds that this Ordinance is exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15061(b)(3) (the common sense exemption) because it can be seen with certainty that there is no possibility that the adoption of this ordinance may have a significant effect on the environment, in that the ordinance merely implements the provisions of state law and includes no provisions beyond those included in State Density Bonus Law that may result in a direct or indirect impact on the physical environment.

SECTION IV. 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 V. Publication.

In accordance with Section 63937 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 VI. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the ___ day of _____ 20 , and adopted by the Town Council of the Town of Los Gatos at its regular meeting on the ___ day of _____ 20 , 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



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 5

ITEM NO. 5.

DATE: December 5, 2024
TO: Mayor and Town Council
FROM: Gabrielle Whelan, Town Attorney
SUBJECT: Adopt an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code to Add Low Barrier Navigation Centers as a By-Right Use in Mixed-Use and Nonresidential Zones, Pursuant to Implementation Program AD of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to Government Code Sections 65660 - 65668. Town Code Amendment Application A-24-006. **Project Location: Town Wide.** Applicant: Town of Los Gatos.
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos to Add Division 11, "Low Barrier Navigation Centers," to Article I, "General" of Chapter 29, "Zoning Regulations," of the Town Code.

RECOMMENDATION:

Adopt an ordinance amending Chapter 29 (Zoning Regulations) of the Town Code to add Low Barrier Navigation Centers as a by-right use in mixed use and nonresidential zones where multi-family uses are permitted, pursuant to Implementation Program AD of the 2023-2031 Housing Element.

BACKGROUND:

At the regular meeting of December 3, 2024, the Town Council held a public hearing to consider the introduction of an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code to Add Low Barrier Navigation Centers (LBNC) as a By-Right Use in Mixed-Use and Nonresidential Zones, Pursuant to Implementation Program AD of the 2023-2031 Housing Element.

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

PAGE 2 OF 2

SUBJECT: Low Barrier Navigation Center Ordinance

DATE: December 5, 2024

At the meeting, it was discussed that the Planning Commission had recommended that a sunset clause be added to the ordinance so that the ordinance will cease to be in effect when the state law requiring the ordinance ceases to be in effect. Currently, the state law is set to expire on January 1, 2027. Accordingly, a corresponding sunset clause was added to the ordinance at the meeting and is reflected in the ordinance being presented for adoption.

The Town Council voted 4-1 (Vice Mayor Hudes voted no) to approve the introduction of the ordinance with the addition of a sunset clause.

This ordinance is returning to the Town Council for final adoption. The ordinance will take effect 30 days after its adoption.

COORDINATION:

This report was coordinated with the Community Development Department and the Town Attorney's Office.

FISCAL IMPACT:

The Town does not anticipate a fiscal impact from this requirement, because the Town will adopt a fee to cover the cost of processing the planning applications.

ENVIRONMENTAL ASSESSMENT:

Adoption of this ordinance is exempt pursuant to CEQA, Section 15061(b)(3) in that it can be seen with certainty that it will not impact the environment, because the Town is already subject to Government Code Sections 65660 - 65668. State law already requires the Town to allow LNBCs as by-right uses in the specified zones so long as they meet the criteria set forth in state law.

Attachments:

1. Draft Ordinance

DRAFT ORDINANCE

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
TO ADD DIVISION 11, "LOW BARRIER NAVIGATION CENTERS," TO ARTICLE I,
"GENERAL" OF CHAPTER 29, "ZONING REGULATIONS," OF THE TOWN CODE**

WHEREAS, a Low Barrier Navigation Center (LBNC) is a shelter that helps homeless individuals and families to quickly obtain permanent housing; and

WHEREAS, state Assembly Bill 101 requires that an LBNC be a use by-right in areas zoned for mixed-use and nonresidential zones permitting multi-family uses if it meets specified requirements; and

WHEREAS, one of the Town's required Housing Element Implementation Programs is adoption of an ordinance providing that LBNC's are a use by-right in areas zoned for mixed-use and nonresidential zones permitting multi-family uses so long as the LBNC's meet the requirements specified in state law;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Los Gatos as follows:

SECTION I. Incorporation of Recitals.

The Town Council finds that the above Recitals are true and correct and are incorporated herein by reference.

SECTION II. Amendments to Chapter 29 of the Town of Los Gatos Town Code.

A Division 11, "Low Barrier Navigation Centers," is added to Article I, "General," of Chapter 29, "Zoning Regulations," to read as follows:

"Division 11, Low Barrier Navigation Centers

Sections

- 29.10.700 Purpose.**
- 29.10.710 Applicability.**
- 29.10.720 Permit required.**
- 29.10.730 Development and Operational Standards.**
- 29.10.740 Definitions.**

Section 29.10.700. Purpose.

The purpose of this Chapter is to establish development standards for low-barrier navigation centers and to ensure this use is constructed and operated in a manner that is consistent with

the requirements and allowances of state law, specifically Article 12 of Chapter 3 of Division 1 of Planning and Zoning Law commencing with California Government Code Section 65660.

Section 29.10.710. Applicability.

The provisions of this Chapter shall apply to all low-barrier navigation center projects.

Section 29.10.720. Definitions.

Low-Barrier Navigation Centers means a housing-first, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. “Low barrier” means best practices to reduce barriers to entry, and may include, but is not limited to, the following:

- (1) The presence of partners if it is not a population-specific site, such as for survivors of domestic violence or sexual assault, women, or youth.
- (2) Pets.
- (3) The storage of possessions.
- (4) Privacy, such as partitions around beds in a dormitory setting or in larger rooms containing more than two beds, or private rooms.

Use By-Right has the meaning defined in subdivision (i) of Section 65583.2 of the California Public Resources Code. The California Environmental Quality Act shall not apply to actions taken by a public agency to lease, convey, or encumber land owned by a public agency, or to facilitate the lease, conveyance, or encumbrance of land owned by a public agency, or to provide financial assistance to, or otherwise approve, a Low-Barrier Navigation Center constructed or allowed by this Division.

Section 29.10.730. Permit Required.

A planning permit is required prior to establishment of any low-barrier navigation center project. The permit shall be a ministerial action without discretionary review or a hearing. The Community Development Director or Designee shall notify a developer whether the developer’s application is complete within 30 days, pursuant to California Government Code Section 65943. Action shall be taken within 60 days of a complete application being filed.

Section 29.10.740: Development and Operational Standards

A low-barrier navigation center development is a use by-right in areas zoned for mixed-use and nonresidential zones permitting multi-family uses, if it meets the following requirements:

- A. **Connected Services.** It offers services to connect people to permanent housing through a services plan that identifies services staffing.
- B. **Coordinated Entry System.** It is linked to a coordinated entry system, so that staff in the interim facility or staff who co-locate in the facility may conduct assessments and provide services to connect people to permanent housing. “Coordinated entry system” means a centralized or coordinated assessment system developed pursuant to Section

576.400(d) or Section 578.7(a)(8), as applicable, of Title 24 of the Code of Federal Regulations, as those sections read on January 1, 2020, and any related requirements, designed to coordinate program participant intake, assessment, and referrals.

- C. Code Compliant. It complies with Chapter 6.5 (commencing with Section 8255) of Division 8 of the Welfare and Institutions Code.
- D. Homeless Management Information System. It has a system for entering information regarding client stays, client demographics, client income, and exit destination through the local Homeless Management Information System, as defined by Section 578.3 of Title 24 of the Code of Federal Regulations.
- E. Development Standards. It complies with the development standards of the underlying zoning district and any applicable objective design standards.”

SECTION III. Section 29.60.085, “Permitted Uses,” of Chapter 29, “Zoning Regulations,” is amended to read as follows:

“Section 29.60.085. Permitted uses.

Activities allowed in the O or office zone must be those which would not unreasonably interfere with residential uses or other activities within the O zone, and which are in the following categories:

- (1) Offices, administrative, professional, medical, dental and optical laboratories associated with a professional use, real estate, insurance, stocks and bonds; and other similar offices characterized by absence of retail sales.
- (2) Retail sales by a pharmacy within a medical building.
- (3) Group classes.
- (4) Personal service businesses.
- (5) Low-Barrier Navigation Centers, pursuant to the requirements of Chapter 29, Article I, Division 11.”

SECTION IV. Section 29.60.210, “Permitted Uses,” of Chapter 29, “Zoning Regulations,” is amended to read as follows:

“Section 29.60.210. Permitted uses.

(a) Activities allowed in the C-1 or neighborhood commercial zone are those which do not unreasonably interfere with nearby residential uses and which are in the following categories:

- (1) Retailing, including formula retail up to ten thousand (10,000) square feet.
- (2) Personal service businesses and service businesses necessary for the conduct of households.

- (3) Office activities.
- (4) Limited manufacturing activities when a majority of sales are made, on site, to the ultimate consumer.
- (5) Activities permitted in the LM zone which were approved on or before February 1, 1993, provided any change of use must be a conforming use in the C-1 zone.
- (6) Group classes.
- (7) Specialty food retail without alcoholic beverages.
- (8) Low-Barrier Navigation Centers, pursuant to the requirements of Chapter 29, Article I, Division 11.

(b) Examples of proper C-1 activities are grocery stores, laundrettes, or dry cleaning agencies, drugstores, barbershops, appliance repair shops, and offices. Examples of activities which are not proper in the C-1 zone are vehicle service and sales, palmists and soothsayers, manufacturing, wholesaling, or laundry.”

SECTION V. Section 29.60.320, “Permitted Uses,” of Chapter 29, “Zoning Regulations,” is amended to read as follows:

“Section 29.60.320. Permitted uses.

(a) Activities permitted in the C-2 or Central District Commercial Zone are those involving the conduct of commerce and general business and the sale of commodities necessary for the needs of residents and visitors of the Town, such as:

- (1) Retailing, including formula retail up to ten thousand (10,000) square feet.
- (2) Low-Barrier Navigation Centers, pursuant to the requirements of Chapter 29, Article I, Division 11.
- (3) Reserved.
- (4) Office activities subject to subsection (c) below.
- (5) Limited manufacturing activities when a majority of sales are made, on site, to the ultimate consumer.
- (6) Wholesaling without warehousing on the premises.
- (7) Single-family and two-family uses, in conjunction with the other uses permitted in this section.
- (8) Personal service businesses.
- (9) Specialty food retail without alcoholic beverages.

(b) Examples of proper C-2 activities are apparel stores, antique stores, artist studios, craft studios, auto part sales, artist supply shops, and EV sales, service, and repair. Examples of activities which are not proper in the C-2 zone are manufacturing, warehousing, laundry or dry cleaning plants.

(c) Office activities in the C-2 zone shall not be located on the ground floor along any street, alleyway, or public parking lot except in the areas described below:

- (1) Lyndon Avenue;
- (2) Properties abutting Wood Road;
- (3) The west side of Victory Lane;
- (4) The south side of Los-Gatos-Saratoga Road excluding:
 - a. That portion of the property located at the southwest corner of Los-Gatos Saratoga Road and Santa Cruz Avenue described more precisely as located between a straight line extended northerly along the west side right-of-way line of Santa Cruz Avenue and one hundred forty (140) feet west of that extended line.
 - b. The south side of Los Gatos-Saratoga Road between Santa Cruz Avenue and University Avenue; and
- (5) The east side of South Santa Cruz Avenue directly across the street from Wood Road.
- (6) The north and south side of West Main Street west of Victory Lane.
- (7) Tenant suites located at 114 Royce Street with entries at the rear of the building and that do not have street frontage.

(d) Notwithstanding subsection (c), office activities on ground floors described below shall be considered conforming and shall be allowed to continue so long as the office use is not discontinued for one hundred and eighty (180) consecutive days. If the office use is discontinued for such a period, then the office use shall not be resumed, and token use shall not toll or interrupt a period of discontinuance.

- (1) Office activities existing on June 17, 1991; or
- (2) Office activities in a building under construction on July 16, 1990, if the applicable architecture and site approval specifically stated that the building was approved for office activities.”

SECTION VI. Section 29.60.420, “Permitted Uses,” of Chapter 29, “Zoning Regulations,” is amended to read as follows:

“Section 29.60.420. Permitted uses.

(a) Activities allowed in the CH or restricted highway commercial zone are those which do not unreasonably interfere with nearby residential uses and which are in the following categories:

- (1) Retailing, including formula retail up to ten thousand (10,000) square feet.
- (2) Personal service businesses and service businesses necessary for the conduct of households.
- (3) Office activities.
- (4) Limited manufacturing activities when a majority of sales are made on site to the ultimate consumer.
- (5) Group classes.
- (6) Specialty food retail without alcoholic beverages.
- (7) Low-Barrier Navigation Centers, pursuant to the requirements of Chapter 29, Article I, Division 11.

(b) Examples of proper CH activities are grocery stores, laundrettes or dry-cleaning agencies, drugstores, barbershops, appliance repair shops, and offices. Examples of activities which are not proper in the CH zone are palmists and soothsayers, manufacturing, wholesaling, or laundry or dry-cleaning plants.”

SECTION VII. Sunset Clause.

This Ordinance will remain in effect only until January 1, 2027, or until state Government Code Sections 65660-65668 are repealed, whichever is earlier.

SECTION VIII. 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 IX. California Environmental Quality Act (CEQA) Considerations.

The Town Council finds that this Ordinance is exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15061(b)(3) (the common sense exemption) because it can be seen with certainty that there is no possibility that the adoption of this ordinance may have a significant effect on the environment, in that the ordinance merely implements the provisions of

state law and includes no provisions beyond those included in state law that may result in a direct or indirect impact on the physical environment.

SECTION X. Publication.

In accordance with Section 63937 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 ___ day of ____ 20 , and adopted by the Town Council of the Town of Los Gatos at its regular meeting on the ____ day of ____ 20 , by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

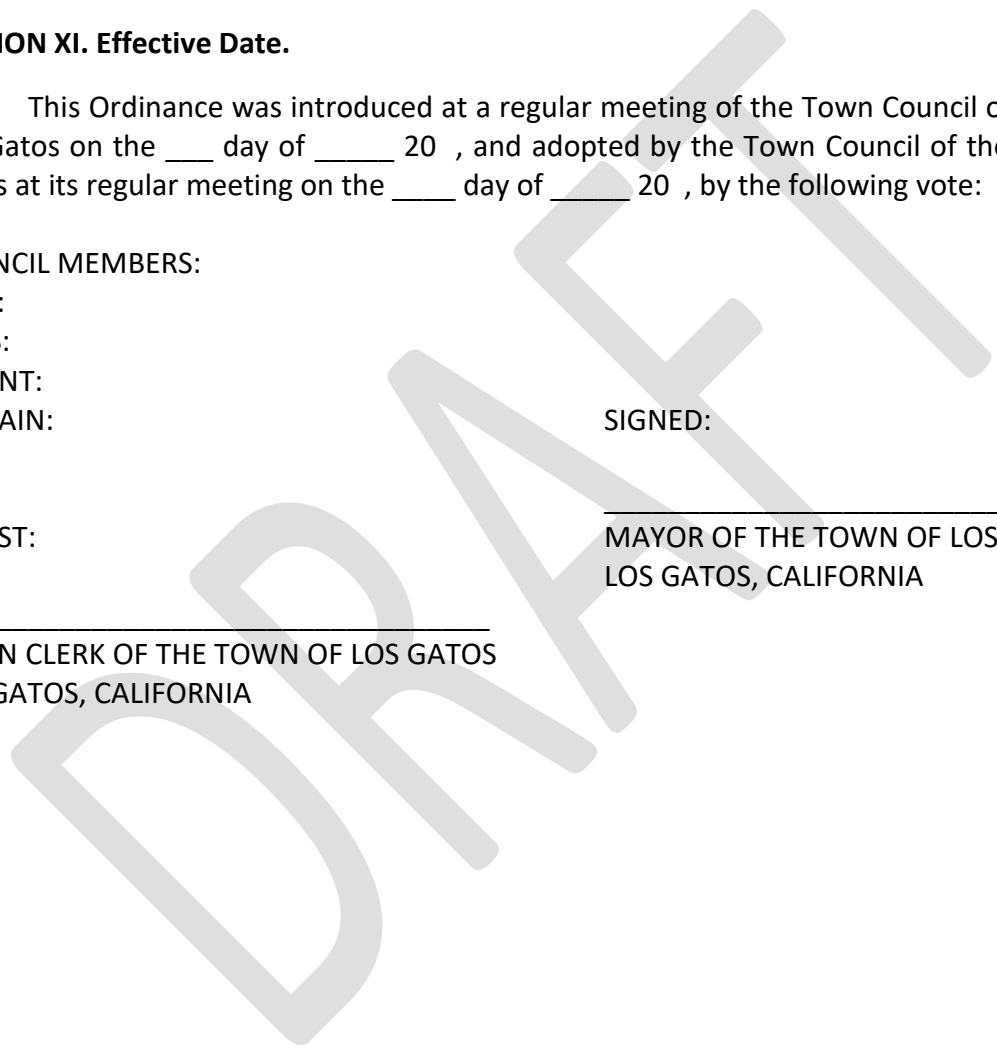
ABSTAIN:

SIGNED:

ATTEST:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA





**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO. 6.

ITEM NO: 6

DATE: December 5, 2024
TO: Mayor and Town Council
FROM: Gabrielle Whelan, Town Attorney
SUBJECT: Adopt a Replacement Units Ordinance Pursuant to Implementation Program AU of the 2023-2031 Housing Element. Adoption of this Ordinance is Exempt Pursuant to CEQA, Section 15061(b)(3) in That It Can be Seen with Certainty That It Will Not Impact the Environment, Because the Town is Already Subject to State Law. Town Code Amendment Application A-24-007. **Project Location: Town Wide.** Applicant: Town of Los Gatos.
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning," of the Town Code, to Add Division 12, "Replacement Housing Units," to Article I, "General."

RECOMMENDATION:

Adopt a Replacement Units Ordinance to amend Chapter 29 (Zoning Regulations) of the Town Code by adding Division 12 "Replacement Housing Units" pursuant to implementation Program AU of the 2023-2031 Housing Element.

BACKGROUND:

At the regular meeting of December 3, 2024, the Town Council held a public hearing to consider the introduction of a Replacement Units Ordinance Pursuant to Implementation Program AU of the 2023-2031 Housing Element to amend Chapter 29 of the Town Code. The amendments would ensure that when housing units are removed by a development project, the housing units are replaced. The Town Council voted unanimously to approve the introduction of the ordinance.

This ordinance is returning to the Town Council for final adoption. The ordinance will take effect 30 days after its adoption.

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

PAGE 2 OF 2

SUBJECT: Replacement Units Ordinance

DATE: December 5, 2024

COORDINATION:

This report was coordinated with the Community Development Department and the Town Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

Adoption of this ordinance is exempt pursuant to CEQA, Section 15061(b)(3) in that it can be seen with certainty that it will not impact the environment because the Town is already subject to state law.

Attachments:

1. Draft Ordinance Codifying Replacement Units Requirement

DRAFT ORDINANCE
AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
AMENDING CHAPTER 29, "ZONING," OF THE TOWN CODE, TO ADD DIVISION 12,
"REPLACEMENT HOUSING UNITS," TO ARTICLE I, "GENERAL"

WHEREAS, Program AU of the Town's certified Housing Element requires that the Town adopt requirements for replacement housing units when housing units are removed from the Town's inventory; and

WHEREAS, these requirements mirror existing state law; and

WHEREAS, state law provides that the replacement unit requirements can be adopted by either ordinance or resolution; and

WHEREAS, staff recommends that the replacement unit requirements be adopted by ordinance in order to ensure eligibility for state grants; and

WHEREAS, staff also recommends the adoption of replacement unit guidelines by resolution;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Los Gatos as follows:

SECTION I. Incorporation of Recitals.

The Town of Los Gatos Town Council finds that the above Recitals are true and correct and are incorporated herein by reference.

SECTION II. Division 12, "Replacement Housing Units," is added to Article I, "General," of Chapter 29, "Zoning Regulations," to read as follows:

"Division 12, Replacement Housing Units

Sec. 29.10.800. Replacement Unit Requirements.

(a) Replacement housing requirements are established by State Density Bonus Law [Government Code Section 65915(c)(3)]; Housing Element Law [Government Code Section 65583.2(g)(3)], and the Housing Crisis Act of 2019 (Government Code Sections 66300.5 – 66300.6), collectively State Replacement Housing Law.

(b) The Town shall not approve or issue a discretionary or ministerial permit for any development project unless the development project meets all of the requirements of State Replacement Housing Law.

(c) The Town Council may adopt by resolution Guidelines to implement State Replacement Housing Requirements.

(d) If any section of this chapter conflicts with State Replacement Housing Law or other applicable state law, state law shall supersede this chapter. References to state statutes, codes, or regulations include successor provisions and new provisions containing replacement housing requirements."

ATTACHMENT 1

SECTION III. California Environmental Quality Act (CEQA) Considerations.

The Town Council finds that this Ordinance is exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15061(b)(3) (the common sense exemption) because it can be seen with certainty that there is no possibility that the adoption of this ordinance may have a significant effect on the environment, in that the ordinance merely implements the provisions of state law and includes no provisions beyond those included in State Density Bonus Law that may result in a direct or indirect impact on the physical environment.

SECTION IV. 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 Section and shall not affect the validity of the remaining portions of this Section. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Section irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses, or phrases in this Section might be declared unconstitutional, preempted, or otherwise invalid.

SECTION V. Publication.

In accordance with Section 63937 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 City 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 VI. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the ___ day of _____ 20 , and adopted by the Town Council of the Town of Los Gatos at its regular meeting on the ___ day of _____ 20 , by the following vote:

- COUNCIL MEMBERS:
- AYES:
- NAYS:
- ABSENT:
- ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO. 7.

ITEM NO: 7

DATE: December 10, 2024

TO: Mayor and Town Council

FROM: Gabrielle Whelan, Town Attorney

SUBJECT: Consider the Following Actions for the Property Location: 653 Blossom Hill Road. APN 529-65-002. Property Owner: Natalie Ladd.

- a. Adopt a Resolution Approving a Purchase and Sale Agreement for the Re-Purchase of an Affordable Housing Unit Subject to an Existing Below Market Price (BMP) First Right of Refusal Option; and
- b. Authorize the Town Manager to Negotiate and Execute all Agreements and Documents Necessary and Appropriate to Effectuate the Preservation of the Affordable Housing Unit; and
- c. Authorize an Expenditure Budget Adjustment in the Amount of \$476,154 from Available BMP Housing In-Lieu Fee Fund to Purchase, Make Any Necessary Repairs, and Pay Any Past Due Fees and Taxes of the Property Prior to Resale; and
- d. Authorize a Revenue Budget Adjustment in the Amount of \$476,154 to Redeposit the Sales Proceeds to the BMP Fund after Reselling the Unit

RECOMMENDATION:

Authorize the following actions for the property located at 653 Blossom Hill Road:

- a. Adopt a Resolution (Attachment 1) approving a Purchase and Sale Agreement in substantially the form presented for the re-purchase of an affordable housing unit subject to an existing Below Market Price (BMP) First Right of Refusal Option for property located at 653 Blossom Hill Road (APN 529-65-002),
- b. Authorize the Town Manager to negotiate and execute all agreements and documents necessary to preserve the affordable housing unit,
- c. Authorize an expenditure budget adjustment in the amount of \$476,154 from available BMP Housing In-Lieu Fee Fund to purchase, make any necessary repairs, and pay past due fees and taxes of the property prior to resale, and
- d. Authorize a revenue budget adjustment in the amount of \$476,154 to redeposit the sales proceeds to the BMP Fund after reselling the unit.

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

PAGE 2 OF 3

SUBJECT: Adopt a Resolution Approving the Purchase and Sale Agreement for 653 Blossom Hill Road

DATE: November 20, 2024

BACKGROUND:

The property, 653 Blossom Hill Road, is a 3-bedroom 3-bath townhome within the Town's BMP Housing Program inventory. The property is subject to an existing first right of refusal option in a Deed Restriction recorded on February 13, 2014. The unit was purchased for \$402,100.00.

The Town has received a Notice of Default from the owner's lender. Pursuant to the recorded Deed Restriction (Attachment 2), the Town is obligated to exercise its purchase option within 90 days of receiving a Notice of Default. The Town is obligated to open an escrow account within 90 days of exercising its option to purchase.

The Town's purchase price is dictated by the recorded Deed Restriction. Pursuant to the terms of the proposed purchase and sale agreement, the Town will expend approximately \$476,154 from the BMP Housing In-Lieu Fund to purchase this unit. Any repairs, past due fees, or taxes paid by the Town will be deducted from the purchase price. If the Town identifies an eligible purchaser before escrow is opened, the Town will assign its option to purchase directly to the eligible purchaser. If an eligible purchaser is not identified, after the Town has purchased the unit, the Town will sell the unit to a new income-qualified buyer at the allowable purchase price, which is anticipated to be approximately \$476,154.

The property owner has informed the Town that she has filed for Chapter 13 bankruptcy. Staff and outside counsel are currently researching the ramifications of that on the Town's exercise of its purchase option and will report back to the Town Council. In the interim, staff is recommending that the Town Council authorize staff to execute the purchase and sale agreement in substantially the form presented, in addition to any other documents required for closing, at the appropriate time.

CONCLUSION AND RECOMMENDATION:

Authorizing the Town's purchase of the unit will preserve the unit in the Town's stock of affordable housing. Staff recommends that the Town Council adopt the prepared resolution (Attachment 1) and authorize the Town Manager to execute a real property purchase and sale agreement in substantially the form attached (Attachment 3).

COORDINATION:

The Town Attorney's Office, Community Development Department, Finance Department, and Town Manager's Office coordinated this report.

PAGE 3 OF 3

SUBJECT: Adopt a Resolution Approving the Purchase and Sale Agreement for 653
Blossom Hill Road

DATE: November 20, 2024

FISCAL IMPACT:

The cost for the Town to repurchase the unit is \$476,154. An expenditure budget adjustment in the amount of \$476,154 will be needed from the available BMP Housing In-Lieu Fee Fund to purchase the unit, pay for repairs, and pay past due fees and property taxes. The cost of any repairs, past due fees, and past due property taxes totaling will be deducted from the proceeds due to the seller. After the unit has been sold to an eligible buyer, the sales proceeds will be redeposited to the BMP Housing In-Lieu Fee Fund.

ENVIRONMENTAL ASSESSMENT:

The proposed real property purchase is not a project defined under CEQA, and no further action is required.

Attachments:

1. Draft Resolution
2. Recorded Deed Restriction
3. Draft Purchase and Sale Agreement/Addendum

DRAFT RESOLUTION

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
APPROVING A PURCHASE AND SALE AGREEMENT FOR THE PURCHASE OF AN
AFFORDABLE HOUSING UNIT SUBJECT TO AN EXISTING BELOW MARKET PRICE
(BMP) FIRST RIGHT OF REFUSAL OPTION FOR PROPERTY LOCATED AT 653
BLOSSOM HILL ROAD (APN 529-65-002) AND AUTHORIZING THE TOWN MANAGER
TO NEGOTIATE AND EXECUTE ALL AGREEMENTS AND DOCUMENTS NECESSARY TO
PRESERVE THE AFFORDABLE HOUSING UNIT**

WHEREAS, the Town of Los Gatos Zoning Ordinance (Sections 29.10.3000 through 23.10.2040) establishes a Below Market Price (BMP) Housing Program to assist low and moderate income citizens in the purchase homes at prices below market value;

WHEREAS, the residential unit located at 653 Blossom Hill Road (the “BMP Unit”) was purchased by the property owner through the BMP Housing Program for a reduced sales price affordable to lower income households;

WHEREAS, the BMP Housing Program requires as a condition of participation that a Deed Restriction with a First Right of Refusal Option for the Town to able to repurchase units at a future designated sales price to be recorded on the title record of BMP units; and

WHEREAS, the BMP Unit is subject to a recorded Deed Restriction with Option to Purchase in the event the Town receives a Notice of Default;

WHEREAS, the Town has received a Notice of Default, has exercised its Option to Purchase, and wishes to purchase the BMP Unit for the designated sales price of \$476,154.00 so that the BMP Unit can be preserved within the Town’s BMP program and resold to an income-qualified buyer; and

WHEREAS, this resolution provides for the acquisition of this BMP Unit by the Town of Los Gatos and authorizes the Town Manager to negotiate and execute all agreements and documents necessary to preserve the BMP Unit.

NOW, THEREFORE, BE IT RESOLVED, that the Town Council of the Town of Los Gatos approves the Purchase and Sale Agreement in substantially the form presented for the purchase of the BMP Unit and authorizes the Town Manager to negotiate and execute all agreements and documents necessary to preserve the BMP Unit.

ATTACHMENT 1

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 17th day of December, 2024, 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

First American Title Guaranty Company certifies that the within instrument is and correct copy of the original instrument recorded in the office of the recorder of the County of Santa Clara, State of California,

ITEM NO. 7.

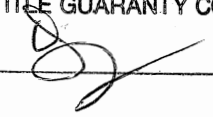
When Recorded Mail to:

TOWN CLERK
TOWN OF LOS GATOS
110 E. MAIN STREET
LOS GATOS, CA 95031

on 3/4/14

Recorder's Serial No. 225 34425

FIRST AMERICAN TITLE GUARANTY COMPANY

By 

RECORDED WITHOUT FEE UNDER
GOVERNMENT CODE SECTION 6103

**NOTICE OF RECORDED DEED RESTRICTIONS AND FIRST RIGHT OF
REFUSAL OF THE TOWN OF LOS GATOS
653 Blossom Hill Rd, Los Gatos, California
TOWN OF LOS GATOS
BELOW MARKET PRICE HOUSING PROGRAM
DEED RESTRICTION AGREEMENT
OWNER-OCCUPIED UNIT
(529-65-002)**

This Deed Restriction Agreement is made this 13 day of February, 2014, by and between the Town of Los Gatos, a municipal corporation of the State of California (hereinafter "TOWN") and Natalie Ladd (hereinafter "OWNER"), OWNER(s) of the real property located at 653 Blossom Hill Rd, Los Gatos, California, which is more fully described in Exhibit A attached hereto and incorporated by reference. Said real property (hereinafter "PROPERTY") is hereby designated as a Below Market Price (BMP) Housing Unit subject to the terms and conditions set forth herein.

RECITALS

WHEREAS, Town Code Sections 29.10.3000 *et seq.* establish the Below Market Price (BMP) Housing Program described herein; and

WHEREAS, the BMP Program is administered by the TOWN to increase the supply of housing affordable to families and individuals with low and median incomes by offering homes for sale at prices which are below those otherwise prevailing in the market; and

WHEREAS, the purpose of this Agreement is to place certain use restrictions on the PROPERTY, establish resale controls with respect to the PROPERTY, and reserve for the TOWN an option to acquire the PROPERTY from OWNER in order to preserve indefinitely the affordability of PROPERTY for persons of low and median income.

NOW, THEREFORE, in consideration of the mutual benefits provided herein, TOWN and OWNER agree as follows:

1. OWNER CERTIFICATIONS

OWNER certifies the following:

- a. All financial and other information submitted by OWNER in order to qualify to purchase the PROPERTY is true and correct as of the date first written above. OWNER understands that any material misstatement or misrepresentation shall be deemed to be a material breach of this Agreement and shall be grounds for declaring a default, terminating this agreement, or seeking other such relief and remedies as are appropriate under the circumstances.
- b. OWNER shall occupy the PROPERTY as the OWNER's principal place of residence. TOWN may grant a temporary waiver of this occupancy requirement for good cause in its sole discretion pursuant to Section 2 below. OWNER agrees that TOWN shall have the right, from time to time, to request reasonable verification from OWNER that he/she remains the owner-occupant of the PROPERTY as required by this Agreement.

2. LEASING OF PROPERTY

OWNER shall not lease, rent, sublet, assign or otherwise transfer the right of use or possession to all or any portion of the PROPERTY without the prior written consent of the TOWN. TOWN may consent if the action is necessary because of family or medical emergency, temporary job transfer, or other causes that the TOWN, in its sole discretion, considers acceptable. Leasing of PROPERTY shall be considered acceptable only under the following circumstances:

- a. All leases must be authorized by the BMP Program Manager designated by the TOWN to assume overall responsibility for the execution of this Agreement pursuant to Section 15 of this Agreement.
- b. OWNER shall only accept tenants qualified by the TOWN, or its assignee or designee.
- c. PROPERTY shall not be leased in an amount greater than OWNER's monthly costs, including mortgage, homeowner's insurance, property taxes, homeowners dues and a reasonable allowance for utilities, not including telephone or cable television services.
- d. Tenants are limited to persons whose income is below 100 percent of the County Median Income for Santa Clara County Jurisdictions as defined by the United States Department of Housing and Urban Development.

Any lease in violation of this Agreement is prohibited and shall constitute a default by the OWNER.

3. TRANSFER OF PROPERTY

For purposes of this Agreement, "transfer" means any voluntary or involuntary sale, assignment, conveyance, or transfer of ownership or any interest in the PROPERTY, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the PROPERTY is transferred and OWNER retains title. Any transfer without satisfaction of the provisions of this Agreement is prohibited.

- a. Transfers by devise or inheritance will be permitted if all of the following terms and conditions of transfer are satisfied within sixty (60) days of the transfer:
- i. The Transferee shall occupy, establish, and maintain the use of the PROPERTY as Transferee's principal residence;
 - ii. Transferee shall demonstrate to TOWN or its designee that Transferee's annual household income does not exceed the income limits stated in the Below Market Price Housing Program Guidelines in effect on the date of transfer; and
 - iii. Transferee will execute a Deed of Trust or other instrument satisfactory to the TOWN securing the covenants and conditions of the TOWN.
- If any of these terms and conditions of transfer are not satisfied, the transfer by devise or inheritance will not be permitted.

4. NOTICE OF INTENDED TRANSFER

In the event the OWNER intends to transfer the PROPERTY, the OWNER shall promptly notify the TOWN in writing of such intent. Said notice shall be personally delivered or sent by certified mail, return receipt requested, to: Town Manager, Town of Los Gatos, P.O. Box 949, Los Gatos, CA 95031. OWNER's intent to transfer may be withdrawn by OWNER, provided that notice of withdrawal is received by TOWN or its designee in writing prior to acceptance of transfer by TOWN or its designee.

5. TOWN'S PURCHASE OPTION

Except as provided herein, OWNER hereby grants and gives to the TOWN or its designee the first right to purchase the PROPERTY under conditions set forth herein for an amount determined in accordance with Section 8 below.

- a. If the TOWN, or its assignee or designee, decides to exercise its right to purchase the PROPERTY:
- i. It shall notify the OWNER by personal delivery or certified mail, return receipt requested, of its intent to exercise the right within ninety (90) days following the date of receipt of OWNER's notice of intent to transfer the PROPERTY;
 - ii. It shall open an escrow account within ninety (90) days of issuing the notice of intent to purchase the PROPERTY. Once opened, the escrow must be closed within ninety (90) days, unless both parties mutually agree, in writing, to an extension of time. Close of escrow shall mean the recordation of a grant deed conveying the BMP unit to the TOWN, or its assignee or designee;
 - iii. OWNER understands that final transfer of PROPERTY may not occur until two-hundred seventy (270) days after the notice of intent to transfer has been received by the TOWN.
 - iv. The OWNER may request that the TOWN accelerate the time periods specified herein. The determination to accelerate the time period shall be at the sole discretion of the BMP Program Manager. Any request for acceleration due to hardship shall be requested by the OWNER, in writing,

not later than thirty (30) days from the date of receipt of the notification of intent to sell. The BMP Program Manager shall make a determination and notify the OWNER within ten (10) business days of receipt of the request for a hardship acceleration that the request has been approved, denied, or that additional information is required to make the determination. In the event the request is denied, the OWNER may submit further evidence and request a reconsideration. In any case, the TOWN shall have a minimum of sixty (60) days from the date of receipt of the new evidence or of the request for reconsideration of a previously issued denial, whichever is later.

- b. Closing costs, Commissions, and title insurance shall be paid by OWNER pursuant to the customs and practices in the Town of Los Gatos. OWNER shall bear the expense of providing a current written report of inspection by a licensed Structural Pest Control Operator. All work recommended in said report to repair damage caused by infestation or infection of wood-destroying pests or organisms found, and all work to correct conditions that caused infestation or infection, shall be done at the expense of the OWNER. Any work to correct conditions usually deemed likely to lead to such infestation or infection, but where no evidence of infestation or infection is found with respect to such conditions, is not the responsibility of the OWNER, and such work shall only be done if requested by the buyer and at the expense of the buyer. The buyer shall be responsible for any prepayment fees imposed by any lender by reason of the sale of the PROPERTY.
- c. The TOWN, at its sole discretion, reserves the right at any time during this process to assign its right to purchase to:
 - i. A government agency or non-profit organization; or
 - ii. An individual buyer who meets TOWN eligibility qualifications pursuant to the procedures and criteria in effect for the BMP Housing Program at the time the notice of intent to purchase the PROPERTY is issued to the OWNER.
 - iii. In the event the initial designee fails or is unable to complete the transaction, the TOWN reserves the right to reassign the right to another eligible, qualified buyer, provided the opening of the escrow is not postponed longer than ninety (90) days after the OWNER is notified of the TOWN's decision to purchase the PROPERTY.
 - iv. In the event the TOWN postpones opening of escrow and is unable to select such an assignee, TOWN retains the right to open escrow and complete the purchase, provided such escrow is opened within ninety (90) days and the sales transaction is completed within two hundred seventy (270) days from the date of receipt of OWNER's intent to transfer the PROPERTY.
- d. In no event shall TOWN become in any way liable to OWNER, nor become obligated in any manner, by reason of the assignment of its right to purchase, or for any failure of TOWN or TOWN's assignee to consummate a purchase of the PROPERTY or comply with the terms of any purchase and sale agreement.

Nothing in this Agreement shall be construed to obligate the TOWN to purchase any unit in the event a buyer participating in the BMP Housing Program fails to complete actions to close escrow.

- e. Until such time as the TOWN's right to purchase is exercised or waived, OWNER may encumber title to the PROPERTY for the sole purpose of securing financing by OWNER, in an amount up to 90% of the below market rate price as would be determined under the provisions of Section 8 at the time the lien or encumbrance is placed against the BMP unit. The BMP unit may be refinanced only up to 90% of the below market value regardless of the actual full market value of the BMP unit. However, in the event of foreclosure or transfer of deed in lieu of foreclosure, the provisions of Section 12 of this Agreement shall govern.
- f. The provisions defined herein granting the TOWN the first right to purchase the PROPERTY, established for the purpose of providing and preserving low income housing, shall remain in effect indefinitely.

6. FAILURE TO EXERCISE PURCHASE OPTION

If the TOWN or its designee does not exercise its right to purchase the PROPERTY within ninety (90) days of the date of receipt of OWNER's notice, or an escrow account is not opened within ninety (90) days of the date the TOWN notifies OWNER of its intent to purchase, all restrictions, resale controls, and other terms of this Agreement shall cease and become null and void and of no further effect as to the PROPERTY, unless the time period has been extended by mutual, written agreement of the parties, and OWNER may sell the PROPERTY to a person of his/her choosing in a manner free from any and all restrictions contained in this Agreement.

7. OWNER'S OBLIGATION TO COOPERATE

At all times following receipt of TOWN's notice of intent to purchase the PROPERTY, OWNER shall ensure that the PROPERTY is clean, in good repair, and available to be shown to prospective buyers. OWNER shall cooperate with the TOWN and its respective officers, employees, and representatives. Failure to comply with these conditions shall be deemed a material breach of OWNER's obligations pursuant to the terms of this Agreement, and upon determination by the TOWN that OWNER has failed to comply with any of the above conditions, TOWN shall notify OWNER that the time periods stated in Section 5 herein shall be tolled, and the applicable time periods extended accordingly, until OWNER has complied with all of the conditions of this Agreement. Acts by OWNER which shall be deemed to be a breach of this obligation include, but are not limited to:

- a. Failure to make the unit available for showing to prospective buyers upon reasonable notice;
- b. Willful or deliberate actions to dissuade prospective buyers from purchasing the unit; and
- c. Failure or refusal to return telephone calls, complete forms, provide required reports, or perform other actions ordinarily required by a party to a real estate transaction in a timely manner.

In addition to tolling the applicable time periods, the TOWN may pursue any other remedies for breach specified in this Section.

8. PRICE

The resale price shall be paid in cash at the close of escrow or as otherwise agreed by the parties and fixed at the lowest of the amounts determined by the four methods described below:

a. Method 1 - Appraisal:

The TOWN or its assignee or designee may have an appraisal made by an independent appraiser of its choice to establish the fair market value of the PROPERTY; cost is to be borne by the TOWN or its assignee or designee. Whether or not to determine the fair market value of the property is at the discretion of the BMP Program Manager. The OWNER may also have an appraisal made by an appraiser of her/his choice with three (3) or more years of experience appraising real property for purposes of financing, purchasing, or determining value in condemnation proceedings to establish market value; cost is to be borne by the OWNER. If possible, the appraisal shall be based upon the sales prices of comparable properties sold in the market area during the preceding three-month period. If the TOWN and OWNER cannot reach agreement on the fair market value of the PROPERTY, the average of the two appraisals shall be termed the market price.

b. Method 2 - Median Income Index:

The resale price shall be determined by adjusting the original purchase price paid by the OWNER to compensate for the percentage increase, if any, in the Median Income Index for Santa Clara County Jurisdictions, as published by the United States Department of Housing and Urban Development for the years the OWNER has lived at the PROPERTY. The Index prevailing on the date of the OWNER's purchase of the PROPERTY shall be compared with the latest Index prevailing on the date of receipt by the TOWN of notice of intent to transfer. The percentage increase in the Index, if any, shall be computed and the original purchase price shall be increased by the same percentage, provided that the price is not lower than the original purchase price.

c. Method 3 - Consumer Price Index:

The resale price shall be determined by adjusting the purchase price paid by the OWNER to compensate for the percentage increase, if any, in the cost of living as measured by the Housing Component of the Consumer Price Index for the San Francisco-Oakland-San Jose area, as published by the United States Department of Labor, Bureau of Labor Statistics. The Index prevailing on the date of the OWNER's purchase of the PROPERTY shall be compared with the latest Index available on the date of receipt by the TOWN of notice of intent to transfer. The percentage increase in the Index, if any, shall be computed and the original purchase price shall be increased by the same percentage, provided that the price is not lower than the original purchase price.

d. Method 4 - Maximum Affordable Price:

The resale price shall not exceed the maximum affordable sales price for the income category and unit type within which the PROPERTY was originally sold, as such prices are required to be determined pursuant to the resolution of the Town Council of the TOWN establishing the TOWN's Below Market Price

Housing Program Guidelines in effect on the date that the TOWN is notified of the OWNER's intent to transfer.

9. PRICE ADJUSTMENTS

a. Improvements:

The sales price of the PROPERTY shall be increased from the base price by the dollar cost to the OWNER of any improvements, appliances, fixtures, or equipment permanently affixed to the PROPERTY (the "IMPROVEMENTS"), if that cost is in excess of one percent (1%) of the price OWNER paid for the PROPERTY, minus estimated depreciation of such IMPROVEMENTS. Depreciation estimates shall be based upon an assumed fifteen (15) year economic life for any such improvement and calculated on the straight line basis from the date of completion of installation to the date the TOWN receives notice from the OWNER of intent to sell the PROPERTY. Receipts for payment of the cost of such IMPROVEMENTS must be submitted by the OWNER to the TOWN within fifteen (15) working days of the receipt by the TOWN of notification of intent to sell if the depreciated cost of such IMPROVEMENTS is to be added to the base price in determining the purchase price of the PROPERTY.

b. Deferred Maintenance:

Upon receipt of notice of OWNER's intent to sell, TOWN or its designee shall be entitled to inspect the PROPERTY. TOWN or its designee shall have an opportunity to determine whether:

- i. all plumbing, electrical and heating systems are in working order;
- ii. any violations of applicable building, plumbing, electric, fire, or housing codes exist;
- iii. all appliances which were originally furnished to OWNER as part of the PROPERTY, or any replacements thereof, are in working order;
- iv. walls, ceilings, and floors are clear and free of holes or other defects (except for holes typical of picture hangers);
- v. doors, window screens, and similar appurtenances are cracked, broken, or torn; and,
- vi. carpets, drapes, and similar features which were originally furnished to OWNER as part of the PROPERTY, or any replacement thereof, are clean and free of holes, tears, or other defects.

In the event deficiencies are noted, the TOWN or its designee shall obtain estimates to cure the observed deficiencies. The OWNER shall cure the deficiencies in a reasonable manner acceptable to TOWN or designee within thirty (30) days of being notified of the results of the inspection, but in no event later than close of escrow. Should OWNER fail to cure such deficiencies prior to the scheduled date of close of escrow, at the option of TOWN, its designee or assignee, escrow may be closed, title passed and monies paid to the selling OWNER subject to the condition that such funds as are necessary to pay for curing such deficiencies (based upon written estimates obtained by TOWN) shall be withheld from the monies due the selling OWNER and held by the escrow

holder for the purpose of curing such deficiencies. TOWN, its designee or assignee, shall cause such deficiencies to be cured and upon certification of completion of work by TOWN, escrow holder shall utilize such funds to pay for said work. Any remaining funds shall be paid to the selling OWNER. No other payment shall be due said OWNER.

10. INSURANCE

OWNER shall maintain in full force and effect a policy of fire and extended coverage on the PROPERTY until such time as the PROPERTY is sold to the TOWN, its assignee or designee, as allowed under this Agreement.

11. ENCUMBRANCES AND TAXES

OWNER shall pay in a timely manner all amounts due under any mortgage or deed of trust encumbering the PROPERTY and all real property taxes and assessments. Recordation of a notice of default under any deed of trust with a power of sale encumbering the PROPERTY shall constitute an event of default.

12. FORECLOSURE

- a. TOWN shall cause to be filed for record in the office of the Recorder of the County of Santa Clara a request for copy of any notice of default and of any notice of sale under any deed of trust or mortgage with power of sale encumbering the PROPERTY, pursuant to Section 2924(b) of the California Civil Code. Such request shall specify that any such notice shall be mailed to Town Manager, Town of Los Gatos, P.O. Box 949, Los Gatos, CA 95031. Any notice of default or sale given pursuant to Civil Code Section 2924(b) shall constitute a notice of intent to sell hereunder, and the TOWN may exercise its right to purchase PROPERTY prior to any trustee's sale, judicial foreclosure sale, or transfer by deed in lieu of foreclosure.
- b. In the event of default or foreclosure, the TOWN, or its assignee or designee, shall have the same right as the OWNER to cure defaults and redeem the PROPERTY prior to foreclosure sale. Such redemption shall be subject to the same fees, charges, and penalties which would otherwise be assessed against the OWNER. Nothing herein shall be construed as creating any obligation on the part of the TOWN to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage. The TOWN, or its assignee or designee, shall be entitled to recover from the OWNER all costs incurred in curing any such default.
- c. If the TOWN elects not to exercise its right upon such default, any excess proceeds to which the OWNER may be entitled pursuant to the Code of Civil Procedure Section 727 shall be paid to the TOWN. Excess proceeds means the amount by which the foreclosure proceeds exceeds the purchase price that would have been payable to the OWNER if the TOWN had purchased the PROPERTY on the date of the foreclosure sale.
- d. In the event the TOWN, or its assignee or designee, having been duly notified of

an impending sale and fully able to exercise its rights hereunder, fails to exercise its right to purchase or prevent foreclosure or trustee's sale, a completed action of foreclosure or trustee's sale shall render this Agreement and the restrictions imposed thereby to be null and void and of no further force or effect. The subsequent bona fide purchaser for value shall take title to the PROPERTY free from any and all restrictions contained in this Agreement.

13. DESTRUCTION OR TERMINATION OF PROPERTY

- a. If the PROPERTY is destroyed, and insurance proceeds are distributed to the OWNER instead of being used to rebuild; or
- b. If the PROPERTY is condemned, and the proceeds are distributed to the OWNER; or
- c. If the PROPERTY consists of a unit in a condominium project, and the project is destroyed, the association liquidated, and the assets distributed to the members of the association, including the OWNER; then

Any excess proceeds remaining after payment of encumbrances on the PROPERTY shall be distributed to the TOWN. Excess proceeds means the amount by which the insurance, condemnation, or liquidation proceeds exceed the purchase price that would have been payable to the OWNER if the TOWN had purchased the PROPERTY on the date of the destruction, condemnation valuation, or liquidation.

14. DEFAULT UNDER THIS AGREEMENT

Any transfer which is not in substantial compliance with this Agreement shall be deemed a "prohibited transfer." At any time after receiving actual notice of a prohibited transfer or of any violation of this Agreement, the TOWN shall give written notice to the OWNER specifying the nature of the prohibited transfer or other violation of this Agreement. If the violation is not corrected to the satisfaction of the TOWN within ten (10) days after the date of the notice, or within such further time as the TOWN determines in its sole discretion to be necessary to correct the violation, the TOWN may declare in writing a default under this Agreement. Upon the declaration of a default under this Agreement, the TOWN may apply to a court of competent jurisdiction for specific performance of this Agreement for an injunction prohibiting a proposed sale or transfer in violation of this Agreement, for a declaration that the prohibited transfer is void, or for any such other relief as may be appropriate.

15. PROGRAM MANAGEMENT

As of the date first written above, TOWN has designated the Community Development Director to serve as BMP Program Manager with overall responsibility for the progress and execution of this Agreement.

16. PROHIBITIONS ON BONUS, COMMISSION, AND FEE

OWNER shall not pay TOWN any bonus, commission, or fee for the purpose of obtaining approval of OWNER's application for the PROPERTY, or any other approval or concurrence required by the TOWN in connection with this Agreement.

17. SUPERIORITY OF AGREEMENT

The TOWN and OWNER covenant that they have not and will not execute any agreement with provisions contradictory to or in opposition to the provisions of this Agreement, and that in any event this Agreement is controlling as to the rights and obligations between the TOWN and OWNER.

18. SEVERABILITY

If any provisions contained herein are for any reason held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, then such provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had never been contained herein, and the remaining provisions shall continue in full force.

19. APPLICABLE LAW

This Agreement shall be interpreted under and pursuant to the laws of the State of California.

20. LEGAL ACTION

If any legal action is commenced to interpret or enforce the terms of this Agreement or collect damages as a result of any breach of this Agreement, then the prevailing party shall be entitled to recover against the party not prevailing all reasonable attorney's fees and costs incurred in such action, not to exceed Seven Thousand Five Hundred Dollars and No Cents (\$7,500.00) in total. The venue for any action to enforce the terms of this Agreement or collect damages shall be in the Superior Court of the County of Santa Clara, California.

21. 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.

22. ENTIRE AGREEMENT

This Agreement, including Exhibit A attached hereto, sets forth the entire agreement between the parties and supersedes all other oral and written provisions. No other terms or conditions shall be deemed to apply, unless by a mutually executed, written amendment, modification or superseding agreement which references this Agreement.

23. NOTICES

All notices, demands, and communications between the parties hereto shall be sent by certified mail, return receipt requested, to the addresses set forth after the signatures on this Agreement. Any party changing its address shall forthwith give written notice to the other parties herein.

24. OWNER ACKNOWLEDGMENT

OWNER, by accepting title to the PROPERTY, understands that under the BMP Housing Program, the OWNER is able to purchase the PROPERTY for a price less than its full market value. In consideration for receipt of this benefit, OWNER acknowledges that on a subsequent

transfer of the PROPERTY, OWNER will not be entitled to receive full market value for the PROPERTY. The purchase price authorized hereunder will not increase or decrease in the same manner as other similar real property which is not encumbered by this Agreement. OWNER further acknowledges that at all times in the setting of the purchase price, the primary objective of this Agreement is to provide housing to low and median income persons at affordable cost.

25. COVENANT RUNNING WITH THE LAND

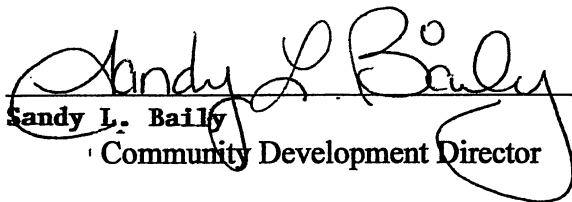
The terms and conditions set forth herein are intended to run with the land and shall bind the OWNER and all successors, heirs and grantees. These terms and conditions shall be made part of each deed subsequently recorded and shall bind each successor in interest until the recordation of a subsequent and superseding agreement or other covenant instrument.


26. SUPERSESSION

This Agreement shall supersede any and all resale agreements, Deed of Trusts, deed restriction and other similar conditions and/or restrictions previously imposed on the PROPERTY, whether or not such instruments were recorded.

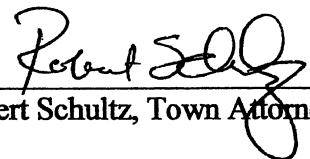
IN WITNESS WHEREOF, the TOWN and OWNER have executed this Agreement as of the date first written above.

Approved as to Content:


Sandy L. Baily
Community Development Director

By: 
Greg Larson, Town Manager
Town of Los Gatos
110 E. Main Street, Los Gatos, CA 95030

Approved as to Form:

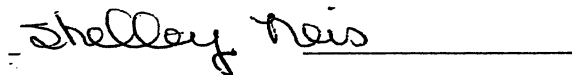

Robert Schultz, Town Attorney

By: 
OWNER: Natalie Ladd

Address:
653 Blossom Hill Road
Los Gatos, CA 95032

Sales Price:
\$402,100.00

Attest:


Clerk Administrator

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)ss
COUNTY OF Santa Clara)

On February 13 2014, before me Rafael Villegas Jr, Notary Public
personally appeared Natalie Ladd

who proved to me on the basis of satisfactory evidence to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Rafael Villegas Jr
Notary Public



ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)ss
COUNTY OF Santa Clara)

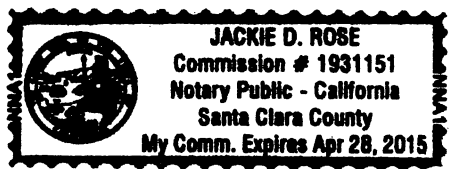
On 2-28 2014, before me Jackie Rose, Notary Public, Notary Public
personally appeared Greg Larson

who proved to me on the basis of satisfactory evidence to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Jackie Rose
Notary Public



LEGAL DESCRIPTION

Real property in the Town of Los Gatos , County of Santa Clara, State of California, described as follows:

PARCEL ONE:

LOT 2 OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012 IN BOOK 858 OF MAPS AT PAGE 1-6, INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS.

EXCEPTING THEREFROM ALL THAT INTEREST CONVEYED TO DRH ENERGY, INC., A COLORADO CORPORATION BY DOCUMENT RECORDED SEPTEMBER 10, 2013 AS INSTRUMENT NO. 22381783 OF OFFICIAL RECORDS, SAID INTEREST IS FURTHER DESCRIBED AS FOLLOWS:

A. ANY AND ALL (I) OIL RIGHTS, (II) MINERAL RIGHTS, (III) NATURAL GAS RIGHTS, (IV) RIGHTS TO ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, (V) GEOTHERMAL HEAT RIGHTS OR GEOTHERMAL SUBSTANCES THAT MAY BE PRODUCED FROM THE PROPERTY, (VI) WATER RIGHTS AND CLAIMS OR RIGHTS TO WATER AND (VII) ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING (COLLECTIVELY, "SUBSURFACE RESOURCES") LOCATED IN OR UNDER THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF LOS GATOS, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN (THE "PROPERTY"), TO THE EXTENT SUCH SUBSURFACE RESOURCES HAVE NOT BEEN PREVIOUSLY RESERVED; AND

B. THE PERPETUAL RIGHT TO DRILL, MINE, EXPLORE AND OPERATE FOR AND PRODUCE, STORE AND REMOVE ANY OF THE SUBSURFACE RESOURCES ON OR FROM THE PROPERTY, INCLUDING WITHOUT LIMITATION THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE, FROM LANDS OTHER THAN THE PROPERTY, WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE PROPERTY, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS WITHIN OR BEYOND THE EXTERIOR LIMITS OF THE PROPERTY, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, BUT WITHOUT THE RIGHT TO DRILL, MINE, EXPLORE, OPERATE, PRODUCE, STORE OR REMOVE ANY OF THE SUBSURFACE RESOURCES THROUGH OR IN THE SURFACE OF THE PROPERTY OR THE UPPER FIVE HUNDRED (500) FEET OF THE SUBSURFACE OF THE PROPERTY.

RESERVING THEREFROM, FOR THE BENEFIT OF THE ASSOCIATION, EASEMENTS FOR MAINTENANCE OF EACH ASSOCIATION MAINTENANCE AREA THAT IS LOCATED ON THE LOT DESCRIBED ABOVE, AS DESCRIBED IN THE DECLARATION.

FURTHER RESERVING THEREFROM THE EASEMENTS FOR PEDESTRIAN AND VEHICULAR ACCESS, INGRESS AND EGRESS AND UTILITY PURPOSES DESCRIBED IN THE ACCESS DECLARATION DESCRIBED BELOW;

FURTHER RESERVING THEREFROM ALL OTHER EASEMENTS DESCRIBED IN THE DECLARATION REFERRED TO BELOW, THE EASEMENTS DESCRIBED IN THE FINAL MAP OF RECORD REFERENCED ABOVE, AND SUCH OTHER EASEMENTS AS MAY BE OF RECORD AS OF THE DATE HEREOF.

PARCEL TWO:

A NON-EXCLUSIVE EASEMENT, IN COMMON WITH OTHER OWNERS, FOR ACCESS, INGRESS AND EGRESS, OVER, IN, TO, AND THROUGH THE ASSOCIATION PROPERTY AS DESCRIBED IN THE DECLARATION AND/OR SUPPLEMENTARY DECLARATION(S) RECORDED PURSUANT TO THE DECLARATION, SUBJECT TO THE LIMITATIONS SET FORTH THEREIN, WHICH EASEMENT IS APPURTENANT TO THE LOT DESCRIBED IN PARCEL ONE ABOVE AND IS GRANTED SUBJECT TO:

A. EACH EASEMENT AND ALL OTHER RESERVATIONS SET FORTH IN THE DECLARATION;

B. THE EASEMENT AND OTHER RIGHTS RESERVED IN THE DECLARATION IN FAVOR OF GRANTOR FOR MARKETING AND DEVELOPMENT, INCLUDING WITHOUT LIMITATION GRANTOR'S RIGHT OF ACCESS, INGRESS AND EGRESS FOR VISITORS TO THE SALES OFFICE AND MARKETING UNITS AND THE RIGHT TO MAINTAIN SIGNS OR OTHER MARKETING MATERIALS WITHIN THE ASSOCIATION PROPERTY.

C. GRANTOR'S EASEMENT FOR INGRESS AND EGRESS, IN, ON OVER, THROUGH AND ACROSS THE ASSOCIATION PROPERTY TO PERMIT GRANTOR TO INSTALL IMPROVEMENTS THEREON; AND

D. GRANTOR'S RIGHT TO PREVENT ACCESS OVER PORTIONS OF THE ASSOCIATION PROPERTY BY PLACING A CONSTRUCTION FENCE OR OTHER BARRIER THEREON PRIOR TO COMPLETION OF CONSTRUCTION OF ALL IMPROVEMENTS WITHIN THE PROJECT, PROVIDED THAT GRANTEE HAS AT LEAST ONE ROUTE OF ACCESS BETWEEN THE LOT DESCRIBED IN PARCEL ONE ABOVE AND A PUBLIC STREET.

PARCEL THREE:

NON-EXCLUSIVE EASEMENTS FOR PEDESTRIAN AND VEHICULAR ACCESS, INGRESS AND EGRESS AND UTILITY PURPOSES AS DESCRIBED AND SUBJECT TO THE LIMITATIONS SET FORTH IN THE CERTAIN DECLARATION OF COVENANTS AND RESTRICTIONS AND GRANT OF ACCESS EASEMENTS RIGHTS RECORDED SEPTEMBER 6, 2013 AS DOCUMENT NO. 22376130 AND RE-RECORDED OCTOBER 11, 2013 AS DOCUMENT NO. 22412867, IN THE OFFICIAL RECORDS OF SANTA CLARA COUNTY, CALIFORNIA, AND ANY AMENDMENTS THERETO ("ACCESS DECLARATION")

PARCEL FOUR:

A NON-EXCLUSIVE EASEMENT FOR PEDESTRIAN AND MOTOR VEHICLE, INGRESS AND EGRESS OVER AND ACROSS THE "DRIVEWAY AREAS" WITHIN LOTS A AND B OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012 IN BOOK 858, AT PAGES 1 THROUGH 6, INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THAT CERTAIN DECLARATION OF COVENANTS AND RESTRICTIONS FOR EASEMENT AGREEMENT RECORDED MAY 1, 2013 AS INSTRUMENT NO. 22200479, IN THE OFFICIAL RECORDS OF SANTA CLARA COUNTY, CALIFORNIA, AND ANY AMENDMENTS THERETO ("SHARED USE DECLARATION"). ("DRIVEWAY AREAS" IS DEFINED IN THE SHARED USE DECLARATION.)

PARCEL FIVE:

A NON-EXCLUSIVE EASEMENT FOR CONNECTION TO AND USE OF THE "STORM DRAIN IMPROVEMENTS" WITHIN THE PORTION OF LOT A OF TRACT NO. 10129 FILED FOR RECORD ON DECEMBER 14, 2012 IN BOOK 858, AT PAGES 1 THROUGH 6, INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, DEFINED IN THE SHARED USE DECLARATION AS THE "STORM DRAIN EASEMENT AREA" AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THE SHARED USE DECLARATION AS THE "STORM DRAIN EASEMENT AREA", AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THE SHARED USE DECLARATION. ("STORM DRAIN IMPROVEMENTS" IS DEFINED IN THE SHARED USE DECLARATION.)

PARCEL SIX:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS BY PEDESTRIANS AND FOR THE PASSIVE USE FOR RECREATIONAL PURPOSES OVER AND ACROSS THE PORTION OF LOT 26 OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012, IN BOOK 858, AT PAGES 1 THROUGH 6, INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, DESCRIBED ON EXHIBIT "D" TO THE SHARED USE DECLARATION, AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THE SHARED USE DECLARATION.

PARCEL SEVEN:

A NON-EXCLUSIVE EASEMENT OVER, UNDER AND THROUGH LOTS 1 THROUGH 9 OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012, IN BOOK 858, AT PAGES 1 THROUGH 6, INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, EXCLUDING THE LOT CONVEYED HEREBY FOR DRAINAGE THROUGH CROSS-LOT DRAINAGE FACILITIES DESCRIBED IN, AND SUBJECT TO THE PROVISIONS OF THE SUPPLEMENTARY DECLARATION.

APN: 529-65-002

RESIDENTIAL REAL ESTATE PURCHASE AGREEMENT

This Real Estate Purchase Agreement (“Agreement”) made on **TBD** /2024,
 (“Effective Date”) between:

Town of Los Gatos (“Buyer”) with a mailing address of:

110 E Main Street, Town of Los Gatos, State of California who agrees to buy

AND

Natalie Ladd (“Seller”) with a mailing address of:

653 Blossom Hill Road, Town of Los Gatos, State of California, who agrees to sell and convey real and personal property as described below. Buyer and Seller, each individually, a “Party” and collectively. the “Parties.”

- 1. Legal Description.** That certain real property located at 653 Blossom Hill Road, Los Gatos, CA 95032, as more particularly described on Exhibit A, attached to this Agreement, together with all improvements, fixtures, appurtenances, easements, and rights belonging or relating thereto (the “Property”). The Property is a Below Market Rate (“BMR”) single family residence.

Street Address: **653 Blossom Hill Road, Los Gatos, CA 95032**

Tax Parcel Information or Assessor’s Parcel No: **529-65-002**

Other Description: See Preliminary Title Report

2. Personal Property. In addition to the real property described in Section 1, the Seller shall include no personal property.

3. Purchase Price and Terms. The Buyer agrees to purchase the Property by payment of **\$476,154.00** (Four Hundred and Seventy-Six Thousand One Hundred and Fifty-Four Dollars) as follows: (check one)

- **All Cash Offer.** No loan or financing of any kind is required in order to purchase the Property.

- **Bank Financing.** The Buyer’s ability to purchase the Property is contingent upon the Buyer’s ability to obtain financing under the following conditions: (check one)

- Conventional Loan

- Other: BEGIN Down Payment Assistance Loan

ATTACHMENT 3



4. Earnest Money. After acceptance by all Parties, the Buyer agrees to make a payment in the amount of **\$0.00** as consideration by **N/A** at 5:00 AM PM (“Earnest Money”). The Earnest Money shall be applied to the Purchase Price at Closing and subject to the Buyer’s ability to perform under the terms of this Agreement. Any Earnest Money accepted **is** is not required to be placed in a separate trust or escrow account in accordance with State law.

5. Sale of Another Property. Buyer’s performance under this Agreement shall not be contingent upon selling another property.

6. Closing Costs. The costs attributed to the Closing of the Property shall be the responsibility the Buyer and the Seller as assigned per custom in Santa Clara County and as indicated in the attached net sheet. The fees and costs related to the Closing shall include but not be limited to a title search (including the abstract and any owner’s title policy), preparation of the deed, transfer taxes, recording fees, and any other costs by the title company that is in standard procedure with conducting the sale of a property.

7. Funds at Closing. Buyer and Seller agree that before the recording can take place, funds provided shall be in one (1) of the following forms: cash, interbank electronic transfer, money order, certified check or cashier’s check drawn on a financial institution located in the State, or any above combination that permits the Seller to convert the deposit to cash no later than the next business day.

8. Close of Escrow. This transaction shall be closed on **TBD** at **5:00** AM PM or earlier at the office of a title company to be agreed upon by the Parties (“Closing”). Any extension of the Closing must be agreed upon, in writing, by Buyer and Seller. Real estate taxes, rents, dues, fees, and expenses relating to the Property for the year in which the sale is closed shall be prorated as of the Closing. Taxes due for prior years shall be paid by Seller. “Close of Escrow”, including “COE”, means the date the grant deed, or other evidence of transfer of title is recorded

Buyer’s Initials _____ / _____ Seller’s Initials _____ / _____

9. Prorations of Property Taxes and Other Items: Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: for periods after Close of Escrow, by Buyer; and for periods prior to Close of Escrow, by Seller

Buyer’s Initials _____ / _____ Seller’s Initials _____ / _____



10. Mineral Rights. It is agreed and understood that all rights under the soil, including but not limited to water, gas, oil, and mineral rights shall be transferred by the Seller to the Buyer at Closing.

11. Title. Seller shall convey title to the property by warranty deed or equivalent. The Property may be subject to restrictions contained on the plat, deed, covenants, conditions, and restrictions, or other documents noted in a Title Search Report. Upon execution of this Agreement by the Parties, Seller will, at the shared expense of both Buyer and Seller, order a Title Search Report and have delivered to the Buyer.

Upon receipt of the Title Search Report, the Buyer shall have 10 business days to notify the Seller, in writing, of any matters disclosed in the report which are unacceptable to Buyer. Buyer’s failure to timely object to the report shall constitute acceptance of the Title Search Report.

If any objections are made by Buyer regarding the Title Search Report, mortgage loan inspection, or other information that discloses a material defect, the Seller shall have 20 business days from the date the objections were received to correct said matters. If Seller does not remedy any defect discovered by the Title Search Report, Buyer shall have the option of canceling this Agreement, in which case the Earnest Money shall be returned to Buyer.

After Closing, Buyer shall receive an owner’s standard form policy of title insurance insuring marketable title in the Property to Buyer in the amount of the Purchase Price, free and clear of the objections and all other title exceptions agreed to be removed as part of this transaction.

12. Property Condition. Seller agrees to maintain the Property in its current condition, subject to ordinary wear and tear, from the time this Agreement comes into effect until the Closing. The Property is sold “AS-IS” in its PRESENT physical condition as of the date of Acceptance and subject to Buyer's Investigation rights; the Property, including pool, spa, landscaping, and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and all debris and personal property not included in the sale shall be removed by Close of Escrow, vacant, and in “broom clean” condition

Therefore, Buyer shall hold the right to hire licensed contractors, or other qualified professionals, to further inspect and investigate the Property until **TBD** at 5:00 AM PM or Sooner. If the Buyer fails to have the Property inspected or does not provide the Seller with written notice of the new disclosures on the Property, in accordance with this Agreement, Buyer hereby accepts the Property in its current condition and as described in any disclosure forms presented by the Seller. In the event improvements on the Property are destroyed, compromised, or materially damaged prior to Closing, the Agreement may be terminated at Buyer’s option. In the event that Seller does not correct any deferred maintenance disclosed pursuant to the Bid for Repairs prior to TBD,



Buyer’s Initials _____ / _____

Seller’s Initials _____ / _____

the Purchase Price shall be reduced by the cost to repair such deferred maintenance pursuant to the Bid for Repairs.

Buyer's Initials _____ / _____

Seller's Initials _____ / _____

13. Seller's Indemnification. Except as otherwise stated in this Agreement, after recording, the Buyer shall accept the Property AS IS, WHERE IS, with all defects, latent or otherwise. Seller shall not be bound to any representation or warranty of any kind relating in any way to the Property or its condition, quality or quantity, except as specifically set forth in this Agreement or any property disclosure, which contains representations of the Seller only, and which is based upon the best of the Seller's personal knowledge.

Buyer's Initials _____ / _____

Seller's Initials _____ / _____

14. Appraisal. Buyer's performance under this Agreement shall not be contingent upon the appraisal of the Property being equal to or greater than the agreed upon Purchase Price.

15. Required Documents. Prior to the Closing, the Parties agree to authorize all necessary documents, in good faith, in order to record the transaction under the conditions required by the recorder, title company, lender, or any other public or private entity.

16. Termination. In the event this Agreement is terminated, as provided in this Agreement, absent of default, any Earnest Money shall be returned to the Buyer, in-full, within 3 business days with all parties being relieved of their obligations as set forth herein.

17. Sex Offenders. Section 2250 of Title 18, United States Code, makes it a federal offense for sex offenders required to register pursuant to the Sex Offender Registration and Notification Act (SORNA), to knowingly fail to register or update a registration as required. State convicted sex offenders may also be prosecuted under this statute if the sex offender knowingly fails to register or update a registration as required, and engages in interstate travel, foreign travel, or enters, leaves, or resides on an Indian reservation.

A sex offender who fails to properly register may face fines and up to ten (10) years in prison. Furthermore, if a sex offender knowingly fails to update or register as required and commits a violent federal crime, he or she may face up to thirty (30) years in prison under this statute. The Buyer may seek more information online by visiting <https://www.nsopw.gov/>.

18. Time. Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete, and exclusive



Buyer's Initials _____ / _____

Seller's Initials _____ / _____

expression of their Agreement with respect to its subject matter and they may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement.

19. Buyer's Default. Seller's remedies shall be limited to liquidated damages in the amount of the Earnest Money set forth in Section IV. It is agreed that such payments and things of value are liquidated damages and are Seller's sole and only remedy for Buyer's failure to perform the obligations of this Agreement. The Parties agree that Seller's actual damages in the event of Buyer's default would be difficult to measure, and the amount of the liquidated damages herein provided for is a reasonable estimate of such damages.

20. Seller's Default. Buyer may elect to treat this Agreement as cancelled, in which case all Earnest Money paid by Buyer hereunder shall be returned and Buyer may recover such damages as may be proper, or Buyer may elect to treat this Agreement as being in full force and effect and Buyer shall have the right to specific performance or damages, or both.

21. Earnest Money Dispute. Notwithstanding any termination of this Agreement, the Parties agree that in the event of any controversy regarding the release of the Earnest Money that the matter shall be submitted to mediation as provided in Section 4.

22. Dispute Resolution. Buyer and Seller agree to mediate any dispute or claim arising out of this Agreement, or in any resulting transaction, before resorting to arbitration or court action.

- a.) **Mediation.** If a dispute arises, between or among the Parties, and it is not resolved prior to or after recording, the Parties shall first proceed in good faith to submit the matter to mediation. Costs related to mediation shall be mutually shared between or among the Parties. Unless otherwise agreed in mediation, the Parties retain their rights to proceed to arbitration or litigation.
- b.) **Exclusions.** The following matters shall be excluded from the mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed, mortgage or installment land sale contract as defined in accordance with State law; (ii) an unlawful detainer action, forcible entry detainer, eviction action, or equivalent; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions of this Section.

23. Governing Law. This Agreement shall be interpreted in accordance with the laws in the State of CA.



24. Terms and Conditions of Offer. This is an offer to purchase the Property in accordance with the above stated terms and conditions of this Agreement. This Agreement and any supplement, addendum, or modification, including any copy, may be signed in two or more counterparts, all of which shall constitute one and the same writing.

25. Binding Effect. This Agreement shall be for the benefit of, and be binding upon, the Parties, their heirs, successors, legal representatives, and assigns, which therefore, constitutes the entire agreement between the Parties. No modification of this Agreement shall be binding unless signed by both Buyer and Seller.

26. Severability. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

27. Acceptance. Seller warrants that Seller is the owner of the Property or has the authority to execute this Agreement. Therefore, by the Seller's authorization below, he/she/they accepts the above offer and agrees to sell the Property on the above terms and conditions.

Delivery may be in any of the following: (i) hand delivery; (ii) email under the condition that the party transmitting the email receives electronic confirmation that the email was received to the intended recipient; and (iii) by facsimile to the other party or the other party's licensee, but only if the transmitting fax machine prints a confirmation that the transmission was successful.

28. Licensed Real Estate Agent(s). Buyer or Seller each represent that neither party has hired their services of licensed real estate agent(s) to perform representation on their behalf. And no real estate agent shall be entitled to payment for their services.

29. Disclosures. It is acknowledged by the Parties that: (check one)

- There are no attached addendums or disclosures to this Agreement.
- The following addendums or disclosures are attached to this Agreement:
 - Lead-Based Paint Disclosure Form
 - California Megan's Law
 - Natural and Environmental Hazard Disclosures (NHD)
 - California Transfer Disclosure Statement

30. Additional Terms and Conditions



-
 - _____

31. Entire Agreement. This Agreement together with any attached addendums or disclosures shall supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and shall constitute the sole and only agreements between the parties with respect to the said Property. All prior negotiations and agreements between the parties with respect to the Property hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement and that any agreement, statement or promise that is not contained in this Agreement shall not be valid or binding or of any force or effect.

[Signatures on Following Page]

32. Signature

Date: _____

Seller's Signature

Natalie Ladd



Date: _____

Seller's Signature

Print Name

Date: _____

Buyer's Signature

Print Name

Date: _____

Buyer's Signature

Print Name



Buyer's Initials _____ / _____

Seller's Initials _____ / _____

EXHIBIT A

LEGAL DESCRIPTION

Real property in the Town of Los Gatos, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

LOT 2 OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012 IN [BOOK 858 OF MAPS AT PAGE 1-6](#), INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS.

EXCEPTING THEREFROM ALL THAT INTEREST CONVEYED TO DRH ENERGY, INC., A COLORADO CORPORATION BY DOCUMENT RECORDED SEPTEMBER 10, 2013 AS INSTRUMENT NO. [22381783](#) OF OFFICIAL RECORDS, SAID INTEREST IS FURTHER DESCRIBED AS FOLLOWS:

A. ANY AND ALL (I) OIL RIGHTS, (II) MINERAL RIGHTS, (III) NATURAL GAS RIGHTS, (IV) RIGHTS TO ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, (V) GEOTHERMAL HEAT RIGHTS OR GEOTHERMAL SUBSTANCES THAT MAY BE PRODUCED FROM THE PROPERTY, (VI) WATER RIGHTS AND CLAIMS OR RIGHTS TO WATER AND (VII) ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING (COLLECTIVELY, "SUBSURFACE RESOURCES") LOCATED IN OR UNDER THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF LOS GATOS, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN (THE "PROPERTY"), TO THE EXTENT SUCH SUBSURFACE RESOURCES HAVE NOT BEEN PREVIOUSLY RESERVED; AND

B. THE PERPETUAL RIGHT TO DRILL, MINE, EXPLORE AND OPERATE FOR AND PRODUCE, STORE AND REMOVE ANY OF THE SUBSURFACE RESOURCES ON OR FROM THE PROPERTY, INCLUDING WITHOUT LIMITATION THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE, FROM LANDS OTHER THAN THE PROPERTY, WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE PROPERTY, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS WITHIN OR BEYOND THE EXTERIOR LIMITS OF THE PROPERTY, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, BUT WITHOUT THE RIGHT TO DRILL, MINE, EXPLORE, OPERATE, PRODUCE, STORE OR REMOVE ANY OF THE SUBSURFACE RESOURCES THROUGH OR IN THE SURFACE OF THE PROPERTY OR THE UPPER FIVE HUNDRED (500) FEET OF THE SUBSURFACE OF THE PROPERTY.

PARCEL TWO:

A NON-EXCLUSIVE EASEMENT, IN COMMON WITH OTHER OWNERS, FOR ACCESS, INGRESS AND EGRESS, OVER, IN, TO, AND THROUGH THE ASSOCIATION PROPERTY AS DESCRIBED IN THE DECLARATION AND/OR SUPPLEMENTARY DECLARATION(S) RECORDED PURSUANT TO THE DECLARATION, SUBJECT TO THE LIMITATIONS SET FORTH THEREIN, WHICH EASEMENT IS APPURTENANT TO THE LOT DESCRIBED IN PARCEL ONE ABOVE AND IS GRANTED SUBJECT TO:

A. EACH EASEMENT AND ALL OTHER RESERVATIONS SET FORTH IN THE DECLARATION;

B. THE EASEMENT AND OTHER RIGHTS RESERVED IN THE DECLARATION IN FAVOR OF GRANTOR FOR MARKETING AND DEVELOPMENT, INCLUDING WITHOUT LIMITATION GRANTOR'S RIGHT OF ACCESS, INGRESS AND EGRESS FOR VISITORS TO THE SALES OFFICE AND MARKETING UNITS AND THE RIGHT TO MAINTAIN SIGNS OR OTHER MARKETING MATERIALS WITHIN THE ASSOCIATION PROPERTY.

C. GRANTOR'S EASEMENT FOR INGRESS AND EGRESS, IN, ON OVER, THROUGH AND ACROSS THE ASSOCIATION PROPERTY TO PERMIT GRANTOR TO INSTALL IMPROVEMENTS THEREON; AND

D. GRANTOR'S RIGHT TO PREVENT ACCESS OVER PORTIONS OF THE ASSOCIATION PROPERTY BY



PLACING A CONSTRUCTION FENCE OR OTHER BARRIER THEREON PRIOR TO COMPLETION OF CONSTRUCTION OF ALL IMPROVEMENTS WITHIN THE PROJECT, PROVIDED THAT GRANTEE HAS AT LEAST ONE ROUTE OF ACCESS BETWEEN THE LOT DESCRIBED IN PARCEL ONE ABOVE AND A PUBLIC STREET.

PARCEL THREE:

NON-EXCLUSIVE EASEMENTS FOR PEDESTRIAN AND VEHICULAR ACCESS, INGRESS AND EGRESS AND UTILITY PURPOSES AS DESCRIBED AND SUBJECT TO THE LIMITATIONS SET FORTH IN THE CERTAIN DECLARATION OF COVENANTS AND RESTRICTIONS AND GRANT OF ACCESS EASEMENTS RIGHTS RECORDED SEPTEMBER 6, 2013 AS DOCUMENT NO. [22376130](#) AND RE-RECORDED OCTOBER 11, 2013 AS DOCUMENT NO. [22412867](#), IN THE OFFICIAL RECORDS OF SANTA CLARA COUNTY, CALIFORNIA, AND ANY AMENDMENTS THERETO ("ACCESS DECLARATION")

PARCEL FOUR:

A NON-EXCLUSIVE EASEMENT FOR PEDESTRIAN AND MOTOR VEHICLE, INGRESS AND EGRESS OVER AND ACROSS THE "DRIVEWAY AREAS" WITHIN LOTS A AND B OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012 IN [BOOK 858, AT PAGES 1 THROUGH 6](#), INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THAT CERTAIN DECLARATION OF COVENANTS AND RESTRICTIONS FOR EASEMENT AGREEMENT RECORDED MAY 1, 2013 AS INSTRUMENT NO. [22200479](#), IN THE OFFICIAL RECORDS OF SANTA CLARA COUNTY, CALIFORNIA, AND ANY AMENDMENTS THERETO ("SHARED USE DECLARATION"). ("DRIVEWAY AREAS" IS DEFINED IN THE SHARED USE DECLARATION.)

PARCEL FIVE:

A NON-EXCLUSIVE EASEMENT FOR CONNECTION TO AND USE OF THE "STORM DRAIN IMPROVEMENTS" WITHIN THE PORTION OF LOT A OF TRACT NO. 10129 FILED FOR RECORD ON DECEMBER 14, 2012 IN [BOOK 858, AT PAGES 1 THROUGH 6](#), INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, DEFINED IN THE SHARED USE DECLARATION AS THE "STORM DRAIN EASEMENT AREA" AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THE SHARED USE DECLARATION AS THE "STORM DRAIN EASEMENT AREA", AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THE SHARED USE DECLARATION. ("STORM DRAIN IMPROVEMENTS" IS DEFINED IN THE SHARED USE DECLARATION.)

PARCEL SIX:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS BY PEDESTRIANS AND FOR THE PASSIVE USE FOR RECREATIONAL PURPOSES OVER AND ACROSS THE PORTION OF LOT 26 OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012, IN [BOOK 858, AT PAGES 1 THROUGH 6](#), INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, DESCRIBED ON EXHIBIT "D" TO THE SHARED USE DECLARATION, AS DESCRIBED IN AND SUBJECT TO THE PROVISIONS OF THE SHARED USE DECLARATION.

PARCEL SEVEN:

A NON-EXCLUSIVE EASEMENT OVER, UNDER AND THROUGH LOTS 1 THROUGH 9 OF TRACT NO. 10129, FILED FOR RECORD ON DECEMBER 14, 2012, IN [BOOK 858, AT PAGES 1 THROUGH 6](#), INCLUSIVE, IN THE SANTA CLARA COUNTY RECORDS, EXCLUDING THE LOT CONVEYED HEREBY FOR DRAINAGE THROUGH CROSS-LOT DRAINAGE FACILITIES DESCRIBED IN, AND SUBJECT TO THE PROVISIONS OF THE SUPPLEMENTARY DECLARATION.



American Land Title Association

ALTA Settlement Statement

ITEM NO. 7.

Adopted 05-01-2015

File No.: 4410-7160358
 Printed: 12/10/2024, 6:32 PM
 Officer/Escrow Officer: Erica Limones/ng
 Settlement Location:
 260 Tres Pinos Road, Ste A1, Hollister, CA
 95023

First American Title Company

260 Tres Pinos Road, Ste A1 • Hollister, CA 95023
 Phone: (831)637-8410 Fax: (866)715-1690
Estimated Settlement Statement



Property Address: 653 Blossom Hill Road, Los Gatos, CA 95032

Buyer: TBD

Seller: Natalie Ladd

Lender:

Settlement Date: 01/31/2025

Disbursement Date:

Description	Buyer	
	Debit	Credit
Financial		
Sale Price	476,154.00	
Prorations/Adjustments		
Est. Association Dues 01/31/25 to 02/01/25 @\$400.00/mo	13.33	
County Taxes 01/31/25 to 07/01/25 @\$3,303.79/semi	2,771.51	
Title Charges & Escrow / Settlement Charges		
Binder Resale - Eagle to First American Title Company	170.00	
Recording Services to First American Title Company	23.00	
Government Recording and Transfer Charges		
Record Deed to Santa Clara County Clerk - Recorder	36.00	
Miscellaneous		
Homeowner's Insurance Premium to Estimated Fire Insurance	2,500.00	
Subtotals	481,667.84	0.00
Due From Buyer		481,667.84
Totals	481,667.84	481,667.84

Escrow related fees including separate fees for overnight mail- courier or notary services that are not included as part of First American's filed escrow fee may include a markup over the direct cost to First American for such services.

Our wire instructions do not change. Our banking institution is First American Trust. If you receive an email or other communication that appears to be from us or another party involved in your transaction instructing you to wire funds to a bank other than First American Trust, you should consider it suspect and you must call our office at an independently verified phone number. Do not inquire with the sender.

Escrow Officer: Erica Limones



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO. 8.

ITEM NO: 8

DATE: December 12, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Five-Year Agreement for Services with Buringrud & Reyes Electric Inc. for Maintenance of Downtown Decorative Tree Lighting for a Total Agreement Amount Not to Exceed \$304,425.

RECOMMENDATION:

Authorize the Town Manager to execute five-year Agreement for Services with Buringrud & Reyes Electric Inc. for maintenance of downtown decorative tree lighting for a total agreement amount not to exceed \$304,425.

BACKGROUND:

For several years, the Town of Los Gatos has contracted electrical services to maintain the decorative lighting on 170 trees in the downtown area, as well as for the annual lighting inspection and repairs of the large holiday tree in Plaza Park. The tree lights require weekly inspections and repairs to ensure they remain fully illuminated year-round. The holiday tree requires annual inspection, troubleshooting, and repairs.

Currently, partial light string and electrical component replacements are needed in many of the trees; staff has identified 60 trees that require new lights and approximately 150 hours of extra work is needed to address more complex repairs. The structure of this agreement is based on a repair proposal estimating \$139,000 needed for the downtown lighting repairs and the history of repairs with our past electrical on-call contractor. With this agreement, a portion of these repairs can be addressed in the first half year, and ongoing maintenance and repair can continue each year.

PREPARED BY: Dan Keller
Facilities & Environmental Services Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Finance Director, and Parks and Public Works Director

PAGE 2 OF 3

SUBJECT: Authorize the Town Manager to Execute a Five-Year Agreement for Services with Buringrud & Reyes Electric Inc.

DATE: November 29, 2024

DISCUSSION:

The previous agreement expired on June 30, 2024. Three companies attended a mandatory walkthrough, resulting in qualified proposals received on November 27, 2024. Buringrud & Reyes Electric Inc. submitted the lowest responsible proposal.

The proposed agreement structure ensures continuity of service while maximizing savings over multiple years. Additionally, the contract includes cancellation provisions should the need arise during the contract term.

The current value of the five-year term (excluding potential future consumer price index adjustments) is \$304,425 and the yearly breakdown of costs under the new contract will be:

Annual Breakdown:	Dates:	Amount
Year 1 (FY2024/25)	1/2/25 through 6/30/25	\$33,825
Year 2 (FY2025/26)	7/1/25 through 6/30/26	\$67,650
Year 3 (FY2026/27)	7/1/26 through 6/30/27	\$67,650
Year 4 (FY2027/28)	7/1/27 through 6/30/28	\$67,650
Year 5 (FY2028/29)	7/1/28 through 6/30/29	\$67,650

Staff is seeking the five-year agreement recognizing that the future years will be subject to operating budget appropriations.

CONCLUSION:

Authorize the Town Manager to execute an Agreement for Services with Buringrud & Reyes Electric Inc. for the maintenance of downtown decorative tree lighting.

FISCAL IMPACT:

The Adopted Fiscal Year (FY) 2024/25 Parks and Public Works General Fund Operating Budget (111-5401-63364) includes sufficient funds to cover the contract in the amount of \$33,825 for FY 2024/25. Future Proposed Operating Budgets will include requests for funding for the contract per the amounts listed above.

ENVIRONMENTAL ASSESSMENT:

In accordance with CEQA Guidelines Section 15378(b)(5), approval of this agreement is not a project subject to CEQA because it is an administrative activity that will not impact the environment.

SUBJECT: Authorize the Town Manager to Execute a Five-Year Agreement for Services with
Buringrud & Reyes Electric Inc.

DATE: November 29, 2024

Attachment:

1. Agreement for Services with Buringrud & Reyes Electric Inc. with Exhibit A – Proposal and Exhibit B – Contractor Proposal Pricing

AGREEMENT FOR SERVICES

PREAMBLE

THIS AGREEMENT is dated for identification on December 17, 2024 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Buringrud & Reyes Electric Inc. ("Service Provider"), identified as an S Corporation and whose address is 20295 Bear Creek Road, Los Gatos CA, 95033. This Agreement is made with reference to the following facts.

I. RECITALS

- 1.1 Town sought quotations through RFP for the services described in this Agreement, and Service Provider was found to be the lowest responsible supplier for this purchase.
- 1.2 Service Provider represents and affirms that it is willing to perform the desired work pursuant to this Agreement.
- 1.3 Town desires to engage Service Provider to provide electrical maintenance service for downtown decorative tree lighting.
- 1.4 Service Provider warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Service Provider acknowledges Town has relied upon these warranties to retain Service Provider.

II. AGREEMENT

- 2.1 Scope of Services. Service Provider shall provide services as described in that certain Proposal sent to the Town on November 27, 2024, which is hereby incorporated by reference and attached as Exhibit A. Authorizing base services for 170 trees multiplied by 52 weeks plus annual replacement of 60 light strings and 150 hours of electrical work as shown in Exhibit B.
- 2.2 Term and Time of Performance. The effective date of this Agreement shall begin January 2, 2025 through June 30, 2029, subject to appropriation of funds, notwithstanding any other provision in this agreement.
- 2.3 Compliance with Laws. The Service Provider shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Service Provider represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Service Provider to practice its profession. Service Provider 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. Service Provider 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 Service Provider by the Town and all reports and supportive data prepared by the Service Provider 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 Service Provider in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Service Provider shall not make any of these documents or information available to any individual or organization not employed by the Service Provider or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Service Provider 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 Service Provider in connection with other projects shall be solely at Town's risk, unless Service Provider expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Service Provider which is and has been confirmed in writing by Service Provider to be a trade secret of Service Provider.

- 2.6 Compensation: Compensation for year one (FY 2024/25) shall not exceed \$33,825. Compensation for future years will be the base cost of \$67,650 and shall be adjusted upward annually for the remaining term of this agreement by the change, if any, in the San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index for All Urban Consumers, all items (CPI). The adjustment shall be based upon the CPI published on December 31 of the preceding year. If the CPI indicates a downward adjustment, compensation would remain at the base amount. Payment shall be based upon Town approval of each task.

Annual Breakdown:	Dates:	Amount
Year 1 (FY2024/25)	1/2/24 through 6/30/25	\$33,825
Year 2 (FY2025/26)	7/1/25 through 6/30/26	\$67,650
Year 3 (FY2026/27)	7/1/26 through 6/30/27	\$67,650
Year 4 (FY2027/28)	7/1/27 through 6/30/28	\$67,650
Year 5 (FY2028/29)	7/1/28 through 6/30/29	\$67,650

For a total agreement amount **not to exceed \$304,425**, inclusive of all costs. Payment shall be based upon Town approval of each task.

*Total compensation does not include CPI adjustments for Years 2-5.

- 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
Email (preferred): AP@losgatosca.gov

- 2.8 Availability of Records. Service Provider shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Service Provider shall make these records available to authorized personnel of the Town at the Service Provider 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 Service Provider. 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 Service Provider, 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 Service Provider 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. Service Provider agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Service Provider 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 Service Provider or is based on allegations of Service Provider's negligent performance or wrongdoing.
- 2.11 Conflict of Interest. Service Provider understands that its professional responsibilities are solely to the Town. The Service Provider has and shall not obtain any holding or interest within the Town of Los Gatos. Service Provider 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, Service Provider 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. Service Provider 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 Service Provider discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement Service Provider 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. Service Provider warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Service Provider 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. Service Provider agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars (\$2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.
- ii. Service Provider 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. Service Provider 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.

General Liability:

- i. The Town, its elected and appointed officials, employees, and agents are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Service Provider; products and completed operations of Service Provider, premises owned or used by the Service Provider.
- ii. The Service Provider'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 volunteers shall be excess of the Service Provider'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 Service Provider'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, Service Provider 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, Service Provider shall ensure that all subcontractors employed by Service Provider 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.
- 3.4 Indemnification. The Service Provider shall save, keep, hold harmless and indemnify and defend the Town its elected and appointed officials, agents, 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 Service Provider, or any of the Service Provider's officers, employees, or agents or any subcontractor.

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 Service Provider 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 Service Provider 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 Service Provider 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 Prevailing Wages. This project is subject to the requirements of Section 1720 et seq. of the California Labor Code requiring the payment of prevailing wages, the training of apprentices and compliance with other applicable requirements. Contractors and all subcontractors who perform work on the project are required to comply with these requirements. Prevailing wages apply to all projects over \$1,000 which are defined as a “public work” by the State of California. This includes: construction, demolition, repair, alteration, maintenance and the installation of photovoltaic systems under a Power Purchase Agreement when certain conditions are met under Labor Code Section 1720.6. This include service and warranty work on public buildings and structures.
- 4.4.1 The applicable California prevailing wage rate can be found at www.dir.ca.gov and are on file with the Town of Los Gatos Parks and Public Works Department, which shall be available to any interested party upon request. The contractor is also required to have a copy of the applicable wage determination posted and/or available at each jobsite.
- 4.4.2 Specifically, contractors are reminded of the need for compliance with Labor Code Section 1774-1775 (the payment of prevailing wages and documentation of such), Section 1776 (the keeping and submission of accurate certified payrolls) and 1777.5 in the employment of apprentices on public works projects. Further, overtime, weekend and holiday pay, and shift pay must be paid pursuant to applicable Labor Code section.
- 4.4.3 The public entity for which work is being performed or the California Department of Industrial Relations may impose penalties upon contractors and subcontractors for failure to comply with prevailing wage requirements. These penalties are up to \$200 per day per worker for each wage violations identified; \$100 per day per worker for failure to provide the required paperwork and documentation requested within a 10-day window; and \$25 per day per worker for any overtime violation.
- 4.4.4 As a condition to receiving progress payments, final payment and payment of retention on any and all projects on which the payment of prevailing wages is required, the contractor agrees to present to the TOWN, along with its request for payment, all applicable and necessary certified payrolls (for itself and all applicable subcontractors) for the time period covering such payment request. The term “certified payroll” shall include all required documentation to comply with the mandates set forth in Labor Code Section 1720 et seq, as well as any additional documentation requested by the Agency or its designee including,

but not limited to: certified payroll, fringe benefit statements and backup documentation such as monthly benefit statements, employee timecards, copies of wage statements and cancelled checks, proof of training contributions (CAC2 if applicable), and apprenticeship forms such as DAS-140 and DAS-142.

- 4.4.5 In addition to submitting the certified payrolls and related documentation to the TOWN, the contractor and all subcontractors shall be required to submit certified payroll and related documents electronically to the California Department of Industrial Relations. Failure to submit payrolls to the DIR when mandated by the project parameters shall also result in the withholding of progress, retention and final payment.
- 4.4.6 No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].
- 4.4.7 No contractor or subcontractor may be awarded a contract for public work on a public works project, unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. Contractors MUST be a registered "public works contractor" with the DIR AT THE TIME OF BID. Where the prime contract is less than \$15,000 for maintenance work or less than \$25,000 for construction alternation, demolition or repair work, registration is not required.
- 4.4.8 Should any contractor or subcontractors not be a registered public works contractor and perform work on the project, Contractor agrees to fully indemnify the TOWN for any fines assessed by the California Department of Industrial Relations against the TOWN for such violation, including all staff costs and attorney's fee relating to such fine.
- 4.4.9 The TOWN shall withhold any portion of a payment; including the entire payment amount, until certified payroll forms and related documentation are properly submitted, reviewed and found to be in full compliance. In the event that certified payroll forms do not comply with the requirements of Labor Code Section 1720 et seq., the TOWN may continue to hold sufficient funds to cover estimated wages and penalties under the contract.
- 4.5 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Service Provider.
- 4.6 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.
- 4.7 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

Buringrud & Reyes Electric Inc.
20295 Bear Creek Road
Los Gatos, CA 95033

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

- 4.8 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.
- 4.9 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Service Provider. 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 Service Provider have executed this Agreement.

Town of Los Gatos by:

Buringrud & Reyes Electric Inc. by:

Chris Constantin, Town Manager



Eric Buringrud, CFO

Recommended by:

Nicolle Burnham
Director of Parks and Public Works

Approved as to Form:

Gabrielle Whelan, Town Attorney

Attest:

Wendy Wood, CMC, Town Clerk



Proposal for downtown tree lighting services in the town of Los Gatos, CA

- Cover Letter

Buringrud & Reyes Electric Inc is pleased to submit this proposal for to the town of Los Gatos, in response to the RFP for tree lighting services on this day, the 29th of October, 2024.

As a licensed C-10 contractor and business operating in Los Gatos, we are thrilled for the opportunity to provide a proposal for the town that we live in and love being a part of. We are fully capable and ready to provide the required services requested in the RFP if awarded with an agreement. We own our own equipment such as vertical mast lifts and scissor lifts to reach the higher locations of electrical work and higher limbs of trees. We have a 2,200 square foot shop on our property at 20295 Bear Creek Rd. that houses all our equipment, tools, and material to complete work. We are invested in the town of Los Gatos and will have a daughter that will be attending Los Gatos High and are nearby for any emergency work that may come up throughout the year and especially during the Christmas season.

Eric Buringrud, the main contact and licensed contractor of the firm, will be on call any time of the day or night to ensure a very fast response time for any work needed. We are located about 15 minutes from downtown plaza square and will remain available for any service work needed if awarded an agreement with Los Gatos. We are a safety-oriented company that always puts safety above all on any project, as such we own all the traffic cones, delineators, lights and signage to perform any work with the outmost safety to town members, employee personnel as well as all the electrical safety equipment to perform any electrical work as safely as possible.

- Qualifications and Expertise

With over 20 years of experience in the electrical industry, we have extensive experience with many types of lighting and lighting controls systems, including in-ground lighting and tree lighting. We also have extensive experience with underground electrical and a deep understanding of troubleshooting electrical issues. We understand that the town of Los Gatos needs a firm that not only knows how to wrap lighting strings around trees and plug them in but also has a deep and close knowledge of electrical wiring methods and the California Electrical Code, to ensure any repairs are completed to last well beyond the required warranty period. B & R Electric Inc is a qualified local firm that can meet the needs of the town of Los Gatos, while keeping funds from town coffers directly in the town of Los Gatos. All of our business, from our auto repair to fine dining, happens primarily here in our town. And if awarded an agreement with Los Gatos, it will help to grow our Los Gatos business.

Eric Buringrud has been a foreman on many large and medium sized projects throughout California. From replacing and upgrading lighting and HVAC controls in the entire Coachella Valley school district, to running large solar projects on the central coast, and running projects from the ground up for campuses and the fire department in San Jose, our experience and expertise is well suited to handle all of Los Gatos's tree lighting service needs.

- Project team

Our Licensed contractor and electrician, Eric Buringrud, first began his electrical career in 1998 wiring custom homes in Salt Lake City and moved back to California in 2009 after attending a school in New Mexico for solar PV design and installation. Since then, he has been working in the electrical industry as a foreman on a diverse range of electrical projects. He would be the one handling all inspections, maintenance, repairs, service calls and extra work issued by Los Gatos. Resume located on the next page.

Our CEO, Christina Reyes, runs the business from our home in Los Gatos. She handles all the invoicing and bookkeeping and would assist with reports as needed.

ERIC B. BURINGRUD

CA CERTIFIED GENERAL ELECTRICIAN

:: 408.438.2262 ::
 :: 20295 Bear Creek Rd. ::
 :: Los Gatos, CA ::
 :: eric@bandrelectric.com ::

credentials

CA Certified General Electrician #152113 6/11-6/21
 OSHA 30 - Construction Safety and Health Trained 11/15
 NABCEP Certification for Solar PV Installation 4/10-4/13

Renewable Energy Major w/ PV System Design & Installation Emphasis 8/07 - 5/09
 Associate of Applied Science (San Juan College, NM)
 • Coursework included AC and DC motors and controls, Solar PV system design and installation, Panel Upgrades
 • Extensive coverage of NEC & NFPA 70

work experience

Foreman Electrician 7/20 - 4/24
 Elco Electric, Inc. (San Jose, CA)
 • Ran 5-15 man crews on medium to large commercial projects for San Jose fire department. School districts and community buildings
 • Installed switchgear, transformers, panels, lighting, and power for new and existing construction.

Journeyman Electrician 4/19 - 7/20
 Helix Electric, Inc. (San Francisco, CA)
 • Worked on commercial, prevailing wage projects throughout NorCal
 • Temp Power, Single line, Various conduits, Equipment and device installation, Lighting controls, Fire alarm

Journeyman Electrician 9/16 - 4/19
 Royal Electric, Inc. (San Luis Obispo, CA)
 • Worked with 40+ man crew on multi-building dorm project
 • U.G. medium voltage, Laid-out decks w/ Trimble, Roughed-in concrete and steel framing, pulled conductors, installed equipment
 • Built-out E-rooms & IDF rooms and dressed panels

Foreman Electrician 4/13 - 12/16
 Whitehead Electrical Systems, Inc. (Moorpark, CA)
 • Foreman on large commercial projects installing BAS controls
 • Coordinated materials, installation logistics w/contractors and inspectors, and daily reporting of job progress

ERIC B. BURINGRUD

CA CERTIFIED GENERAL ELECTRICIAN

:: 707.656.6831 ::
:: 226 Hearst Ave. ::
:: San Francisco, CA ::
:: eric.buringrud@gmail.com ::

Electrician/Solar Installer 6/12 – 4/13
Temp Agencies (Throughout CA)
• Worked on prevailing wage solar carport projects at schools

Head Solar PV Designer & Installation Manager 6/09 – 6/12
Absolute Electric & Solar, Inc. (Los Osos, CA)
• Managed solar installations on residential and commercial projects
• Performed site assessments, designed and submitted plans

Certifications

Forklift/Gradall, Boom (Aerial) lift, Scissor lift, First Aid CPR/AED Trained

References

Available upon request

ATTACHMENT B
PROPOSER'S INFORMATION FORM

(To be returned with Proposal. Also See Request for Proposal
Section 6 for Additional Required Information)

PROPOSER

Name: Eric Buringrud
Address: 20295 Bear Creek Rd
Los Gatos, CA 95033

1st Contact person (Name): Eric Buringrud
Title: Contractor Office Tel: _____
Direct/Cell: 408-438-2262 Fax: _____
Email: eric@bandrelectric.com

2nd Contact person (Name): Christina Reyes
Title: CEO Office Tel: _____
Direct/Cell: 408-887-8693 Fax: _____
Email: christina@bandrelectric.com

BUSINESS TYPE:

Proposer, if selected, intends to carry on the business as (check one):

- Individual
- Joint Venture
- Partnership
- Corporation
- Year incorporated? 2023 In what state? California
- When authorized to do business in California? 5/31/2023
- Other (explain): _____

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ADDENDA

To assure that all Proposers have received each addendum, check the appropriate box(es) below.

Failure to acknowledge receipt of an addendum/addenda may be considered an irregularity in the Proposal:

Addendum number(s) received:

1 2 3 4 5 6

___ No Addendum/Addenda Were Received (check and initial)

ADDITIONAL INFORMATION

Number of years providing the specified service: 2

Names and titles of all officers and directors:

Christina Reyes - CEO

Eric Buringrud - CFO

If an individual or partnership, provide the following information:

Formation date of company: _____

Name and address of all partners, indicating whether they are general or limited partners:

List the names, titles, and qualifications of the key personnel who will perform work under this Agreement as well as their roles in relation to the Agreement. Identify the primary biologist to be designated for the Town. Include their certifications, experience, and training.

Eric Buringrud - Contractor, CA certified general electrician of 15 years.

Indicate whether Proposer has ever failed to complete any Agreement awarded to it. If so, note when, where, and why. Attach additional sheets, if necessary.

Proposer has never failed to complete any agreement awarded to it.

Indicate whether Proposer has been or is the subject of a bankruptcy or insolvency proceeding or subject to assignment for the benefit of creditors.

Proposer has never been the subject of a bankruptcy or insolvency.

SUBCONTRACTORS

Attached hereto and incorporated herein is the complete and entire list of subcontractors to be employed by the undersigned in the performance of the work.

Company _____

Location _____

Describe work to be contracted _____

Company _____

Location _____

Describe work to be contracted: _____

Company _____

Location _____

Describe work to be contracted: _____

REFERENCES

List three (3) references for work of a similar nature to the Services performed within the last five (5) years. References should be from a California municipality, county or a state or federal agency if possible. Preference will be given for references whose work was similar in scope and character to the Project.

Reference 1

Name of Agency:	Evergreen College
Agency Address:	3095 Yerba Buena Rd, San Jose, CA 95135
Contact Name and Title:	John Hanson - Operations Manager/inspections for Electrician on campus

Contact Telephone:	408-893-9720
Contact Email:	hansonjp@comcast.net
Contract Amount:	Contract between sub-contractor and Primary - \$6,973,200 (I was main foreman)
Description of Services Provided:	Multiple projects including pole lighting for sports complex. In ground lighting, outdoor GFCI pedestals, fountain and area lighting for Northlane corridor. And new construction of Gen Ed science and math academic building involving new service, multiple switchgear, panels, transformers, lighting and lighting controls, in ground lighting, exterior pole lighting and outdoor GFCI pedestals.
Date Services Were Provided:	Sports complex and north lane projects - 3/15/2021-8/25/2021 Gen Ed Building project - 8/10/2023 - 6/1/2024

Reference 2

Name of Agency:	Zovich Construction (Primary contractor on SJC fire training center project)
Agency Address:	103 Technology Ct, Suite A, Brentwood, CA 94513
Contact Name and Title:	Marco Zovich - Superintendent
Contact Telephone:	209-450-5795
Contact Email:	marcoz@zovichconstruction.com
Contract Amount:	Contract between sub and Primary - over \$13,000,000 (I was main foreman)
Description of Services Provided:	Installation of new Services and several switchgear, panels, transformers, backup generator, UPS systems, car chargers, solar carports, solar roofs, lighting and lighting controls, site lighting, in ground lighting, outdoor GFCI pedestals, pole/street lighting,
Date Services Were Provided:	9/1/2021 - 8/1/2023

Reference 3

Name of Agency:	
Agency Address:	
Contact Name and Title:	
Contact Telephone:	
Contact Email:	
Contract Amount:	

Description of Services Provided:	
Date Services Were Provided:	

RESERVATION

It is understood that the Town reserves the right to reject this Proposal, but that this Proposal shall not be withdrawn for a period of 45 days from the date prescribed for its opening.

DISCLOSURE

The undersigned declares that this Proposal is not made in the interest of or on behalf of any undisclosed person, partnership, company, association, organization or corporation; that the Proposal is genuine and not collusive or sham; that the undersigned has not directly or indirectly induced or solicited any other Proposer to put in a false or sham Proposal and has not directly or indirectly colluded or agreed with any Proposer or anyone else to put in a sham Proposal or to refrain from bidding; that the undersigned has not directly or indirectly sought by agreement, communication or conference with anyone to fix his/her Proposal price or the Proposal price of any other Proposer, or to fix any overhead, profit or cost element of such Proposal price or of that of any other Proposer, or to secure any advantage against the Town of Los Gatos or anyone interested in the proposed Contract; that the only persons or parties interested in this Proposal as principals are those named herein; that all statements contained in this Proposal are true; that the undersigned has not directly or indirectly, submitted his/her Proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any other persons, partnership, corporation, or association except to such person or persons as have a direct financial interest in Proposer's general business; and that the undersigned has not accepted any Proposal from any subcontractor or vendor through any Proposal depository, the Bylaws, Rules or Regulations of which prohibit or prevent the undersigned from considering any Proposal from any subcontractor or vendor, which is not processed through said Proposal depository, or which may prevent any subcontractor or vendor from bidding to any general contractor who does not use the facilities of or accept bids from or through such Proposal depository; and that the undersigned has not paid, and will not pay, any fee to any corporation, partnership, company, association, organization, Proposal depository, or to any member or agent thereof to effectuate a collusive or sham Proposal.

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WORDS AND PHRASES

Wherever in this Proposal an amount is stated in both words and figures, in case of discrepancy between words and figures, the words shall prevail; if all or any portion of the Proposal is required to be given in unit prices and totals and a discrepancy exists between any such unit prices and totals so given, the unit prices shall prevail.

CERTIFICATION

The undersigned certifies that the Proposal Documents have been thoroughly read and understood and that, except as may be specifically noted and contained in addenda, there are no

discrepancies or misunderstandings as to the meaning, purpose or intent of any provision in the Proposal Documents or as to the interpretation of the same. The undersigned hereby incorporates by reference, the same as though set out in full, all provisions of Request for Bids published by the Town and pertaining to the work described in this Proposal.

The names of all persons Interested in the foregoing Proposal as principals are as follows:

Christina Reyes, Eric Buringrud

Important Notice: If Proposer or other interested person is a corporation, give legal name of corporation, state where incorporated and names of the president and secretary thereof; if a partnership, give name of the firm, also names of all individual co-partners composing firm; if Proposer or other interested person is an individual, give first and last names in full.

PROPOSER'S SIGNATURE

No proposal shall be accepted which has not been signed in ink in the appropriate space below:

By signing below, the submission of a proposal shall be deemed a representation and certification by the Proposer that they have investigated all aspects of the RFP, that they are aware of the applicable facts pertaining to the RFP process, its procedures and requirements, and they have read and understand the RFP. No request for modification of the proposal shall be considered after its submission on the grounds that the Proposer was not fully informed as to any fact or condition.

**(1) If Proposer is *INDIVIDUAL*,
sign here:**

Proposer's Signature

Proposer's typed name and title

Date: _____

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**(2) If Proposer is *PARTNERSHIP* or
JOINT VENTURE, at least (2) Partners
or each of the Joint Venturers
shall sign here:**

Partnership or Joint Venture Name
(type or print)

Signature

Name of Member of the Partnership or Joint Venture

Date: _____

Signature

Name of Member of the Partnership or Joint Venture

Date: _____

**(3) If Proposer is a CORPORATION,
the duly authorized officer(s) shall
sign as follows:**

The undersigned certify that they are respectively:

CEO _____ (Title)

and CFO/licensed contractor _____ (Title)

of the corporation named below; that they are designated to sign the Proposal Cost Form by resolution (attach a certified copy, with corporate seal, if applicable, notarized as to its authenticity or Secretary's certificate of authorization) for and on behalf of the below named CORPORATION, and that they are authorized to execute same for and on behalf of said CORPORATION.

Buringrud & Reyes Electric Inc

Corporation Name (type or print)



Signature

Christina Reyes - CEO

Name and Title (type or print)

Date: 10/29/2024



Signature

Eric Buringrud - Contractor

Name and Title (type or print)

Date: 10/29/2024


ATTACHMENT D

PROPOSAL PRICE SHEET

For all serviced described below, unless excluded by the Town in description of services, the Town shall consider unit prices to include all labor, equipment, fees of any kind, overhead, insurance, fuel, materials, surcharges, disposal fees, and any other costs associated with and necessary for the Bidder to perform such service. No qualifications, exemptions, or alterations of services described below will be allowed. Failure to comply will result in disqualification of bid.

BASIC SERVICES

BID ITEM	LOCATION	DESCRIPTION	UNIT PRICE	FREQ	COST
1	170 Trees w/Lights	Maintain Lights – Inspect lighting at dark once a week, reset and repair. Include all work in report with monthly invoice.	\$637.50	x 52 weeks per year	\$33,150
2	Light strings	Repair or replace light strings due to tree growth or other damage.	Flat rate per String (avg. = 5 strings per tree)	Per string \$35	\$35
3	Extra Work	Work beyond scope.	Flat rate per hour.	X 1	\$150/hr

	<u>SIGNATURE</u>
_____ Signature	_____ CFO/Contractor
Eric Buringrud	11/25/2024
_____ Name (printed or typed)	_____ Date
408-438-2262	eric@bandrelectric.com
_____ Telephone	_____ E-mail
93-1988506	19114887
_____ Tax ID Number	_____ Los Gatos Business License Number

Town of Los Gatos - Downtown Decorative Tree Light Maintenance

Contractor Proposal				Buringrud & Reyes Electric Inc.
Item	Location	Description		Bid
1	N Santa Cruz Ave, Grays Lane and Main St.	Maintain Lights - 170 trees (x 52 weeks)		\$33,150
2	"	5 strings per tree (x 60 trees)	\$175 per tree	\$10,500.00
3	"	Hourly rate (x 150 hrs)	\$160 per hour	\$24,000.00
	"			
Total				\$ 67,650.00



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO. 9.

ITEM NO: 9

DATE: December 12, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Adopt a Resolution to Designate the Traffic Sergeant or Police Department Staff Member as Designated by the Chief of Police to the Board of Directors of the Los Gatos-Monte Sereno Safe Routes to School Organization

RECOMMENDATION:

Adopt a Resolution to Designate the Traffic Sergeant or Police Department staff member as designated by the Chief of Police to the Board of Directors of the Los Gatos-Monte Sereno Safe Routes to School Organization.

BACKGROUND:

In 2016 the Los Gatos-Monte Sereno Safe Routes to School (SR2S) organization was established as a registered 501 (c)(3) nonprofit organization. The purpose of the organization is to provide advocacy and education around bicycle and pedestrian safety particularly as it relates to areas near schools.

As a registered nonprofit, SR2S has a Board of Directors that includes representatives from the member organizations and the community. The Board provides the leadership behind the SR2S program and consists of a representative from the Town of Los Gatos, City of Monte Sereno, Hillbrook School, Los Gatos Union School District, Los Gatos High School, and two community members.

DISCUSSION:

The Parks and Public Works Director currently fills the Town of Los Gatos' position on the SR2S Board. However, Safe Routes to School is inherently an organization that focuses on bicycle and pedestrian related traffic safety. The Los Gatos-Monte Sereno Police Department staff

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

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

PAGE 2 OF 2

SUBJECT: Adopt a Resolution to Appoint Traffic Sergeant to the Safe Routes to School Board

DATE: December 12, 2024

regularly attend SR2S board meetings in support of the organization, and they also routinely attend SR2S educational events and programs such as Bike Rodeos. Los Gatos-Monte Sereno Police Department was the primary contact for the school crossing guard program, which is now run by SR2S. In many communities, the local police department is the primary coordinator of the Safe Routes to School Program.

Following this transition, Parks and Public Works will continue to support the work of SR2S by coordinating bike and pedestrian projects in school areas and providing technical expertise as needed. PPW staff will continue to attend SR2S Board meetings as time permits.

CONCLUSION:

The proposed action will designate a Los Gatos-Monte Sereno Police Department representative as the board member from the Town of Los Gatos and for the SR2S program.

COORDINATION:

This staff report was coordinated with the Police Chief and the Town Attorney.

FISCAL IMPACT:

There is no fiscal impact associated with this action.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Draft Resolution

DRAFT RESOLUTION

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
APPOINTING THE TRAFFIC SERGEANT OR OTHER POLICE DEPARTMENT STAFF
MEMBER AS DESIGNATED BY THE CHIEF OF POLICE TO THE LOS GATOS- MONTE
SERENO SAFE ROUTES TO SCHOOL BOARD OF DIRECTORS**

WHEREAS, the Los Gatos-Monte Sereno Safe Routes to School Program is overseen by a seven-member Board of Directors;

WHEREAS, one of the Board of Directors seats is allocated to the Town of Los Gatos;

WHEREAS, Los Gatos has historically appointed one person to serve on the Board of Directors and provide coordination with regard to bicycle and pedestrian safety near schools;

WHEREAS, the Safe Routes to School Program has a strong nexus to traffic, pedestrian, and bicycle safety related work conducted by the Police Department; and

NOW, THEREFORE, BE IT RESOLVED, that the Chief of Police will name the Los Gatos representative to the Los Gatos-Monte Sereno Safe Routes to School Board.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the ____ day of _____ 20__, 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

ATTACHMENT 1



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 10

ITEM NO. 10.

DATE: December 5, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Use Agreement with California Farmers' Markets Association for Farmers' Market Operation Services for a Three-Year Term with Two Three-Year Options to Extend the Term.

RECOMMENDATION:

Authorize the Town Manager to execute a Use Agreement (Attachment 3) with California Farmers' Markets Association for Farmers' Market Operation Services for a three-year term with two three-year options to extend the term.

BACKGROUND:

On October 6, 2015, the Council provided direction to staff to issue a Request for Proposals (RFP) for the Los Gatos Farmers' Market. Out of the six proposals that were received at that time, the California Farmers' Markets Association (CFMA) was selected as the Los Gatos Market operator.

The term of the initial Use Agreement with CFMA was from March 21, 2016, through December 31, 2018, and it included two three-year options to extend the term. Both options to extend the agreement have now been exhausted and the agreement will expire December 31, 2024. The current agreement can be found in Attachment 1 to this report.

The Los Gatos Farmers' Market is a valued offering, fresh food resource, and beloved weekly tradition for both Los Gatos residents and visitors alike, attracting up to 2,000+ attendees each week.

PREPARED BY: Holly Young
Senior Management Analyst

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

PAGE 2 OF 3

SUBJECT: Farmers' Market Use Agreement

DATE: December 17, 2024

DISCUSSION:

On October 11, 2024, the Town issued an RFP for Farmers' Market Operation Services. The Town publicized the RFP through the Town website, weekly newsletter, social media, and sent the document directly to Farmers' Market operators in the Bay Area.

The Town received one proposal from CFMA, the Town's current market operator. CFMA's proposal met all the qualifications of the RFP.

CFMA staff have always been very flexible and responsive to Town staff, including through navigating the COVID-19 pandemic guidelines and adjusting the Market's layout to accommodate for space lost to parklets on Montebello Way.

CFMA has been nationally recognized for operating farmers' markets in the Bay Area for over 30 years. All CFMA markets, including the Los Gatos Market, have been voted Top 20 Favorite Farmers' Markets in California. Since 2016, CFMA has held numerous events at the Los Gatos Farmers' Market including a Kid's Day celebration, Zucchini Car Races, and a Fall Harvest Festival.

Attachment 2 to this report is an excerpt from CFMA's proposal with more information on their services, experience, and many Los Gatos Farmers' Market programs and events.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute a Use Agreement (Attachment 3) with California Farmers' Markets Association for Farmers' Market Operation Services for a three-year term with two three-year options to extend the term.

COORDINATION:

This report was coordinated with the Town Manager's Office, Town Attorney's Office, Finance Department, Police Department, and Parks and Public Works Department.

FISCAL IMPACT:

Under the proposed agreement, the Town will receive annual use fee revenue of \$2,805 from CFMA and business license revenue of \$2,850 inclusive of all market vendors (not including CFMA's separate business license as the Market Operator).

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Current Farmers' Market Use Agreement
2. Excerpt from CFMA Proposal
3. Proposed Farmers' Market Use Agreement with Exhibits A – Vendor Booths Map, B - Vehicle and Sidewalk Map, C – Road Closure Traffic Control Plan, D – Santa Clara County Requirements for Farmers Markets, E – Town Park Rules and Regulations

THIRD AMENDMENT TO AGREEMENT

This THIRD AMENDMENT TO AGREEMENT is dated for identification this 30th day of June, 2022 and amends that certain Use Agreement dated March 14, 2016, made by and between the Town of Los Gatos ("Town"), and California Farmers' Markets Association ("CFMA").

RECITALS

- A. Town and CFMA entered into a Use Agreement on March 14, 2016 ("Agreement"), a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment. The original expiration date was December 31, 2018 and the terms included up to two additional three-year renewal periods.
B. Town and CFMA entered into a First Amendment to the Use Agreement on October 31, 2018 ("First Amendment"), a copy of which is attached hereto and incorporated by reference as Attachment 2 to this Amendment.
C. Town and CFMA entered into a Second Amendment to the use Agreement on December 1, 2021 ("Second Amendment"), a copy of which is attached hereto and incorporated by reference as Attachment 3 to this Amendment.

THIRD AMENDMENT

- 1. Section 17 Insurance, section (a) Minimum Scope of Insurance, section (i) is amended to read: CFMA agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring the CFMA, its officers and employees 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. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Town and CFMA have executed this Amendment.

Town of Los Gatos, by:

California Farmers' Markets Association, by:

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Laurel Prevetti, Town Manager

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Doug Hayden, President

Approved as to Form:

Attest:

DocuSigned by: [Signature]
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Gabrielle Whelan, Town Attorney

DocuSigned by: [Signature] 7/8/2022
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Shelley Neis, MMC, Town Clerk

SECOND AMENDMENT TO AGREEMENT

This SECOND AMENDMENT TO AGREEMENT is dated for identification this 1st day of December, 2021 and amends that certain Use Agreement dated March 14, 2016, made by and between the Town of Los Gatos ("Town"), and California Farmers' Markets Association ("CFMA").

RECITALS

- A. Town and CFMA entered into a Use Agreement on March 14, 2016 ("Agreement"), a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment. The original expiration date was December 31, 2018 and the terms included up to two additional three-year renewal periods.
- B. Town and CFMA entered into a First Amendment to the Use Agreement on October 31, 2018 ("First Amendment"), a copy of which is attached hereto and incorporated by reference as Attachment 2 to this Amendment.

SECOND AMENDMENT

1. Section 3 Use of Premises is amended to read: CFMA shall be allowed use of Montebello Way, the Montebello parking lot, and the stretch of Broadway between Montebello Way and S Santa Cruz Avenue for the weekly Los Gatos Farmers' Market.

In order to compensate for space lost to business parklet(s) on Montebello Way, CFMA shall also be allowed use of a portion of the stretch of wide sidewalk area along Plaza Park bordered by S Santa Cruz Avenue between Broadway and the start of red-painted curb. CFMA market stalls may be set up in the space between the edge of the curb and the edge of the tree well as shown in Attachment 3 to this Amendment. Vehicles associated with CFMA must be legally parked in the parallel parking spaces along S Santa Cruz Avenue in order to provide a buffer between street traffic and the market stalls on the sidewalk. The vehicles shall not block the bicycle lane. The CFMA market stalls shall not block the sidewalk right-of-way between the edge of the tree well and Plaza Park. If any unforeseen issues arise resulting from CFMA's use of this sidewalk area, the Town reserves the right to revoke CFMA's ability to use the area for market stalls.

The approved time and day of use shall be every Sunday from 9:00 a.m. to 1:00 p.m. in addition to reasonable set-up and take-down time, as approved by the Town Manager, unless a different time frame is agreed upon by both parties. All parking spaces in the designated use area on Montebello Way, Broadway, and S Santa Cruz Avenue will be reserved for CFMA use on Sundays between 6:00 a.m. and 1:00 p.m.

CFMA will employ the approved road closure traffic control plan as incorporated into the First Amendment to the Use Agreement.

Periodic use of Town Plaza Park is permissible with prior approval from the Town Manager.

1 of 2

Requests for use of Plaza Park should be in made in writing at least 14 days in advance and include a proposed site plan. Use of West Main Street requires a special event permit. By either Town Manager approval or the special event process, other downtown locations may be incorporated into the Market on a regular or periodic basis.

- 2. Section 5 Term of Agreement is amended to read: The original contract went into effect on March 21, 2016. The First Amendment exercised the first option to extend the original contract for an additional three years and the term expires on December 31, 2021. The Second Amendment exercises the second option to extend the original contract for an additional three years. Unless terminated sooner pursuant to Section 21 of this Agreement, this Agreement shall expire December 31, 2024.
- 3. Section 7 Business License is amended to read: CFMA is required to obtain one business license in lieu of Farmers’ Market vendors paying individual business licenses. This business license fee shall be \$3,825.00 in addition to the Senate Bill 1186 state-mandated fee (currently \$4.00 per year) and an annual \$30.00 renewal processing fee. That total fee is inclusive of CFMA and their vendors. Therefore, vendors in the Farmers’ Market who operate under CFMA will not be required to obtain a business license as long as CFMA has obtained theirs. This fee will increase annually equal to the percentage increase in the Town’s Business License fee.
- 4. All other terms and conditions of the Agreement remain in full force and effect.


IN WITNESS WHEREOF, the Town and CFMA have executed this Amendment.

Town of Los Gatos, by:

California Farmers’ Markets Association, by:

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 12/7/2021
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 Laurel Prevetti, Town Manager


DocuSigned by:

 12/2/2021
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 Doug Hayden, President

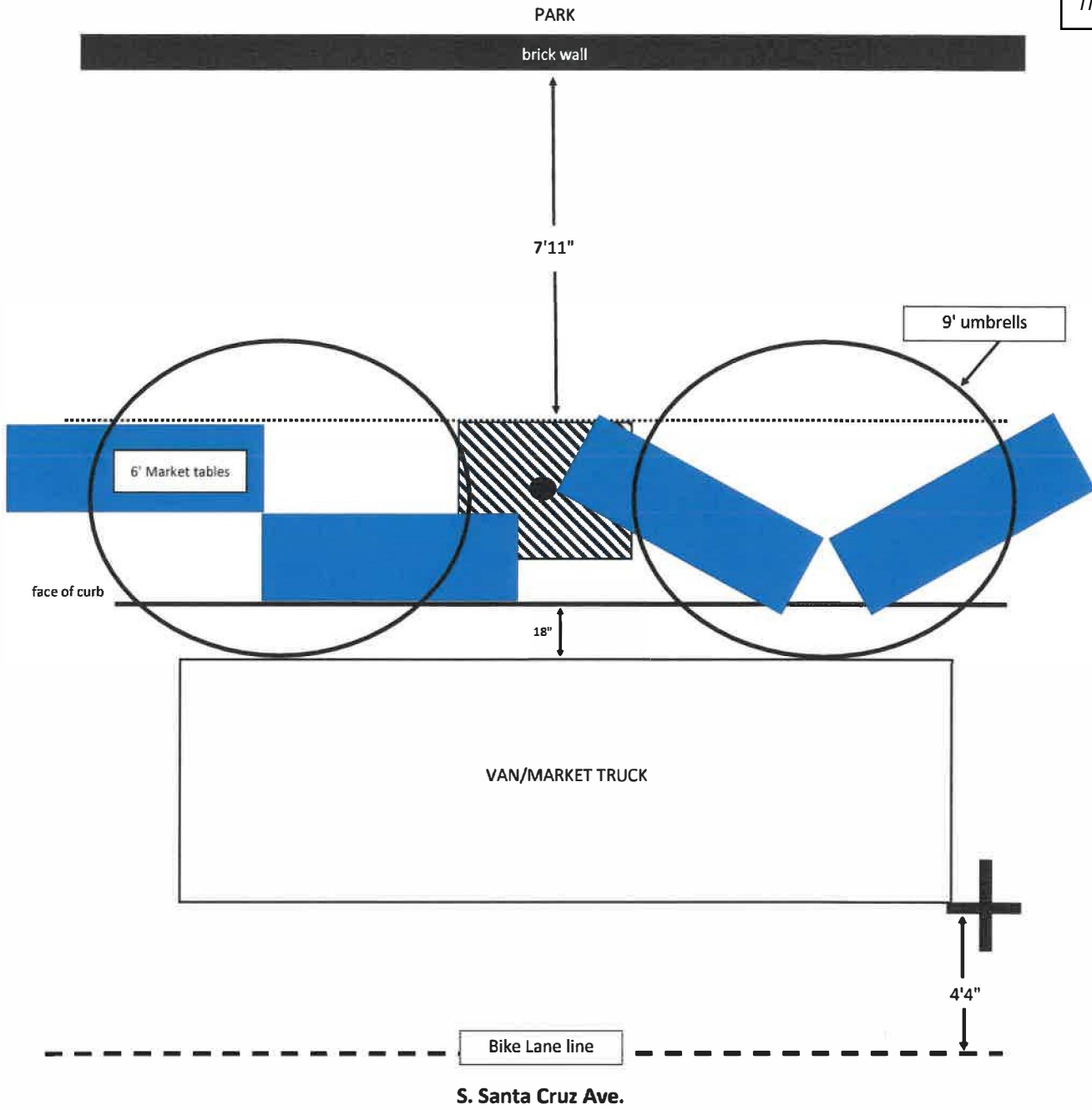
Approved as to Form:

Attest:

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 12/7/2021
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 Robert Schultz, Town Attorney

DocuSigned by:

 12/7/2021
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 Shelley Neis, MMC, CPMC, Town Clerk



AGR 18.260

IHH _____

FIRST AMENDMENT TO AGREEMENT

This **FIRST AMENDMENT TO AGREEMENT** is dated for identification this 31st day of October, 2018 and amends that certain Use Agreement dated March 14, 2016, made by and between the Town of Los Gatos ("Town"), and California Farmers' Markets Association ("CFMA").

RECITALS

- A. Town and CFMA entered into a Use Agreement on March 14, 2016 ("Agreement"), a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment. The Agreement expires December 31, 2018 and the term may be extended for up to two additional three-year periods.

FIRST AMENDMENT

1. Section 3 Use of Premises is amended to read: CFMA shall be allowed use of Montebello Way and the Montebello parking lot for the approved time and day of every Sunday from 9:00 a.m. to 1:00 p.m. In addition to reasonable set-up and take-down time, as approved by the Town Manager, unless a different time frame is agreed upon by both parties. Periodic use of Town Plaza is permissible with approval from the Town Manager. Use of West Main Street requires a special event permit.

CFMA will employ the road closure traffic control plan incorporated by reference as Attachment 2 to this Amendment.

The Town requests a calendar year annual schedule to be presented to the Town by January 1st of each year. By either Town Manager approval or the special event process, other downtown locations may be incorporated into the Market on a regular or periodic basis. CFMA may request changes to the Annual Schedule by written notification to the Town Manager, but shall endeavor to minimize changes to the schedule during each program year. All changes should be made in writing no less than 30 days prior to the effective date of the change. The Town Manager shall have sole authority to approve the Annual Schedule and any requested changes to the Annual Schedule.

2. Section 5 Term of Agreement is amended to read: The original contract went into effect on March 21, 2016. This First Amendment exercises the first option to extend the original contract for an additional three years. Unless terminated sooner pursuant to Section 21 of this Agreement, this Agreement shall expire December 31, 2021. The term of this Agreement may be extended for one additional three-year period pursuant to the terms of the original contract.
3. Section 7 Business License is amended to read: CFMA is required to obtain one business license in lieu of Farmers' Market vendors paying individual business licenses. This business license fee shall be \$3,825.00 in addition to the Senate Bill 1186 state-mandated fee (currently \$4.00 per year). That total fee is inclusive of CFMA and their vendors.


1 of 2

Therefore, vendors in the Farmers' Market who operate under CFMA will not be required to obtain a business license as long as CFMA has obtained theirs. This fee will increase annually equal to the percentage increase in the Town's Business License fee.

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


IN WITNESS WHEREOF, the Town and CFMA have executed this Amendment.

Town of Los Gatos, by:



Laurel Prevetti, Town Manager

California Farmers' Markets Association, by:



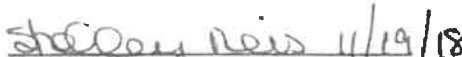
Doug Hayden, President

Approved as to Form:



Robert Schultz, Town Attorney

Attest:



Shelley Neis, CMC, Clerk Administrator

16.043

**USE AGREEMENT
BETWEEN THE TOWN OF LOS GATOS
AND
CALIFORNIA FARMERS' MARKETS ASSOCIATION**

This USE AGREEMENT is entered into this 14th day of March, 2016, by and between the **TOWN OF LOS GATOS**, State of California ("Town"), and **CALIFORNIA FARMERS' MARKETS ASSOCIATION** ("CFMA").

RECITALS

WHEREAS, California Farmers' Markets Association (CFMA) was established to host certified farmers' markets for the community, farmers, and producers; and

WHEREAS, CFMA is 501(C)(6) nonprofit and a mutual benefit corporation providing Certified Farmers' Markets for the Bay Area; and

WHEREAS, in order to provide a convenient and effective farmers' market in Los Gatos, CFMA desires weekly use of Montebello Way, Broadway, seasonally West Main Street, and occasionally Town Plaza which is owned and maintained by the Town of Los Gatos ("Town"); and

WHEREAS, the Town and CFMA each desire an agreement between them setting forth the specific terms and conditions under which CFMA may use specific locations, including days and hours of use, and the fees payable by CFMA for the exclusive use of the designated locations.

AGREEMENT

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Subject Premises.** The premises covered by this agreement are Montebello Way, Broadway, Montebello Parking Lot, West Main Street, and Town Plaza (collectively, the "Premises"). CFMA may request the use of additional premises, which shall be considered by the Town and authorized for use as more fully described in Section 4.
2. **Town Manager.** For the purpose of this agreement, the Town Manager shall mean the Town Manager or the Town Manager's designee.
3. **Use of Premises.** CFMA shall be allowed use of Montebello Way and the Montebello Parking lot for the approved time and day of every Sunday from 9:00 am-1:00 pm in addition to reasonable setup and take down time, as approved by the Town Manager. Moreover, the periodic use of West Main Street and Town Plaza is permissible with approval from the Town Manager. The Town requests a calendar year annual schedule and traffic control plan for use of West Main Street and Town Plaza to be presented to

the Town by January 1st of each year. By mutual agreement, other downtown locations may be incorporated into the Market on a regular or periodic basis.

CFMA may request changes to the Annual Schedule by written notification to the Town Manager, but shall endeavor to minimize changes to the schedule during the initial program year and each subsequent program year. All changes should be made in writing no less than 30 days prior to the effective date of the change. The Town Manager shall have sole authority to approve the Annual Schedule and any requested changes to the Annual Schedule.

4. Scope of Services. CFMA shall provide the following scope of services.
- a. CFMA shall operate a weekly Farmer's Market located in downtown Los Gatos every Sunday, from 9:00 am to 1:00 pm, year round except for Christmas Day and Easter Sunday.
 - b. CFMA shall enforce a set of market rules and regulations to ensure quality of vendors and market operations.
 - c. CFMA shall provide adequate staffing at all times when the market is in operation, including at minimum a Market Manager.
 - d. CFMA shall provide temporary portable toilet facilities with hand wash stations sufficient to serve the public needs. The number of toilets and hand wash facilities, as well as the staging location and delivery and removal schedule shall be approved by the Town Manager.
 - e. CFMA shall maintain cleanliness and ensure that all market trash is taken from the site at the end of each market and shall be responsible for site preparation and clean-up including:
 - (1) Preventing specified Town's trash and recycling cans from being used during the Market with an approved method. This could include covering the cans or relining them post event.
 - (2) Providing trash, recycling, and compost cans throughout the Market.
 - (3) Pick up and disposal of trash from vendors and Market participants.
 - (4) Clean up and proper disposal of any liquids left by vendors.

Should CFMA fail to perform adequate cleanup or damage occurs to Town property, the Town will invoice CFMA at full recovery rates, plus overhead for cleanup and repair.

- f. CFMA shall maintain all State and County permits required to operate a Certified Farmers' Market.
- g. CFMA shall comply with fire and police department regulations.

- h. CFMA will be required to properly set up and take down all approved street closures and shall provide their own barricades and equipment for street closures.
 - i. CFMA shall use community oriented marketing strategies to promote business and develop relationships with downtown businesses.
 - j. CFMA shall maintain a high quality Farmers' Market by choosing appropriate vendors and continue search for specialty growers.
 - k. CFMA shall engage in community partnerships through CFMA's Merchant at the Market program.
 - l. CFMA shall identify opportunities for and support potential market expansion during peak season.
 - m. CFMA shall provide all operational and promotional activities with the exception of portable restrooms, musicians, balloon artists, puppeteers, or other entertainers.
5. Term of Agreement. This contract goes into effect on March 21, 2016. Unless terminated sooner pursuant to Section 21 of this Agreement, this Agreement shall expire on December 31, 2018. The term of this Agreement may be extended for up to two additional three year periods upon mutual written consent of the parties.
6. Annual Use Fee. Beginning January 1, 2016, and every year thereafter, CFMA shall pay the Town of Los Gatos an Annual Use Fee for the use of the Premises. The initial Annual Use Fee shall be **\$1,375.00**. The Annual Use Fee shall be considered full and fair compensation for use of the Premises for those days and times on the approved Annual Schedule. This fee will increase annually equal to the percentage increase in the Town's Business License fee.
7. Business License. CFMA is required to obtain one business license in lieu of Farmers' Market vendor's paying individual business licenses. This business license fee of **\$3,826.00** is inclusive of CFMA and their vendors. Therefore, vendors in the Farmers' Market who operate under CFMA will not be required to obtain a business license as long as CFMA has obtained theirs. This fee will increase annually equal to the percentage increase in the Town's Business License fee.
8. Vendors. CFMA must retain all current vendors of the Los Gatos Farmers' Market, with the exception of vendors who do not comply with CFMA's policies and regulations. Removal of vendors for non-compliance shall be reviewed and approved by the Town Manager.
9. Facility Use Policies. CFMA shall comply, without limitation, to all applicable provisions of the Los Gatos Town Code, with special attention to the provisions of Chapter 19, Parks and Recreation. CFMA shall also comply with any park rules and regulations established by the Town Manager pursuant to Section 19.10.025(17) of the

Town Code, including those rules set forth in Exhibit A, Town of Los Gatos Park Rules and Regulations. Failure to comply with these policies may result in suspension and/or termination of this agreement.

13. Payment. CFMA shall make all payments, whether or not invoiced by the Town, required pursuant to this Agreement no later than January 1st of each year that such payments are due. Initial payment is due the first Friday prior to CFMA's first market operation, Friday, April 1st, 2016. All payments shall be mailed by first class mail or delivered in person at Town offices and addressed as follows:

Town of Los Gatos
Attn: Finance Department
P.O. Box 655
Los Gatos, California 95030

14. Assignment And Independent Contractor Requirements. The relationship of CFMA to the Town is that of an independent contractor. CFMA is responsible for the results of its services and compliance with the terms of this Agreement. CFMA has full rights to manage employees subject to the requirements of the law. All persons employed by CFMA in connection with this Agreement shall be employees, contractors, or volunteers of CFMA and not employees of the Town in any respect. CFMA shall be responsible for all employee benefits, including, but not limited to, statutory workers' compensation benefits.

None of the work or services to be performed hereunder shall be subcontracted to third parties without notice to the Town. All subcontractors are deemed to be contractors of CFMA, and CFMA agrees to be responsible for their performance and any liabilities attached to their actions or omissions.

This Agreement is based on the unique services of CFMA. This Agreement shall not be assigned or transferred without the written consent of the Town. No changes or variations of any kind are authorized without the written consent of the Town Manager. No changes of the Town's responsibilities to CFMA are authorized without the written consent of CFMA.

15. Personal Property. Personal property of CFMA shall be CFMA's sole responsibility to acquire, repair, replace and store. Any storage of personal property on the Premises shall require prior approval by the Town. CFMA shall remove all personal property at the expiration or termination of this Agreement, or sooner, as directed by the Town in its sole discretion. Any personal property not so removed with 5 days of notification by the Town shall become the sole property of Town with no compensation.
16. Temporary Signage. CFMA shall be permitted to install temporary event signage on the Premises upon approval of an application to the Town of Los Gatos Planning Department pursuant to the provisions of Section 29.10.120 (4) Event Signs of the Town Code.

CFMA shall be eligible for temporary event signage. All temporary event signage must include the CFMA logo of such size and placement that it is clear that the signage is for a program or activity sponsored by CFMA. The Town shall charge a single Temporary Signage fee for each year.

17. Insurance.

(a) Minimum Scope of Insurance:

- (i) CFMA agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring the CFMA, its officers and employees 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. Insurance is to be placed with insurers with a current Best's rating of no less than B+.
- (ii) CFMA agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy insuring the CFMA, its officers and employees to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- (iii) CFMA shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. CFMA shall provide all certificates and endorsements before term of Agreement begins.

(b) General Liability:

- (i) The Town, its officers, employees and volunteers are to be covered as additional insured as respects to liability arising out of activities occurring on or related to the occupancy and use of the Premises by the CFMA.
- (ii) The CFMA's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Town, its officials, employees or volunteers shall be excess of the CFMA'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 CFMA'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 Section 17 shall be endorsed to state that coverage shall not be suspended, voided, canceled, 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. The CFMA shall ensure that current certification of such insurance is on file at all times with the Town Clerk during the term of this agreement.

- (d) **Workers' Compensation.** In addition to these policies, CFMA shall have and maintain Workers' Compensation insurance as required by California law. Further, CFMA shall ensure that all contractors employed on the Premises by the CFMA provide the required Workers' Compensation insurance for their respective employees.
 - (e) **Property Insurance.** Town shall have no obligation to maintain any insurance of the Premises or any personal property placed on the Premises. CFMA shall be solely responsible for obtaining whatever insurance coverage that the CFMA believes may be appropriate to protect and indemnify the CFMA for loss to the Premises or to any personal property that the CFMA may place on the Premises.
18. **Indemnification.** CFMA agrees to indemnify, hold harmless, and defend the Town, its officers, employees, volunteers, and agents, from and against any and all damages, claims or liability, penalties, costs or expenses in law or equity that may at any time arise from any loss, damage, or injury to persons or property occurring in or about the Premises that arises out of or incident to the CFMA's use of the Premises, including use by anyone that the CFMA has permitted or allowed to use the Premises. This obligation to indemnify, hold harmless, and defend applies whether or not the incident or claim or liability is or may be related to negligence on the part of the Town.
19. **Damage and Destruction.**
- (a) Damage or destruction of any portion of the Premises by any cause shall not terminate this Agreement or otherwise affect the respective obligations of the two parties, any present or future law to the contrary notwithstanding, except pursuant to the provisions of this Section 19.
 - (b) If because of destruction or damage, a portion of the Premises becomes unsuitable or inadequate for a use as specified in the Annual Schedule, the Town and CFMA shall meet and work cooperatively to identify an alternative location for the use. If the alternative location can be found on Town-owned property, then no modification of the Annual Use Fee shall be made. If no alternative location can be found, or if an alternative location is found that is not on Town-owned property, then CFMA shall be entitled to a prorated refund of the Annual Use Fee, calculated by determining the fee that would have been assessed for the displaced program or activity if it had been issued a Facility Use Fee Permit. Any such calculation will be based on the Town's approved schedule of Annual Fees and Charges in effect at the time of the program displacement.

- (c) Under no circumstances does the Town have any obligation to provide CFMA with an alternative property to conduct its operations, and CFMA is solely responsible for obtaining such insurance as the CFMA deems appropriate to protect its interests should damage or destruction to any of the Premises occur.
- (d) CFMA shall be liable for any loss, damage or injury to the Premises as a result of the direct or indirect use of the Premises by CFMA under this agreement.
20. Compliance with Town Codes. CFMA shall comply with all provisions of the Town Code, including the provisions of Chapter 19 of the Code concerning Parks and Recreation.
21. Default Cure and Termination.
- a) CFMA shall promptly terminate its use of the Premises at the expiration of this Agreement, leaving the Premises in the same condition it was received, in good order and repair, reasonable wear and tear and damage by the elements excepted. Any personal property not removed by the CFMA within thirty (30) days of the termination of this Agreement shall become the property of the Town and may be disposed of as the Town in its sole discretion deems advisable.
- b) This Agreement shall continue in full force and effect unless prior to February 1st of any calendar year, either Party provides written notice to the other Party that it desires to terminate the Agreement for convenience and, upon such notice, the Agreement shall terminate on December 31st of the same calendar year.
- c) If Town in its sole discretion determines that it requires the Premises for any public purpose, Town may terminate this Agreement upon sixty (60) days written notice. In the event of an emergency, Town may terminate this Agreement upon five (5) days written notice. "Emergency," for the purposes of this section, is defined as when the Town Council declares a State of Emergency. Upon termination of this Agreement in the event of an Emergency, Town and CFMA will work cooperatively to secure alternative facilities for CFMA programs.
- d) CFMA shall be deemed to be in default of its obligations under this Agreement if the Town Manager determines that CFMA is providing services below the established minimum standard of service set forth in this Agreement. In this event, CFMA shall be notified in writing and provided the opportunity to cure the default by providing the Town with a plan for improvement of services required of CFMA by this Agreement provided hereunder within ten (10) business days of receipt of written notice of the Town's determination of a default. Said plan shall address each and every service issue referred to in the Town's notice, providing the method for improvement, an explanation, as necessary, for how the method will result in an improvement, and a schedule for the actions necessary to ensure the planned improvement of services. The Town shall review CFMA's plan for improvement and determine within ten (10) business days after receipt of the plan and at its sole

discretion whether the plan is satisfactory to cure the default. In the Event the plan is not deemed satisfactory, the Town may, at its sole discretion, suspend or cancel this Agreement without incurring any liability to CFMA.

e) CFMA waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present and future law, in the event CFMA is evicted or Town otherwise lawfully takes possession of the Premises by reason of any default or breach of this Agreement by CFMA.

22. No Property Rights. Nothing in this Agreement is in any way intended to establish, convey, create or otherwise grant to CFMA any form of property rights in the Premises, nor shall such rights be established, conveyed, created or otherwise granted by CFMA's use of the Premises pursuant to this Agreement. CFMA hereby acknowledges that it currently has no property interest in the Premises or any improvements thereto or fixtures location thereon, and that any claim it may have to same is hereby and forever waived.

23. Notices. Any written correspondence or Notices given under this Agreement shall be addressed as follows:

To the CFMA:

To the Town:

Executive Director
California Farmers' Market Association
3000 Citrus Circle Suite 111
Walnut Creek, CA 94598

Director
Department of Parks and Public Works
Town of Los Gatos
41 Miles Avenue
Los Gatos, CA 95030

Notices shall be delivered by first class, postage prepaid mail or in person. If mailed, a notice shall be deemed effective on the fifth day following deposit in the U.S. Mail.

24. 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 License Agreement.

25. Entire Agreement. This Agreement constitutes the complete and exclusive statement of the Agreement between Town and CFMA. The CFMA proposal is included by reference. No terms, conditions, understanding 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:

Town of Los Gatos, by:


Laurel Prevetti, Town Manager

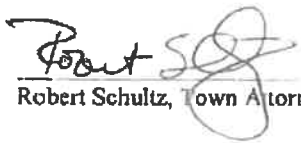
California Farmers' Market Association, by:


Signature

3/14/2016

Doug Hayden, President

Approved as to Form:


Robert Schultz, Town Attorney

Attest:



Shelly Neis, Town Clerk

Exhibit A

PARK RULES AND REGULATIONS
(Effective March 1, 2013)

All park users shall comply with the provisions of Chapter 19, Parks and Recreation of the Los Gatos Town Code, and the these Park Rules and Regulations established by the Director of Parks and Public Works pursuant to Section 19.10.025(17) of the Los Gatos Town Code

General

Hours: Parks and trails are open from official sunrise to one-half hour after sunset, unless posted otherwise.

Parking at Oak Meadow Park:	<u>Residents of Los Gatos</u>	FREE
	(all residents living in 95030 & 95032 zip codes)	
	<u>Non-Residents</u>	\$6.00 per vehicle
	(includes people living in 95033 zip code)	

Parking at all other Parks: Free

No Smoking

- Smoking is prohibited within any park or on any trail.

Food & Alcohol

- Beer and wine are allowed with a picnic meal but must not leave the picnic site.
- A Vehicle Escort Permit is required when a caterer delivers food to a picnic site.
- Barbecues are not allowed at Belgatos Park.

Decorations & Signs

- Decorations must not interfere with other picnic sites.
- Decorations must be cleaned up and removed before leaving the park.
- Directional signs may be posted in designated areas, but must be removed before leaving.
- No tacks, nails or staples on park signs, tables or trees.
- No confetti, Egg toss or piñatas are allowed.

Dogs

- A six (6) foot leash is required at all times and dogs must be kept under physical control.
- Pet owners are required to immediately clean-up after their pets.

Miscellaneous

- Portable BBQs (gas or charcoal) are allowed in picnic areas only.
- Portable radios are allowed.
- Loud music is not allowed at any hour.
- Volleyball and Badminton nets are allowed.
- Portable toilets are not allowed.
- Petting zoos and pony rides are not allowed.
- Water slides and "Slip-n-Slides" are not allowed.
- Organized sports activities are not allowed without a permit.
- No golfing within any park.
- No overnight camping allowed.
- No sale or vending or other commercial activity except by permit.

Clean-Up

- Facilities rented and used must be left in clean condition. A fee will be assessed to you for leaving the picnic area unclean or damaged.
- Applicant should provide means to clean up site, including extra trash bags.
- Pick-up and dispose of all trash and food waste materials at reserved park site.
- Remove cans, bottles, bags, decorations, balloons, food and debris from park site. Use trash cans.
- Allow fires in barbecue pits to burn out. Do not use water because it will damage the grill and pit.

Reservations

- Prior to selecting and reserving any picnic area or bandstand/gazebo, we recommend that the applicant visit the park facility in advance or view [Parks & Trails Map](#) to obtain details of each of Town's parks and trails, including maps and driving directions. A [Park and Trails Map](#) is available online and at Town offices.
- The Parks and Public Works Department staff will finalize your reservation request once you have completed the [on-line reservation](#) process and payment by credit card in full is received. Checks will no longer be accepted. A reservation fee will be charged for each site you reserve. If you reserve two or more sites, a fee will be assessed for each site, as applicable. Park reservations do not include parking. Please view the [Fee Schedule](#) for current charges.
- Requests to reserve a picnic area should not be submitted with less than 48 hours of advance notice prior to the requested reservation date. All reservation requests must be completed through the on-line reservation process. Reservations by phone will not be accepted.
- All information collected is only for the use of the Town of Los Gatos Parks and Public Works Department for park reservations and will not be sold or shared with

outside vendors. Also be assured that all data you send as part of this reservation process is through a secure server and the data is encrypted for transmission. We do not keep any of your credit card information on our system.

Permits

- Special Use Permits are required for the following:
 1. Use of a group area for 25 people or more.
 2. Use of a jump house at any park in Los Gatos.
 3. Use of a vehicle escort at any park.
 4. Use of Bocce ball Courts at Oak Meadow Park.
 5. Use of Gazebo/Bandstand at Oak Meadow Park.
 6. For any organized recreational activities, such as formal classes or other similar activities.
- The permittee, under Town Municipal Code, Section 19.30.025, shall be bound by all park rules and regulations, and all applicable ordinances. The person to whom such permit is issued shall be liable for any loss, damage or injury sustained by the Town or by any person whomsoever by reason of the negligence of the person to whom such permit shall have been issued.
- Special Use Permit is approved by the Parks & Public Works Department upon review of reservation request and payment of applicable deposit.
- Use of a disc jockey (DJ) at the Gazebo/Bandstand at Oak Meadow Park is allowed only after receiving a Special Events Permit from the Los Gatos-Monte Sereno Police Department. The Police Department number is (408) 354-8600.
- An insurance certificate in the amount of \$1 million, naming the Town of Los Gatos, its Council members, Boards, Commissions, employees and agents as additionally insured is required for groups of over 100 people (reservations for events such as weddings, reunions and company picnics).
- Permits cannot be transferred, assigned or sublet.

Jump Houses

- Use of a jump house requires a Special Use Permit. At Oak Meadow Park, a Special Use Permit for jump houses can be requested only if the associated picnic area is reserved concurrently.
- Jump houses can be rented only from companies that have provided proof of liability insurance naming the Town of Los Gatos as the additional insured. The following companies have registered with the Clerk's Office and have provided the required certificate:

Astro Events & Jump	(800) 300-0922
Bali Baly Jump	(408) 226-2706
Jump For Fun	(800) 281-6792
Bay Area Jump	(800) 514-5867
Jump For Joy	(800) 418-5867

- Any jump house company not listed above must provide insurance to the Town of Los Gatos Clerk's Office for consideration. A permit will not be issued to an applicant without providing proof of insurance from the vendor

- Jump houses must be hand carried in to the park and placed in the area specified by the Parks Service Officer.
- No electricity is provided at the park for jump houses.
- Jump houses with combined features such as a jumper and a slide and/or obstacle course, and features containing water are not allowed.
- Personally owned jump houses are not allowed.
- Jump house fees for residents are \$95. Non-resident fees are \$125.
- A Jump House Permit does not include Picnic Area Use Permit. Each must be obtained separately.

Vehicle Escort

Individuals renting a park facility can request a staff vehicle escort to assist with the transport of supplies to/from a designated picnic area. Reservations must be made five (5) business days in advance of the event date for this service.

- No vehicles are allowed beyond designated public parking lots. If an individual would like to drop off supplies or equipment beyond these areas in a vehicle, a vehicle escort is required.
- Vehicle escorts conducted by a Park Service Officer must be scheduled in advance.
- Vehicle escorts are not available for Picnic Areas 1, 2, & 7 at Oak Meadow Park.

FARMERS MARKET ROAD CLOSURE TRAFFIC CONTROL

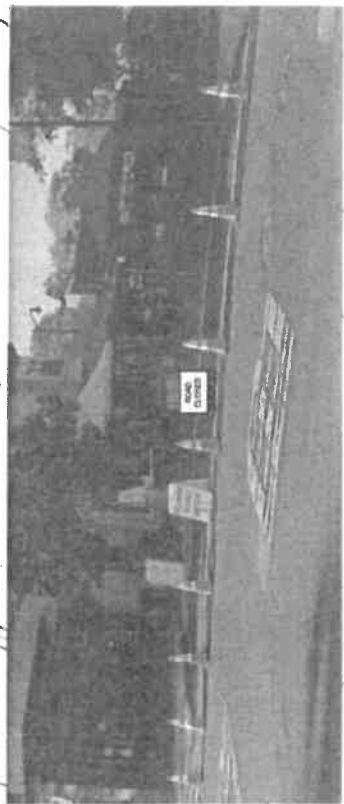


10/29/2018

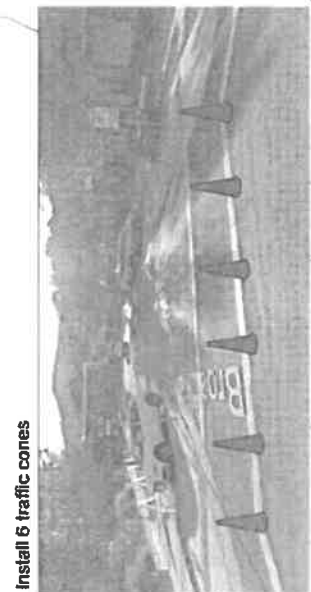
- Traffic Cones:
- Orange 28"
- Traffic Cone with Reflective Collars



Install a no right-turn sign on A frame



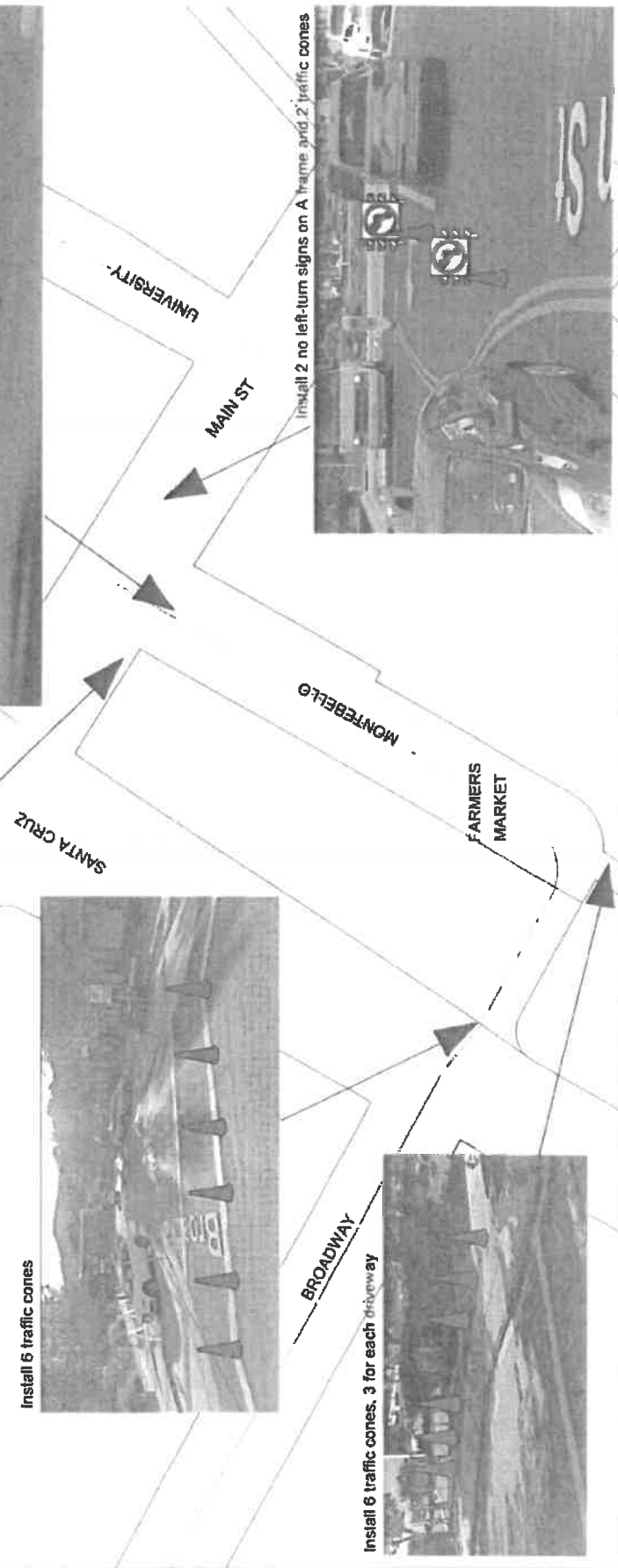
Install 8 traffic cones and one "road closed" sign on A frame



Install 6 traffic cones



Install 6 traffic cones, 3 for each driveway



Install 2 no left-turn signs on A frame and 2 traffic cones



Attachment 2

CFMA SCOPE OF SERVICES

The California Farmers Markets Association has successfully operated the Los Gatos Certified Farmers' Market every Sunday since 2016.

I. Farmers Market Operational Time

A. Farmers Market operates every Sunday at the permitted site excluding Easter Sunday. CFMA adequately markets Easter Sunday closure to the entire town, customer list and downtown businesses.

II. Market Site

A. Location and Set up/Take Down

1. CFMA has expanded the Market Site plan to include the stretch of sidewalk area along Plaza Park bordered by S. Santa Cruz Avenue to maintain vendor's capacity affected by the City's expansion of parklets.
2. Set up begins at 6:00AM by monitoring traffic flow and implementing Town-approved Road Closure Traffic Control Plan. See Attached Plan. At the direction of the Town, CFMA also added a vehicle blockade to the Santa Cruz Ave. entrance to the market.
3. Farmers' Market take down begins promptly at 1:00pm and all vendor vehicles, trash and equipment are cleared from the market site by 2:00pm.

B. Organizational Structure and Management

1. Maintain the City, County, and Local Government permits and licenses including Town Business License,
2. Maintain the County Agricultural Commissioner and County Department of Environmental Health permits. CFMA adheres to all County Agricultural and County Environmental Health Guidelines and participates in numerous inspections throughout the market season.
3. As necessary, CFMA will acquire special event permits and the Town's permission for its numerous CFMA promotional events held in the Plaza Park and comply with any park rules and regulations established by the Town Manager pursuant to Section 19. I 0.025(17) of the Town Code, including those rules set forth in Attachment 5, Town of Los Gatos Park Rules and Regulations.
4. Develop and modify Market Rules and Regulations as necessary to reflect the specific needs of the Los Gatos Certified Farmers' Market.



5. Market Manager staffs the market site from set up to take down and employs a CFMA Market Manager Assistant every Sunday. Supporting the Market Manager is a robust marketing team, Operations Manager overseeing all CFMA markets, an accountant for billing, and an administration team.

III. Operations and Management

A. Scope of Operations

1. Obtain, maintain and supervise management of the Certified Farmers' Market that will effectively assure safety and satisfaction of the market visitors.
2. Assure adherence and enforce State and Local Agricultural and Health Regulations and all applicable state and local laws.
3. Adhere to CFMA market rules and regulations, product quality, set-up and clean-up procedures. Perform and monitor site clean up including sidewalks and streets within the market area. Obtain feedback to assure adherence to guidelines of the Market and the Town of Los Gatos.

B. Market Day Systems and Management

1. Perform Road Closure Traffic Control Plan as outlined in attachment 9. Post signage, direct grower placement to predetermined market stalls and maintain a safe traffic flow within the Farmers' Market project area until market opening and during closure/takedown. Provide access to restroom facilities for farmers and vendors to a porta potty with handwashing facility inside the Town's rear parking lot adjacent to the Post Office.
2. Farmers' Market provides a staffed Information Booth for both customers and vendors. The information booth is easily located with its banners and market aisle flag. The Information booth is a place to query Market Management, request EBT Snap Program, disperse town informational pamphlets, pick up recipes, find community group information, and purchase Los Gatos Certified Farmers' Market tote bags and aprons.

C. Cleanliness/Trash

1. The Farmers' Market leaves the site cleaner than when Market staff first enters every Sunday. Town trash and recycling cans are covered with tarps before the market begins sales. Farmers' Market provides 4 large trash bins and 3 large recycling bins, placed strategically next to the existing Town trash bins. If any trash has accumulated near a Town bin during the market hours, Market staff will transfer that trash to the Market's bin. All market bins are stored at the back end



of the town parking lot across from the Post Office. Trash pick-up occurs mid-week.

2. Vendors are required by CFMA Rules and Regulations to remove their own trash and any rinse water accumulated from hand and utensil wash stations. In the event any trash is left behind, it is disposed of in the Market's trash bins. In the rare event a bucket of liquid is found at the end of the day, it is drained into the Market's porta potty.

D. American Disabilities Act Requirements

1. ADA access points can be found at several entrances to the market which include the park entrance at the corner of Broadway and Montebello, Main Street and Montebello and West Santa Cruz Ave. and Broadway. Three handicap parking spaces are reserved by cones/placard along the first three parking spaces adjacent to the Post Office nearest Broadway.

E. Marketing and Promotions

1. CFMA's Marketing Department develops an annual marketing plan for the Los Gatos Farmers' Market that includes direct mail, social media, print advertising, digital advertising and on-site events. An integrated marketing strategy allows CFMA to reach customers through multiple touchpoints. The market's promotions are based on a seasonal calendar that celebrates the bounty of the harvest. Family friendly events enhance the market's place as a community epicenter in Downtown Los Gatos on Sundays.

F. Agriculture and Health Regulations

1. The Los Gatos Certified Farmers' Market operates within rules and regulations overseen by both State and County Departments of Agriculture and the California Health Code which is enforced by the Santa Clara County Environmental Health Department. Issuance of permits to operate a Certified Farmers' Market requires CFMA to be in good standing by adhering to these associated agencies' rules and regulations. The Los Gatos Certified Farmers' Market undergoes multiple annual inspections by both the Agriculture and Health Departments. Reports are generated by these inspections and the market responds by correcting any infractions noted. In the previous 8 years the Los Gatos Certified Farmers' Market has never received a serious violation. Minor violations are rare and are mostly administrative in nature and easily corrected by the vendors.



CFMA rules and regulations support and help enforce these laws, allowing the Market Manager to quickly cure minor issues.

G. Vendor and Product Selection

1. The Los Gatos Farmers' Market is currently filled to capacity during the peak agricultural season, May through October. A wide variety of seasonal California crops are sold in 65% - 70% of the market's available stall space. A majority of the market's growers are registered organic producers. The remaining stall spaces are populated with "non-agricultural" producers, many from areas local and near to Los Gatos or inside the San Francisco Bay Area. This section of the market features fresh fish, grass-fed beef, poultry, pork, fresh-baked artisan breads, hummus, gourmet foods, jams, Indian cuisine, etc. Hot food prepared on site is a huge hit with the folks in Los Gatos, sitting down in the park to enjoy crepes, tamales, vegan delicacies and foods from South America.

H. Market Set-up and Take Down

1. CFMA sets up and takes down its markets in a methodical and clear-cut fashion. Standard operating procedures are in place in case an emergency arises. Such procedures ensure safety and uniformity of set-up. Farmers arrive first, some download from large trucks and quickly vacate, parking in the rear town parking lot. Other downloaders are directed to move quickly and efficiently as room to maneuver on Montebello Way is limited. The town parking lot to the rear of the market is critical to this downloading procedure as half of the markets' vendors use the space to store their vehicles during the market hours of operation. A strict closure time of 1:00 pm clears customers from the scene, allowing vehicles to safely exit the area. This strict closure time, when all sales stop, is critical to maintaining a safe and quick exit of vendors at the end of the day by vacating customers. Because of this organized, controlled shut-down strategy, the market site is basically vacated by 2pm.

The heroics of the Market Manager and her assistant should not go unmentioned. The set-up of this market takes 3.5 man-hours to complete. Garbage bins are hauled out, town bins are covered, seating areas are placed, information booths and musician tents are securely set up. Signs are strategically placed about, directing customers to the market while the Town's street closures signs are put in place. A market van with 100 pieces of equipment is utilized to set-up the market. While this is all happening, the Market Manager is overseeing the vendor stall set-up to ensure safety and that stall merchandising meets the standards of the Town of Los Gatos. Then



the market officially opens at 9am. The staff monitors customer traffic flow and ensures all rules and regulations are followed. By 1pm, take-down is in reverse order of set-up, all done quickly and safely. This is truly an amazing process of procedures. To really appreciate our managers, take the time to visit this market in full swing at 10:30am and then return at 2:15pm to see a cleared, clean street, as if nothing was happening earlier in the day.



CFMA EXPERIENCE & EXPERTISE

Introduction

The California Farmers' Markets Association (CFMA), a non-profit association of certified farmers' markets, hosts certified farmers' markets throughout the San Francisco Bay Area for the benefit of the community and farmers. CFMA assists the farmers' market industry locally, nationally and internationally with marketing, policy implementation, operations, maximizing participation, and promotional programs.

History

Today, there are over 800 certified farmers' markets in California with about half of them being held weekly in public spaces. Most receive use of facility services ranging from providing restrooms, security staff, consumer parking, waste disposal, etc. Most of these certified farmers' markets use the space on the weekend when it is otherwise idle. Markets provide significant economic spin-off benefits because they are held at or near a business district. Being part of the "greening" effort is a significant benefit to communities by providing the opportunity to obtain the food less traveled, which reduces the fossil fuel burden. The shortened channel allows for produce to use less fuel and packing supplies.

Awards, Press & Recognition

California Farmers' Markets Association has been nationally recognized for our organization's ability to build and operate thriving and beloved farmers' markets in the San Francisco Bay Area for over 30 years. All CFMA Farmers' Markets, including the Los Gatos Farmers' Market were voted Top 20 Favorite Farmers' Markets in the State of California. The Los Gatos Farmers' Market has been voted by readers of the San Jose Mercury news as one of the "Best in Silicon Valley" in the Farmers' Market Category. The market was honored to win Best Farmers' Market in Los Gatan's Best of Los Gatos 2022 contest! CFMA's Diablo Valley Farmers' Market in Walnut Creek was voted #1 Favorite Farmers' Market in the State of California in the American Farmland Trust's annual Favorite Farmers' Market contest in 2023.



Local press coverage for the market includes articles in the Los Gatan, Edible Silicon Valley, Mercury News and Los Gatos Patch. The Los Gatan's recent article, "A Day at the Los Gatos Farmers' Market", published August 2024 was a wonderful piece highlighting the market. CFMA's marketing department also generates press releases that are distributed to a network of media outlets and receive positive press coverage in the local community.



Customer Acknowledgement

The Los Gatos Farmers' Market is a beloved community event. Below are samples of real feedback provided by market customers. The market currently holds a 4.6/5 star Google Business rating!

“I like this farmers market! The location is awesome, and there is plenty of free parking. They have a nice mix of produce vendors, along with meat, fish and poultry vendors. It's near a bunch of different shops so you can always walk around and explore a lil before or after. I like the vibe here. One of the better farmers markets in the area.” -Google Review, 2021

“I love this farmer's market. Full of happy people and dogs sitting around in the park next to it. It's right next to the post office so I make it a package drop and fruit/veggie stop on Sundays. Come early. They open at 9am and parking is relatively easy until about 10am. I recommend trying P&K strawberries. If you see a line, that's most likely it. There's also a corn stall which is really good. Sorry, I don't know the name, but it was next to P&K. They sold out by 12pm. There's also a booth that sold spring rolls for \$4. I was expecting the standard sausage size spring rolls but it was like a giant burrito. Such great value. The people here are so nice. Almost every time I drop off packages, people offer to help open the door or even the package drop door. When I'm waiting for strawberries, people like to strike up conversations.” Google Review, 2019

“A Cozy Sunday treat in Downtown Los Gatos. This small, cozy spot makes our Sundays feel great with its excellent variety of seasonal produce. The rotisserie chicken is the best we've ever had! The atmosphere is warm and inviting, with lots of friendly people, all set against the beautiful backdrop of Downtown Los Gatos.” Google Review, 2024



Farmers' Market System

Our database of certified growers assists CFMA in supplying the market. The product mix is assigned in the annual reservation system. It is important to offer access to pastured-raised chicken and grass-fed beef free from hormones and antibiotics.

The size of the Los Gatos Farmers' Market and its number of growers and food purveyors ranges from 40-45 depending on the season.

Rules & Regulation

Every member of CFMA must operate according to the market rules and regulations.

Non-compliance of the rules and regulations may result in suspension from the market. In any



case, all farmers are given the opportunity to cure their problem before they are considered for disciplinary action. Any non-compliance receives due process and each infraction has the opportunity to be heard. The CFMA market rules and regulations are included herein.

Marketing of the Market

CFMA's Marketing Department is unparalleled in the industry with a dedicated team of specialists. Over the last 8 years, CFMA has devoted significant resources into developing a beloved brand for the Los Gatos Farmers' Market that is well-known and associated with successful family-driven events with produce of the very highest quality. Using an integrated marketing strategy, our team ensures that every touchpoint (whether it's a social media ad, email, or event) reinforces the same message, tone, and branding elements, which ultimately deepens the value that Los Gatos community members have in the market. This value informs shopping decisions and builds loyalty and connection between the farmers and their customers.

CFMA's multi-pronged marketing approach includes, direct mail, print advertising, social media, digital newsletter, website, paid social advertising and a robust on-site seasonal events program!

Market Branding

To create a new unique logo for the Los Gatos Farmers' Market, CFMA hosted a competition with a college-level art class. CFMA sells tote bags with market logos. The tote bag sales at the Los Gatos Farmers' Market outpace all other markets. When CFMA added the word "California" below the market logo, tote bag sales doubled as they became popular with the Los Gatos community who purchase it for gifts. Customers from out of town purchase the Los Gatos Farmers' Market tote bag as a souvenir.



Events & Promotions

The CFMA on-site Promotions Team, under the Marketing Department, has the main objective of executing impactful and memorable on-site events at the farmers' market that enhance community awareness, increase attendance, and educate customers about seasonal crops, healthy food choices, cooking/preserving

market produce, and the benefits of shopping local to support family farms.

Over the last 8 years, CFMA has held over 50 on-site events at the Los Gatos Farmers' Market. The events are professionally planned by our team months in advance and coordination with the town is included in the planning process. The market's annual promotional calendar is a critical component of the Market's success and is packed with exciting fun and educational events.



Here are a few examples of on-site promotions held at the Los Gatos Farmers' Market:

- APRIL - Earth Day: Celebrating farming is the original Earth Day. The Market presents agriculture as the best way to promote a sustainable Earth.
- MAY - Derby Day Races: The market supplied inflatable derby hobby horses to the children for a fast race around our track inside the park's grassy area. The adult category was also represented and prizes for the best Derby Hats were awarded.
- JUNE - Zucchini Car Races: This year's races featured over 120 entrants as kids made cars at home and at the market in the Official Zucchini Race Pit Stop Zone. Winners for best design and fastest cars won cash prizes. Like all the special events, the race track was set up inside the park within the Town's guidelines and permission.
- JULY - Kid's Day: Hundreds of children participated in Kid's Day, enjoying the puppet show, special kid's craft activities and a demonstration that taught 200 kids how to make a watermelon salad.
- AUGUST - Watermelon Festival: How much watermelon can a 10-year-old consume in 90 seconds? 25 kids tried their best and a 10-year-old girl from Los Gatos took the cash prize. Bigger folks also competed in the adult category as 25 adults were challenged with a huge quarter slice. This was entertaining to say the least.
- SEPTEMBER - Fall is when grapes come bursting at the seams with flavor. Customers participate in "The Grape Escape" by voting for the Most Beautiful Bunch of grapes from our grape growers and then try to win \$ by guessing the number of grapes in a huge, hanging bunch of grapes. (Hint, over 500 grapes). This effort builds the market's mailing list.
- OCTOBER - Guess the Weight of the Giant Pumpkin and Win! For 3 weeks before Halloween a huge pumpkin is brought into the market for folks to try to guess it's weight. This is a seasonal favorite and everyone tries to win the \$50 prize. (over 120 lbs., do not try to pick it up!)
- HALLOWEEN HARVEST FESTIVAL - The annual Halloween Festival Parade commences mid-market as nearly 100 costumed kids parade through the market and over 200 mini-pumpkins are decorated with googly eyes, feathers, curly hair, etc. at the Mini-Pumpkin Decorating stalls.
- DECEMBER - Storytime with Mrs. Clause. Multiple sessions of storytelling times are held inside the market by our famous Mrs. Clause in her authentic Christmas Claus costume. The setting is inside multiple tents with lighting and fun Christmas fanfare. Children sit on mats and are held spellbound while Mrs. Clause spins her stories.



SCAN THIS QR CODE TO VIEW A SLIDESHOW RECAP OF 2024
EVENTS AT THE LOS GATOS FARMERS' MARKET



The market’s location in the Downtown area plays a huge role in the impact of the on-site promotions. Over the years, the customers have enjoyed connecting with their neighbors and friends in the center of town during events. It turns the market from a shopping location into a community hub and an epicenter of the Downtown experience that makes Downtown Los Gatos a destination on Sundays. CFMA mailing list data indicates that 46% of weekly market goers actually come from outside of the Town of Los Gatos.

Direct Mail & Mailing List

A core element of CFMA’s marketing efforts is the organically generated customer mailing list. What differentiates our mailing list from a purchased mailing list is that every customer has actively made the decision to opt-in to communication from the market. This means that CFMA’s direct mail efforts are hugely responsive and accurately targeted.



Started by CFMA in 2016, the Los Gatos Farmers’ Market mailing list currently has over 2,200 loyal Los Gatos residents. The mailing list is generated through market activations geared towards building the list. On average, CFMA sends out 5 direct mail campaigns per year that promote and educate Los Gatos customers on the upcoming activities and incoming crop harvest.

At least 2 times per year, a Saturation direct mail postcard campaign hits every single resident of the Town of Los Gatos. Since 2016, nearly 200,000 pieces of direct mail promoting the Los Gatos Farmers’ Market have been sent to the community.

Digital Marketing

Since assuming operation of the Los Gatos Farmers’ Market, CFMA has made huge strides in the digital presence of the market. Social media accounts were established by the Marketing Department and have become a key component in communicating with customers to spread awareness. The Los Gatos Farmers’ Market Instagram page has 4,317 followers and 2,400 on Facebook. Market Manager, Susan Campbell, generates and posts 1 or 2 pieces of original content each week.

A weekly email newsletter was also established with 2,300 recipients on the email list. CFMA sees an unprecedented open rate average of 47% on email newsletters, compared to an industry



average of 28%. These numbers indicate customers find great value in maintaining a weekly dialogue with the farmers' market.

In 2023, CFMA launched a paid social media advertising strategy, specifically focusing on boosting Instagram reels to promote events and promotions. This program has had overwhelming success, reaching up to 34,000 unique viewers per campaign and had direct correlation with increased attendance at market events! This approach has allowed CFMA to take a data driven approach to our methods of customer communication.

CFMA also developed a webpage for the Los Gatos Farmers' Market. The website is a primary tool to educate local residents about the day, time, and location of the farmers' markets. Farmers' market events are posted on the website as well as seasonal recipes & email list sign up.

Community at the Market

CFMA is proud to host the Merchant at the Market Program at the Los Gatos Farmers' Market. This provides a dedicated space every Sunday that is specifically assigned for local merchants. In order to qualify for the program, Merchants must be members of the Los Gatos Chamber of Commerce and must operate a brick and mortar business within the town. Merchants can use this space a maximum of 4 times per year to promote their business to the farmers' market community. An online application for the program can be easily accessed via the CFMA website. The Merchant at the Market stall is used nearly every week by a local business.

CFMA reserves a weekly space at market for non-profit organizations to table at the market. Non-profit organizations are not permitted to fundraise, campaign, or promote any paid service. These guidelines are in place to ensure that the space is used specifically for educational outreach to the Los Gatos community. The non-profit application is also easily accessible online.

CFMA enjoys participating in seasonal community initiatives like the Los Gatos Loyal Program and donates a \$200 Market Basket filled with fresh produce from the farmers' market for the raffle prize.



Farmers' Market Economics

Economic benefits are gained while providing a weekly wholesome community gathering. Keeping local dollars in the community keeps the local area strong economically. The Los Gatos Farmers' Market Economic Analysis states that \$15.4 Million dollars is the annual potential spin-off for nearby businesses while the local government collects an estimated \$154,000 annually in local tax from those spin-off dollars. Further information is available upon request.



Farmers' Market Budget

The certified farmers' market operates self-sufficiently. Since the local government receives spin-off dollars, the fees paid by farmers are used specifically to operate the market and generate visits to the downtown so the spin-off may occur. Farmers pay a stall fee to cover the cost to operate the market including expenses for insurance, health permits, compliance fees and marketing.

Each year, over 25% of the incoming stall fees are dedicated to the marketing efforts for effective awareness campaigns to generate the visits to maintain a viable outlet for farmers who travel with their perishable goods. Additionally, information about the farmers' market can be added to each participating farmers' website, social media outlets, and event calendars. This promotes more awareness.

CFMA's marketing plan has yielded a solid customer base. These routine visits for a weekly supply of farm fresh food will generate spin-off visits to the business district during the other 6 days of the week. It is advantageous for the local businesses and local government programs to utilize stall space to have their programs gain access to the community.

Entertainment

CFMA maintains a troop of over 90 juried musicians, clowns, jugglers, balloon artists, chefs, face painters and puppeteers. At least one entertainer will be present each market day, however there is generally both a musical performer and a balloon artist every Sunday.



Market Aesthetic

The Market Information booth is marked and recognizable. A large chalkboard A-frame sign is placed in the center aisle to announce the special events and the market bulletins. The market contains 2 custom painted umbrellas with "Los Gatos Farmers Market". Tote bags and aprons with the Market's logo are available for purchase.

Farmer Merchandising Program

CFMA's stall merchandising program has proven successful for many vendors in the organization. With our team's assistance, we've helped farmers and artisans increase their sales by up to 300%. The Market Manager monitors vendors weekly to ensure they are optimizing their potential and presenting their very best to the community each week.

Farmers' Market Authenticity

The ambiance and synergy of a real farmers' market is created by a strong presence and bounty

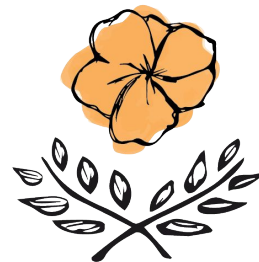


of agricultural crops from California certified producers. The ratio of farmers to non-agricultural vendors at the Los Gatos Farmers market remains three to one. Craft booths are not permitted unless it's part of a special event.

The farmers' market also provides an invaluable service to educate the public about sustainable agriculture and the value of nourishing ourselves with tasty nutritious farm fresh produce, an important part of today's food system in need of more healthy choices!



LOS GATOS FARMERS' MARKET



FARMERS' MARKET 2024 EVENT HIGHLIGHTS

California Farmers' Markets Association

KENTUCKY DERBY DAY

The market supplied inflatable derby hobby horses to the children for a fast race around our track inside the park's grassy area. The adult category was also represented and real trophies for the best Derby Hats were awarded.

BOOSTED REEL VIEWS: 13,510
NUMBER OF RACERS: 50

MARKET ATTENDANCE: +2,000
NUMBER OF HAT DECORATORS: 200



ITEM NO. 10.

LOS GATOS FARMERS MARKET

KENTUCKY DERBY HAT CONTEST

& HOBBY HORSE RACE

SUNDAY, MAY 5TH

- ◆ 10:30am Decorated Derby Hat Contest
- ◆ 11am Kid's Hobby Horse Races in the park
Categories: Ages 4 & under, 5-8, 9 and above
- ◆ 9am-1pm Derby themed kid's crafts

Prizes available for hat contest & race winners



KID'S DAY CELEBRATION

Hundreds of children participated in Kid's Day, enjoying the puppet show, special kid's craft activities and a cooking demonstration that taught 200 kids how to make a farm fresh watermelon salad.

POSTCARDS SENT: 9,000 EVENT ATTENDANCE: +2,000
BOOSTED REEL VIEWS: 10,650 KID PARTICIPANTS: 250



ITEM NO. 10.

LOS GATOS FARMERS' MARKET
kids day
JULY 21 | 9AM - 1PM

- ✓ puppet show @ 10:30am
- ✓ face painter + balloons
- ✓ arts + crafts
- ✓ music + more!

FREE EVENT
cafarmersmkts.com
800 806 FARM

LOS GATOS FARMERS' MARKET

ZUCCHINI CAR RACES

Zucchini Cars are raced on a giant custom track until the fastest car wins! Children explore the market to find their very own zucchini. The market provides axles and decoration materials to make the car.

POSTCARDS SENT: 9,000 EVENT ATTENDANCE: +2,000
BOOSTED REEL VIEWS: 10,180 KID PARTICIPANTS: 120

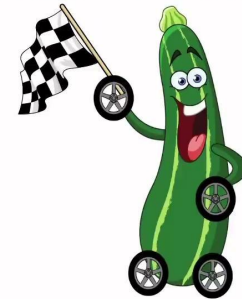


ITEM NO. 10.

LOS GATOS
FARMERS' MARKET

ZUCCHINI CAR RACE

SUN. JUNE 23RD
STARTS AT 11AM



DON'T MISS OUT!

FALL HARVEST FESTIVAL

An event for families to celebrate the bounty of the Fall Harvest and have some Halloween fun! Families are invited to enter the costume parade and contest, decorate mini pumpkins, guess the weight of the giant pumpkin and get a special goodie bag from the market!

POSTCARDS SENT: 7,000 EVENT ATTENDANCE: +2,000
BOOSTED REEL VIEWS: 8,279 COSTUME PARADE PARTICIPANTS: 60+



Los Gatos Farmers' Market

HARVEST FESTIVAL

October 27th | 9am-1pm

COSTUME PARADE STARTS AT 10:30AM

MINI PUMPKIN DECORATING

GOODIE BAGS

GUESS THE WEIGHT OF THE GIANT PUMPKIN FOR A CHANCE TO WIN \$50



Page 144



MRS. CLAUS AT MARKET

Multiple sessions of storytelling times are held inside the market by our famous Mrs. Clause in her authentic Christmas Claus costume. Children sit on mats and are held spellbound while Mrs. Clause spins her stories.

BOOSTED REEL VIEWS: 27,266 EVENT ATTENDANCE: +2,000

NUMBER OF KIDS PARTICIPATING: 120



Farmers' Market Tote Bags





California Farmers' Markets Association



USE AGREEMENT BETWEEN THE TOWN OF LOS GATOS AND CALIFORNIA FARMERS' MARKETS ASSOCIATION

THIS AGREEMENT is made and entered into on January 1, 2025 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and California Farmers' Markets Association, a California non-profit corporation ("CFMA"), whose address is 3585 Clayton Road, Concord, CA 94519. This Agreement is made with reference to the following facts.

I. RECITALS

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

II. AGREEMENTS

- 2.1 Subject Premises. The premises covered by this agreement are a portion of Montebello Way, a portion of Broadway, and the portion of the stretch of wide sidewalk area along Plaza Park bordered by S. Santa Cruz Avenue between Broadway and the start of red-painted curb (collectively, the "Premises"). See **Exhibit A** to this agreement which show the Premises and the Market Vendor Booths Map. CFMA may request the use of additional premises, which shall be considered by the Town and authorized for use as more fully described in this agreement.
- 2.2 Town Manager. For the purpose of this agreement, the Town Manager shall mean the Town Manager or the Town Manager's designee.
- 2.3 Use of Premises. CFMA shall be allowed use of Montebello Way, the Montebello parking lot, and the stretch of Broadway between Montebello Way and S Santa Cruz Avenue for the weekly Los Gatos Farmers' Market.

In order to compensate for space now used by business parklet(s) on Montebello Way, CFMA shall also be allowed use of a portion of the stretch of wide sidewalk area along Plaza Park bordered by S Santa Cruz Avenue between Broadway and the start of red-painted curb. Market stalls may be set up in the space between the edge of the curb and the edge of the tree well as shown in **Exhibit B** to this Amendment. Vehicles associated with the market must be legally parked in the parallel parking spaces along S Santa Cruz Avenue in order to provide a buffer between street traffic and the market stalls on the sidewalk. The vehicles shall not block the bicycle lane. CFMA's market stalls shall not block the sidewalk right-of-way between the edge of the tree well and Plaza Park. If any

unforeseen issues arise resulting from CFMA's use of this sidewalk area, the Town reserves the right to revoke CFMA's ability to use the area for market stalls.

The approved time and day of use shall be every Sunday from 9:00 a.m. to 1:00 p.m. in addition to reasonable set-up and take-down time, as approved by the Town Manager, unless a different time frame is agreed upon by both parties. All parking spaces in the designated use area on Montebello Way, Broadway, and S Santa Cruz Avenue will be reserved for CFMA use on Sundays between 6:00 a.m. and 1:00 p.m.

CFMA will employ the approved road closure traffic control plan in **Exhibit C** to this agreement as well as any future changes made by Town staff to the plan.

Periodic use of Town Plaza Park for market events is permissible with prior approval from the Town Manager. Requests for use of Plaza Park should be in made in writing at least 14 days in advance and include a proposed site plan. Use of West Main Street requires a special event permit. By either Town Manager approval or the special event process, other downtown locations may be incorporated into the Market on a regular or periodic basis.

2.4 Scope of Services. CFMA shall provide the following scope of services:

- a. CFMA shall operate a weekly Farmers' Market located in downtown Los Gatos every Sunday, from 9:00 a.m. to 1:00 p.m., year round, excluding Easter Sunday, with any additional exceptions to be approved by the Town Manager.
- b. CFMA shall complete takedown of the market, including trash and equipment removal, by 2:00 p.m.
- c. CFMA shall enforce a set of market rules and regulations to ensure quality of vendors and market operations.
- d. CFMA shall provide adequate staffing at all times when the market is in operation, including at minimum a Market Manager.
- e. CFMA shall provide temporary portable toilet facilities with hand wash stations sufficient to serve the public needs. The number of toilets and hand wash facilities, as well as the staging location and delivery and removal schedule shall be approved by the Town Manager.
- f. CFMA shall maintain cleanliness and ensure that all market trash is taken from the site at the end of each market and shall be responsible for site preparation and clean-up including:
 1. Preventing specified Town's trash and recycling cans from being used during the Market with an approved method. This could include covering the cans or relining them post event.

2. Providing trash, recycling, and compost cans throughout the Market.
3. Pick up and disposal of trash from vendors and Market participants.
4. Clean up and proper disposal of any liquids left by vendors.

Should CFMA fail to perform adequate cleanup or damage occurs to Town property, the Town will invoice CFMA at full recovery rates, plus overhead for cleanup and repair.

- g. CFMA shall maintain all State and County permits required to operate a Certified Farmers' Market.
 - h. CFMA shall comply with Santa Clara County Fire Department regulations, Los Gatos Monte Sereno Police Department regulations, applicable State laws, and applicable Federal laws.
 - i. CFMA is required to properly set up and take down all approved street closures and shall provide their own barricades and equipment for street closures.
 - j. CFMA shall use community-oriented marketing strategies to promote business and develop relationships with downtown businesses.
 - k. CFMA shall maintain a high-quality Farmers' Market by choosing appropriate vendors and continue searching for specialty growers.
 - l. CFMA shall engage in community partnerships with local merchants.
 - m. CFMA shall identify opportunities for and support potential market expansion during peak season.
- 2.5 Term and Time of Performance. This contract will remain in effect from January 1, 2025 to December 31, 2027. The term of this Agreement may be extended for up to two additional three-year periods upon mutual written consent of the parties.
- 2.6 Termination. Either party can terminate this Agreement upon six months written notice to the other Party that it desires to terminate the Agreement for convenience and, upon such notice, the Agreement shall terminate six months from the date the notice was sent.
- 2.7 Compliance with Laws. The CFMA shall comply with all applicable laws, codes, ordinances, and regulations. The current Santa Clara County Environmental Health Requirements are **Exhibit D** to this agreement and CFMA shall keep up with any updates. CFMA represents

and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for CFMA to practice its profession.

CFMA shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.

CFMA is required to obtain one business license for all Farmers' Market vendors in lieu of each vendor obtaining an individual business license. The business license fee shall be **\$2,850.00** (*based on 38 total vendors at \$75 per vendor*). That total fee is inclusive of all Farmers' Market vendors not including the Market Operator/CFMA. Therefore, vendors in the Farmers' Market who operate under CFMA will not be required to obtain a business license as long as CFMA has obtained the one business license for all vendors. This fee will increase annually equal to the percentage increase in the Town's business license fee.

- 2.8 Sole Responsibility. CFMA shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.
- 2.9 Information/Report Handling. All documents furnished to CFMA by the Town and all reports and supportive data prepared by the CFMA under this Agreement are the Town's property and shall be delivered to the Town upon the completion of CFMA's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by CFMA in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the CFMA shall not make any of the these documents or information available to any individual or organization not employed by the CFMA or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the CFMA 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 CFMA in connection with other projects shall be solely at Town's risk, unless CFMA expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of CFMA which is and has been confirmed in writing by CFMA to be a trade secret of CFMA.
- 2.10 Annual Use Fee. Beginning January 1, 2025, and every year thereafter, CFMA shall pay the Town of Los Gatos an Annual Use Fee for the use of the Premises. The Annual Use Fee shall be **\$2,805.00** (*based on 25% of the current \$55/hour Plaza Park Use Fee for a four-hour market 51 times per year*). The Annual Use Fee shall be considered full and fair compensation for use of the Premises for those days and times including any use of Plaza Park for market events approved by the Town Manager. This fee will increase annually equal to the percentage increase in the Town Plaza Park Use Fee.
- 2.11 Payment. CFMA shall make all payments, whether or not invoiced by the Town, required pursuant to this agreement no later than January 1 of each year that such payments are

due. All payments shall be mailed by first class mail or delivered in person at Town offices and addressed as follows:

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

- 2.12 Availability of Records. CFMA shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. CFMA shall make these records available to authorized personnel of the Town at the CFMA's offices during business hours upon written request of the Town.
- 2.13 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the CFMA. No portion of these services shall be assigned or subcontracted without the written consent of the Town.
- 2.14 Independent Contractor. It is understood that the CFMA, 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 CFMA 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. CFMA agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. CFMA 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 CFMA or is based on allegations of CFMA's negligent performance or wrongdoing.
- 2.15 Conflict of Interest. CFMA understands that its professional responsibilities are solely to the Town. The CFMA has and shall not obtain any holding or interest within the Town of Los Gatos. CFMA 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, CFMA 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. CFMA 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, CFMA discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, CFMA shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

- 2.16 Equal Employment Opportunity. CFMA warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither CFMA 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.
- 2.17 Vendors. CFMA must retain all current vendors of the Los Gatos Farmers' Market, with the exception of vendors who do not comply with CFMA's policies and regulations. Removal of vendors for non-compliance shall be reviewed and approved by the Town Manager unless removal is deemed necessary by the California Department of Food Agriculture or the Santa Clara County Environmental Health Department
- 2.18 Facility Use Policies. CFMA shall comply, without limitation, to all applicable provisions of the Los Gatos Town Code, with special attention to the provisions of Chapter 19, Parks and Recreation. CFMA shall also comply with any park rules and regulations established by the Town Manager pursuant to Section 19.10.025(17) of the Town Code, including those rules set forth in **Exhibit E**, Town of Los Gatos Park Rules and Regulations. Failure to comply with these policies may result in suspension and/or termination of this agreement.
- 2.19 Personal Property. Personal property of CFMA shall be CFMA's sole responsibility to acquire, repair, replace and store. Any storage of personal property on the Premises shall require prior approval by the Town. CFMA shall remove all personal property at the expiration or termination of this Agreement, or sooner, as directed by the Town in its sole discretion. Any personal property not so removed with 5 days of notification by the Town shall become the sole property of Town with no compensation.
- 2.20 Temporary Signage. CFMA shall be permitted to install temporary event signage on the Premises upon approval of an application to the Town of Los Gatos Planning Department pursuant to the provisions of Section 29.10.120 (4) *Temporary Signs* of the Town Code. CFMA shall be eligible for temporary event signage. All temporary event signage must include the CFMA logo of such size and placement that it is clear that the signage is for a program or activity sponsored by CFMA. The Town shall charge a single Temporary Signage fee for each year.

III. INSURANCE AND INDEMNIFICATION

- 3.1 Minimum Scope of Insurance:
- i. CFMA agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an

amount not less than: two million dollars (\$2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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 CFMA; products and completed operations of CFMA, premises owned or used by the CFMA.
- ii. The CFMA'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 CFMA'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 CFMA'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, CFMA 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, CFMA

shall ensure that all subcontractors employed by CFMA provide the required Workers' Compensation insurance for their respective employees.

- 3.4 Indemnification. The CFMA shall save, keep, hold harmless and indemnify and defend the Town and 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 any act or omissions of the CFMA, or any of the CFMA's officers, employees, or agents or any subcontractor.

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 Default Cure and Termination.
- a. CFMA shall promptly terminate its use of the Premises at the expiration of this Agreement, leaving the Premises in the same condition it was received, in good order and repair, reasonable wear and tear and damage by the elements excepted. Any personal property not removed by the CFMA within thirty (30) days of the termination of this Agreement shall become the property of the Town and may be disposed of as the Town in its sole discretion deems advisable.
 - b. If the Town in its sole discretion determines that it requires the Premises for any public purpose, Town may terminate this Agreement upon thirty (30) days written notice. In the event of an emergency, Town may terminate this Agreement immediately upon written notice. "Emergency," for the purposes of this section, is defined as when the Town Council declares a State of Emergency. Upon termination of this Agreement in the event of an Emergency, Town and CFMA will work cooperatively to secure alternative facilities for CFMA programs.
 - c. CFMA shall be deemed to be in default of its obligations under this Agreement if the Town Manager determines that CFMA is providing services below the established minimum standard of service set forth in this Agreement. In this event, CFMA shall be notified in writing and provided the opportunity to cure the default by providing the Town with a plan for improvement of services required of CFMA by this Agreement provided hereunder within ten (10) business days of receipt of written notice of the

Town's determination of a default. Said plan shall address each and every service issue referred to in the Town's notice, providing the method for improvement, an explanation, as necessary, for how the method will result in an improvement, and a schedule for the actions necessary to ensure the planned improvement of services. The Town shall review CFMA's plan for improvement and determine within ten (10) business days after receipt of the plan and at its sole discretion whether the plan is satisfactory to cure the default. In the event the plan is not deemed satisfactory, the Town may, at its sole discretion, suspend or cancel this Agreement without incurring any liability to CFMA.

- d. CFMA waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present and future law, in the event CFMA is evicted or the Town otherwise lawfully takes possession of the Premises by reason of any default or breach of this Agreement by CFMA.

- 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 CFMA.
- 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

California Farmers' Markets Association
Attn: Doug Hayden
3585 Clayton Road
Concord, CA 94519

or personally delivered to CFMA to such address or such other address as CFMA 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 CFMA. 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.

- 4.9 No Property Rights. Nothing in this Agreement is in any way intended to establish, convey, create or otherwise grant to CFMA any form of property rights in the Premises, nor shall such rights be established, conveyed, created or otherwise granted by CFMA's use of the Premises pursuant to this Agreement. CFMA hereby acknowledges that it currently has no property interest in the Premises or any improvements thereto or fixtures location thereon, and that any claim it may have to same is hereby and forever waived.
- 4.10 Damage and Destruction.
- a. Damage or destruction of any portion of the Premises by any cause shall not terminate this Agreement or otherwise affect the respective obligations of the two parties, any present or future law to the contrary notwithstanding, except pursuant to the provisions of this Section 19.
 - b. If because of destruction or damage, a portion of the Premises becomes unsuitable or inadequate for a use, the Town and CFMA shall meet and work cooperatively to identify an alternative location for the use. If the alternative location can be found on Town-owned property, then no modification of the Annual Use Fee shall be made. If no alternative location can be found, or if an alternative location is found that is not on Town-owned property, then CFMA shall be entitled to a prorated refund of the Annual Use Fee, calculated by determining the fee that would have been assessed for the displaced program or activity if it had been issued a Facility Use Fee Permit. Any such calculation will be based on the Town's approved schedule of Annual Fees and Charges in effect at the time of the program displacement.
 - c. Under no circumstances does the Town have any obligation to provide CFMA with an alternative property to conduct its operations, and CFMA is solely responsible for obtaining such insurance as the CFMA deems appropriate to protect its interests should damage or destruction to any of the Premises occur.
 - d. CFMA shall be liable for any loss, damage or injury to the Premises as a result of the direct or indirect use of the Premises by CFMA under this agreement.

V. USE OF NAME

- 5.1 Use of Name. CFMA agrees that the Town has used the name "Los Gatos Farmers' Market" for the weekly Farmers' Market in Los Gatos since 1992. The Town hereby grants CFMA a non-exclusive right and license to use the name "Los Gatos Farmers' Market" in connection with this Agreement and the weekly Farmers' Market in Los Gatos. Upon expiration or termination of this Agreement, all rights to the name "Los Gatos Farmers' Market" shall revert exclusively to the Town and CFMA shall relinquish all rights and obligations to use the name "Los Gatos Farmers' Market" unless a separate written agreement is obtained from the Town.

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

Town of Los Gatos by:

CFMA by:

Chris Constantin, Town Manager

Doug Hayden, President

Recommended by:

Katy Nomura, Assistant Town Manager

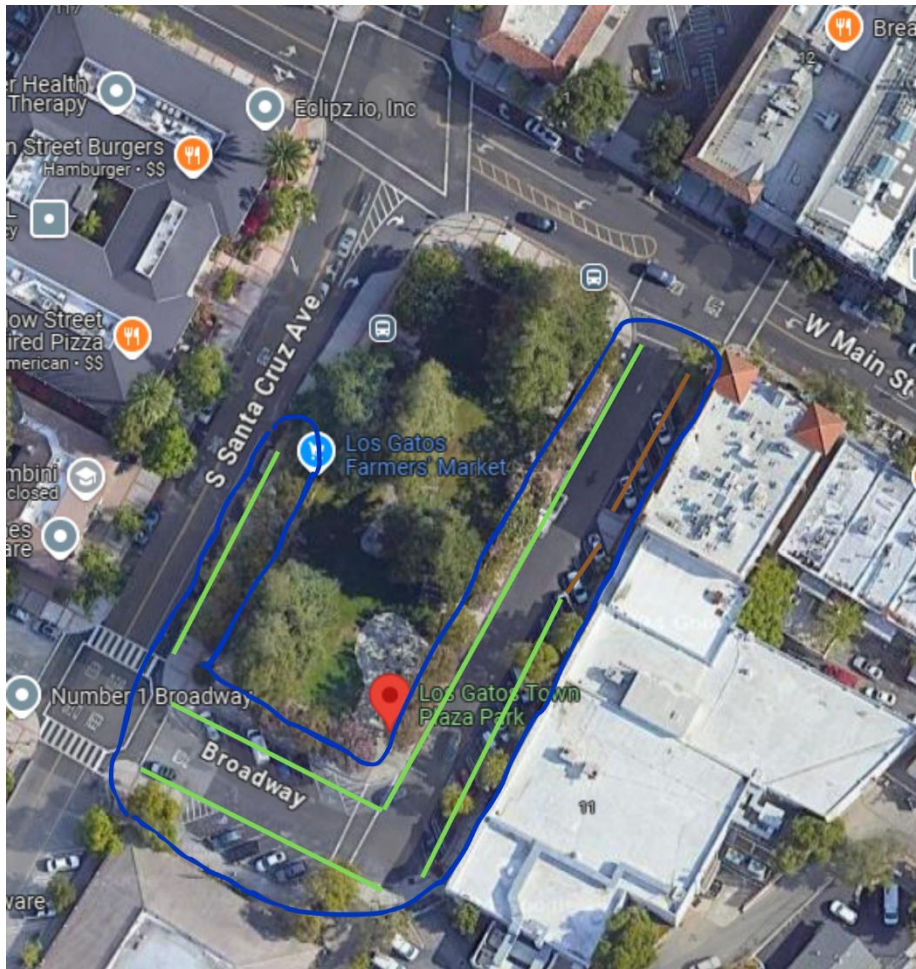
Approved as to Form:

Gabrielle Whelan, Town Attorney

Attest:

Wendy Wood, CMC, Town Clerk

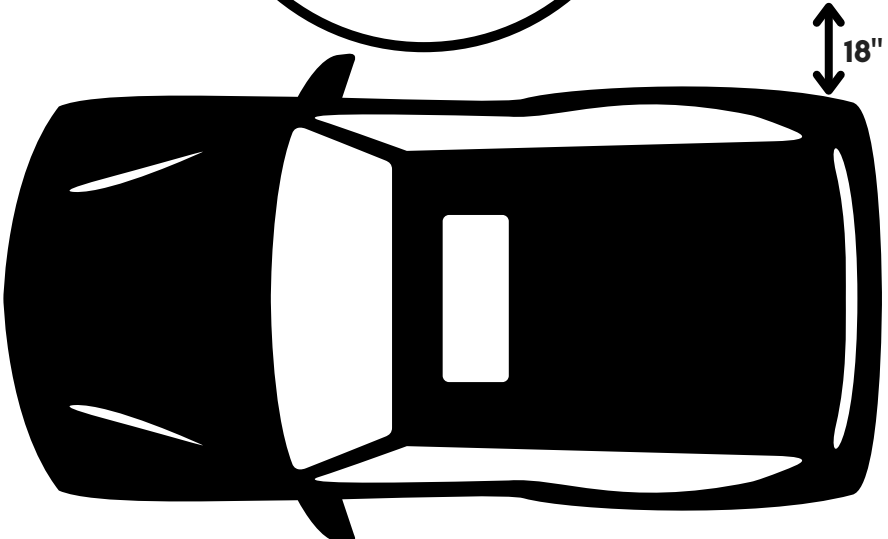
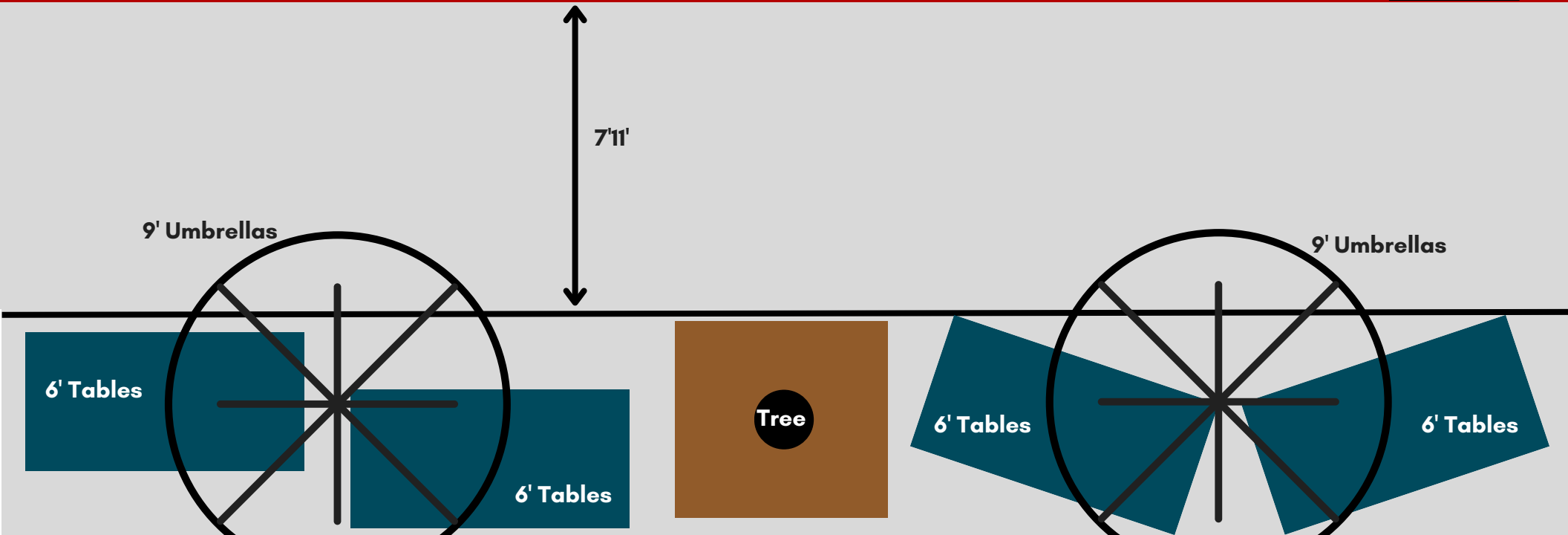
Market Vendor Booths Map



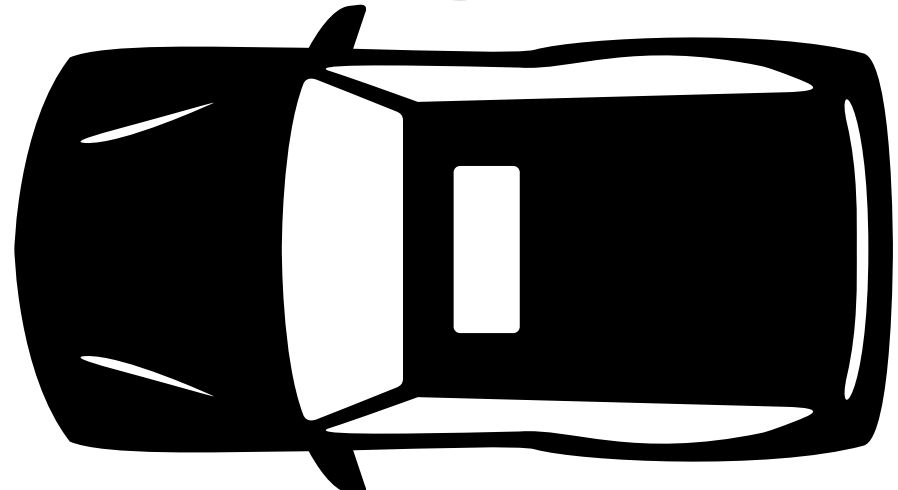
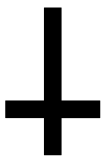
Market Vendor Booths

Existing Parklets

The Premises



Market Vendor Vehicle

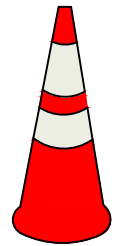
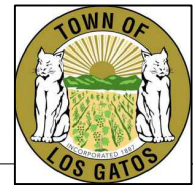


Market Vendor Vehicle



Bike Lane Line

FARMERS MARKET ROAD CLOSURE TRAFFIC CONTROL



Traffic Cones:
Orange 28"
Traffic Cone
with Reflective
Collars

Install a no right-turn sign on A frame



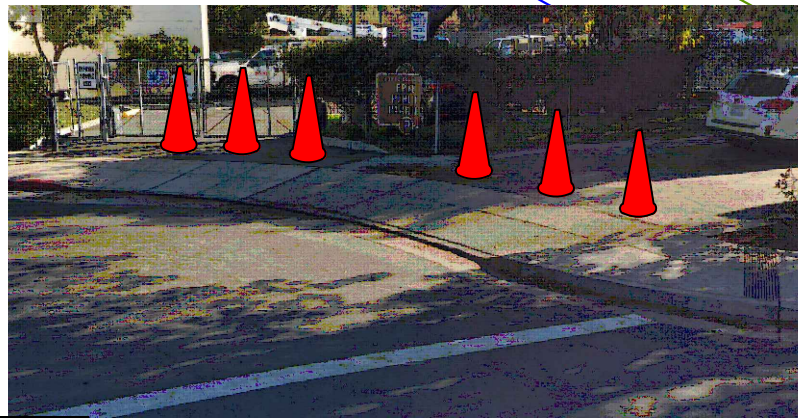
Install 8 traffic cones and one "road closed" sign on A frame



Install 6 traffic cones



Install 6 traffic cones, 3 for each driveway



SANTA CRUZ

MAIN ST

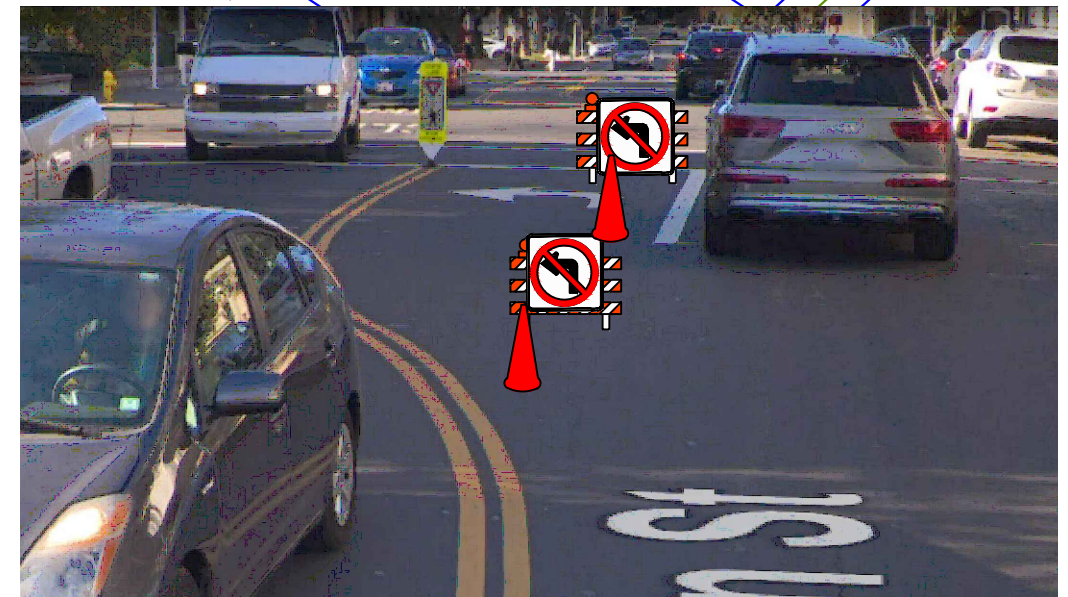
UNIVERSITY

BROADWAY

MONTEBELLO

FARMERS MARKET

Install 2 no left-turn signs on A frame and 2 traffic cones





REQUIREMENTS FOR TEMPORARY FOOD FACILITIES (TFF) AT TEMPORARY EVENTS AND CERTIFIED FARMERS' MARKETS

Temporary Food Facilities (TFF) or food booths are food operations that operate at approved public events. A health permit is required to operate a TFF whenever food or beverage (unpackaged or prepackaged) is sampled, sold, prepared, or given away to the public.

- ✓ Temporary Events include festivals, fairs, entertainment events, cook-offs, etc.
- ✓ Certified Farmers' Markets may have food booths operating adjacent to their certified producers section. Markets may operate year-round or seasonally.

PERMIT REQUIREMENTS

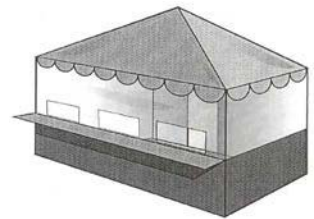
All permit applications, applicable documents and fees must be submitted BY the Event Coordinator/Market Manager to DEH at least 2 weeks before the Temporary Event's start date or the vendor's Certified Farmers' Market operation start date.

- Each TFF operator must apply for a permit to operate.
 - ✓ TFFs that pre-package foods must have a valid Processed Food Registration from the California Department of Public Health. Visit their website for more information: <http://www.cdph.ca.gov/programs/Pages/FDB.aspx>
- Once the TFF permit application is approved, NO changes may be made without approval of the Department.
 - ✓ The Department of Environmental Health (DEH) conducts risk-based inspections to ensure a safe food operation.
 - ✓ Unauthorized changes to the menu or non-compliance may result in closure of food facility until deficiencies are corrected.
 - ✓ Re-inspections or routine inspections longer than 20 minutes may be assessed additional fees, in 15-minute increments, at the current rate approved by the Board of Supervisors. As of 7/1/15, the rate is \$219.00 per hour.
- At events with two or more TFFs, a person or organization must be responsible for shared facilities (e.g., restrooms, general premises maintenance, waste disposal) and must apply for an event coordinator permit.

FOOD BOOTH CONSTRUCTION

ALL food and beverage booths must be constructed with a floor, ceiling and four sides as follows:

- Floor surfaces must be smooth and cleanable.
 - ✓ Smooth pavement, concrete, asphalt and plywood are approved.
 - ✓ Grass or dirt floors must be covered with approved tarps or plywood.
- Ceiling/overhead covering may be canvas, wood, etc.
- Walls must completely enclose the booth on all four sides with no gaps.
 - ✓ Wood, canvas, plastic, 16-mesh fly screening or similar material is approved.
 - Check with local fire department for cooking booth material requirements.
 - ✓ Pass-thru window openings
 - Must not exceed 216 square inches (approximately 1 foot by 1.5 feet) and have tight-fitting closures (e.g., Velcro).
 - Shall be spaced a minimum of 18 inches apart.
 - ✓ *Exception:* Operations do not need booth sidewalls IF either of the following apply:
 - Only PREPACKAGED food or beverages are handled. All food and beverages must be sold or served in original unopened packaging.
 - Unpackaged, pre-portioned foods are stored in food compartments of solid construction with tight-fitting lids or access doors. No food handling, such as slicing or scooping, may be conducted.
- Booth must be large enough to accommodate all food preparation, handling, and storage needs.
- A clearly visible sign must be posted listing the booth name, city, state, zip code, and name of permittee.
 - ✓ The booth name must be at least 3 inches high, with strokes at least 3/8 inches wide.
 - ✓ The city, state, zip code, and name of permittee must use lettering at least 1 inch in height.
 - ✓ *Non-profit charitable booths are not required to provide this signage.*



The Center for Disease Control and Prevention (CDC) identified the following risk factors as most likely to cause food-borne illnesses:

- 1. Poor employee health and hygiene**
 - 2. Improper hot/cold holding temperatures of potentially hazardous foods**
 - 3. Improper cooking temperatures of food**
 - 4. Dirty and/or contaminated utensils and equipment**
- Food from unsafe sources**

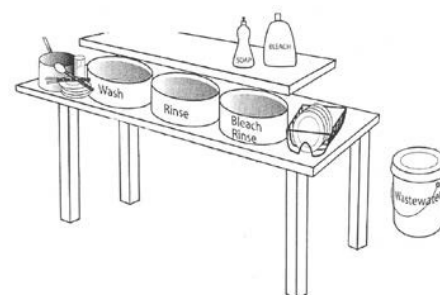
HANDWASHING

- Operations that handle unpackaged or open foods or beverages must provide handwashing facilities in an easily accessible location **INSIDE** the food booth.
- Handwash facility must be set up and operational prior to beginning food handling operations. It must be checked frequently and refilled as necessary.
- All food handlers must wash hands with soap and warm water frequently to prevent the contamination of food. This includes, but is not limited to, washing hands before handling food or food-contact utensils, after handling raw animal products, after handling money, after touching your face or hair, and after visiting the restroom.
- Handwashing stations shall consist of:
 - ✓ an insulated container – 2 gallons or more – with a spigot that can lock in the open position for hands-free washing,
 - ✓ warm potable water,
 - ✓ liquid hand soap in a pump dispenser,
 - ✓ paper towels, and
 - ✓ a catch bucket or tub for wastewater.
- Glove use is not a substitute for handwashing. Hands must be washed prior to donning gloves. If used, gloves must be food-grade and single-use.
- Hand sanitizer is not a substitute for handwashing. If used, sanitizer must be food-grade and only used after properly washing hands with soap and warm water. Sanitizers must be used according to manufacturer's directions.



UTENSIL WASHING AND SANITIZING

- Facilities that handle unpackaged or open foods or beverages must provide utensil washing and sanitizing stations **INSIDE** the temporary facility.
- Utensils include tongs, scoops, knives, pots, cutting boards, thermometers, etc.
- Utensil washing stations include three containers filled with potable water. Each container must be large enough to accommodate the largest utensil to be washed.
 - ✓ Container # 1 – WASH – with soapy water (use dish soap).
 - ✓ Container # 2 – RINSE – with clean and clear water.
 - ✓ Container # 3 – SANITIZE – with sanitizing solution. Adequate space to AIR DRY all utensils.
- Sanitizing solution may consist of 1 tablespoon unscented household bleach in 2 gallons of water to produce a concentration of 100ppm chlorine. Other approved sanitizers (such as quaternary ammonia or iodine) may be used.
 - ✓ Maintain appropriate sanitizer test strips to monitor sanitizer concentration levels. Replace water and add sanitizer whenever necessary.
- Utensils used for PHFs must be cleaned and sanitized at least once every 4 hours.
- Additionally, multi-use cloths must be stored in a solution of sanitizer when not in active use. Sanitizer solution may be prepared as above, but the utensil wash sanitizer container may not be used to store wiping cloths.
- Ensure utensils and food contact surfaces are thoroughly washed and sanitized after handling raw animal products.



FOOD PREPARATION AND HANDLING

- All food must be from an approved source.
 - ✓ Food or beverages stored or prepared in a private home may NOT be offered for sale, sold, or given away.
 - *Exception:* Foods prepared by a Cottage Food Operator with a valid Cottage Food permit or registration.
 - ✓ If you will store or prepare foods prior to attending the event/market, you must operate from an approved kitchen.
 - ✓ Maintain copies of invoices/receipts for food, available for review by a DEH Specialist.
- All equipment and utensils must be approved by the Department.
 - ✓ Surfaces that come in contact with food must be smooth, easily cleanable, and non-absorbent (e.g., counters, cutting boards, utensils, equipment).
 - ✓ Do NOT use galvanized or enamel-coated cookware or utensils.
 - ✓ ALL utensils and cooking equipment must be inside the food booth unless otherwise required by the local fire department (see below).
- Food storage and display:
 - ✓ All food (including ice) and food containers must be stored inside the food booth and off the ground on shelving or pallets.
 - *Exception:* Supplies and non-potentially hazardous foods in unopened original commercial manufacturer's packaging may be stored outside the enclosed food booth.
 - ✓ Store raw meats and poultry below and separate from ready-to-eat foods.
 - Example: store raw chicken in an ice chest and store lettuce in a different ice chest.



FOOD PREPARATION AND HANDLING (CONTINUED):

- ✓ Do not store food or food-contact utensils below or directly adjacent to handwash and utensil wash stations.
 - ✓ NO open or unpackaged food may be stored or displayed at service counters.
 - ✓ Clearly identify "Display Only" products.
 - ✓ Self-service condiments must be in single-service packets, pump-type containers, or squeeze containers.
 - ✓ Beverage ice must be kept separate from ice used for cold-holding foods. Remember, ice is food.
- Provide food wash station for raw ingredients. For example, rinse unwashed produce under cold running water.
 - Minimize bare hand contact with food. Use appropriate utensils such as tongs, food tissue, or disposable gloves whenever practical.



FOOD TEMPERATURES

- Potentially hazardous foods (PHF) must be cooked and held at proper temperatures.
 - ✓ Examples of PHFs include meats, poultry, seafood, cooked rice, cooked beans, cooked vegetables, many cheeses, cut melon, cut tomatoes, tofu, sprouts, etc.
- An accurate probe-type metal thermometer ($\pm 2^\circ\text{F}$) must be used if PHFs are served. Clean and sanitize thermometer before and after each use.
- All PHFs must be maintained at required temperatures. Maintain temperature logs.

**COOKING requirements:**

Food must be thoroughly cooked to required minimum internal temperatures.

- ✓ 165°F Poultry, stuffed meats, and other stuffed foods
- ✓ 157°F Ground beef (hamburger)
- ✓ 145°F Fish, eggs, and pork

**RE-HEATING requirements:**

- ✓ 165°F Rapidly re-heat potentially hazardous foods before placing in a warming unit.

HOLDING requirements:

- ✓ Cold PHFs or beverages must be maintained at or below 45°F.
 - Foods may be maintained at 45°F or below for up to 12 hours in a 24-hour period. At the end of the operating day, the food must be destroyed in an approved manner.
 - Foods maintained at 41°F or below at ALL times may be used the following day.
 - ✓ Hot PHFs (including cooked vegetables) must be maintained at or above 135°F. At the end of the operating day, hot foods must be destroyed in an approved manner.
- Adequate hot holding devices are required to actively maintain hot food temperatures.
 - Adequate supply of ice or refrigeration equipment is required to actively maintain cold food temperatures.
 - ✓ For food containers stored on ice, ensure ice is packed around the bottom and up all sides of the container. Suggest storing PHFs in small, shallow containers.



PLEASE NOTE . . . Food handled improperly or held at unsafe temperatures may be condemned or destroyed by the Department.

EMPLOYEE HEALTH AND HABITS

- Personal items (jacket, purse, keys, cell phone, etc.) stored separate from food operation items.
- Employees must maintain good hygiene, including clean fingernails.
- No open cuts, sores. Must apply bandage to wound and be self-contained. If wound is located on hands, must also wear food-grade gloves.
- Long hair must be restrained.
- Wear clean clothing.
- No smoking allowed in or around food booth.
- No watches, rings (except a plain solid band), nail polish or artificial nails. If wearing watches, rings, nail polish, or artificial nails, food-grade gloves must also be worn.
- Beverages may be consumed IF from a closed container with a straw.
- Employees experiencing sneezing, coughing, runny nose, vomiting or lower gastrointestinal symptoms (such as diarrhea) shall not work within the food booth.
- Employees with a communicable disease shall be excluded from the food booth.



OPEN-AIR BARBECUE AND DEEP FAT FRYING

- Barbecuing and deep-fat frying may be allowed OUTSIDE an enclosed food booth due to local Fire Code regulations. (Other cooking equipment may be located outside the food booth only IF the local Fire Department requires.)
 - ✓ Only cooking on the barbeque or fryer may be conducted outside.
 - ✓ All food must be stored and any preparation activities conducted INSIDE an enclosed food booth.
 - ✓ Immediately after cooking, all food must be moved INSIDE a fully-enclosed food booth for further preparation, hot holding, or service.
 - ✓ NO food storage, preparation, assembly, or hot-holding may be conducted outside the food booth.
- Perimeter fencing or barriers must be provided around open-air barbecue or deep fat frying areas to prevent contamination of food and injury to the public.
- Contact the local Fire Department regarding fire regulations and any necessary permits.



WASTE DISPOSAL

- Wastewater
 - ✓ A leak-proof container for liquid waste must be provided INSIDE each food booth.
 - ✓ All liquid waste must then be disposed of into approved containers (e.g., graywater bins) or to an approved sanitary sewer.
 - ✓ Wastewater may NOT be disposed to vegetation, dirt, streets, or storm drains.
- Trash
 - ✓ A solid container for food waste, garbage, and refuse must be provided INSIDE each food booth. All food waste and garbage must be stored in leak-proof containers and disposed of into approved dumpsters or garbage cans.
- Grease
 - ✓ Cooking or deep fat fryer grease must be disposed of in a safe and sanitary manner such as a tallow container.
- Spent charcoal and briquettes must be disposed of in a safe and sanitary manner.



TOILET FACILITIES

- Approved toilet facilities (one per 15 food employees) must be provided within 200 feet of each TFF.
- When portable toilets are used, they must be provided with an adequate number of handwashing stations equipped with adequate supplies of water and liquid soap and paper towel in mounted dispensers.



ADDITIONAL REQUIREMENTS

- A designated person in charge must be present at all times.
- Post the Environmental Health Permit in public view in your TFF.
- An adequate supply of potable water must be provided from an approved source. Any connections and hoses utilized must be food grade.
 - ✓ Green garden hoses are not food-grade.
 - ✓ In some cases, a backflow prevention device may be required on the faucet/hose bib.
- Maintain all equipment (food containers, handwash station, utensil wash station, ice chests, etc.) in good condition and kept clean of food debris and residue build-up.
- Live animals are NOT allowed within 20 feet of a TFF.
 - ✓ *Exceptions:* guide dogs, signal dogs, or service dogs.
- Any chemicals and cleaners used must be approved for use in food facilities.
 - ✓ Store chemicals and cleaning supplies below and separate from food and food contact utensils.
- Light fixtures over food or food preparation areas must have shatterproof light bulbs or covers.
- During inclement weather, ensure food is protected. Examples include:
 - ✓ Keep food protected and covered when bringing into enclosed food booth from the BBQ/fryer.
 - ✓ Consider non-permeable materials for booth construction.
 - ✓ Do not locate food booth where rain or water run-off may occur.
- Other permits or approvals may be required for your event. Contact the local city, county and/or fire department.



For more information and documents, visit our website at www.ehinfo.org

NOTE: There are different TFF permit applications specific to each program, Temporary Events and Certified Farmers' Markets.



TEMPORARY FOOD FACILITY BOOTH CONSTRUCTION

At minimum, all temporary food facilities must have approved flooring and overhead protection. If unpackaged food is prepared, the temporary food facility must be fully enclosed with 4 sidewalls.

FLOORING:

Floor must be smooth and cleanable, such as concrete, asphalt, tight wood or located inside buildings.

- If the booth will be located on grass, dirt, decomposed granite, or other porous material, additional flooring material such as a tarp or tight wood, must be provided.



- While the above-shown flooring materials are approved by this department, the local Fire Department may not approve the use of blue poly-tarps in cooking booths as they are considered flammable. Check with the local Fire Department for their requirements.

OVERHEAD PROTECTION:

Overhead protection (wood, canvas or other materials) must be provided to protect the facility from precipitation, dust, bird and insect droppings, and other contaminants. Activities allowed under a canopy only (no sidewalls required) include:

- Selling pre-packaged foods only.
 - Examples: bottled sauces, containers of hummus, tamales (in husk).
- Sampling pre-packaged or pre-portioned food samples. Examples:
 - Sauce (stored in squeeze bottles) is distributed into a sample cup for customer.
 - Pre-cut bread cubes (prepared in approved kitchen and stored in a shaker bottle) are dispensed to the customer. Oil (from bottle with pour spout) is drizzled over bread sample.
 - Dip pita chip (stored in food compartment) into hummus and serve to customer.
- Storing pre-portioned, unpackaged food items (e.g., cookies, cupcakes, donuts, samosas) in food compartments; served by operator to customers upon order using tongs or tissue. No self-service.
 - Food compartment must be of solid construction with a tight-fitting lid/door and must fully enclose all food, food-contact surfaces and the handling (service) of non-prepackaged food.



ENCLOSURE/SIDE WALLS:

A fully-enclosed booth with 4 sidewalls is required for operations conducting food preparation activities, such as food assembly, portioning, slicing, cooking, etc.

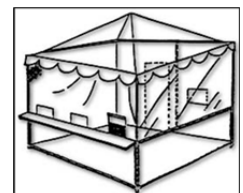
Food preparation examples:

- Slicing food (e.g., cake, bread, pies) and serving to customer.
- Scooping food (e.g., ice cream, salsa, soup) and serving to customer.
- Mixing a packet of spices/seasonings into sour cream.



Construction:

- Booth sidewalls shall be tight-fitting with no gaps, except for window openings.
- Screening shall be at least 16 mesh per square inch.
- Window openings are limited to 216 square inches (approximately 1 foot x 1.5 feet) and shall be spaced at least 18 inches apart.





WARM WATER REQUIREMENT FOR HANDWASHING AT CERTIFIED FARMERS' MARKETS AND TEMPORARY EVENTS

Effective January 1, 2015, DEH will be enforcing the CalCode requirement for warm water (100°F) for handwashing. If a hard-plumbed sink with hot and cold potable water is not available, warm potable water may be stored in an insulated food-grade container with a spigot that can remain locked in the open position and that is capable of maintaining water warm.



There are some containers with a push button spigot that can be retrofitted with lever-type spigots. These may be available from the manufacturer or from water container filling stores. All materials must be food-grade and must use potable water supply.

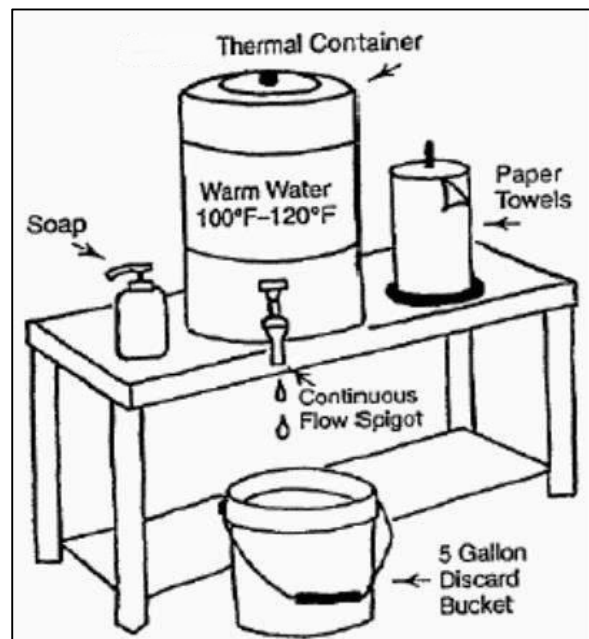
Options for obtaining warm water for handwashing include, but are not limited to:

- Heating water at the commissary then filling insulated water containers;
- Use a hot water heater (such as a coffee maker), then then mix with cold water;
- Heating water in a clean pot over a range/griddle in the food booth.



A handwash station is required to be operational inside the food booth if unpackaged food is handled prior to any food handling,

- Insulated water container with spigot that locks in open position
- WARM WATER
- Liquid soap
- Catch bucket
- Paper towels



Here is a list of resources you may research further. **These are NOT recommendations or endorsements.** You must still verify the products are food-grade, may store warm water and meet the department requirements. Check with the manufacturer.



www.cambro.com



www.webstaurantstore.com



www.carlislefsp.com

Search: insulated beverage



www.buddeez.com

This is a double-walled dispenser.



www.igloocoolers.com

Igloo's website shows a lever-type spigot replacement part. Description states it fits all Igloo 2, 3, 5 & 10 gallon beverage coolers.



www.rubbermaidcommercial.com

Search: insulated beverage



www.amazon.com

You may try searching for: lever spigot



www.walmart.com

Search: Mainstays 2-Gal Double Wall Dispenser

Some filtered water filling stores have a retrofit spigot with lever that may fit some insulated beverage dispensers that have a push-button spigot.

This document with website hyperlinks may be found on our website: www.ehinfo.org

Pre-Packaged Food Items With Sampling

ITEM NO. 10.

County of Santa Clara Department of Environmental Health allows for the sale non-agricultural food products adjacent to Certified Farmers' Markets (CFM) provided that the following requirements are met:

Permit Requirements

- Every food facility booth shall not be open for business without a valid issued by the County of Santa Clara Department of Environmental Health.
- The permit **MUST** be posted in a conspicuous place in the food facility.

Signage Requirements

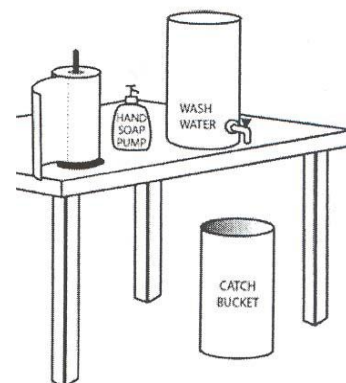
- The name, City, State and zip code, and telephone number of business and name of the permitted individual, if different from business name, shall be legible, clearly visible to patrons. The name shall be in letters at least 3 inches high; shall have strokes at least 3/8 inch wide; and shall be easily readable. Letters and numbers for address and telephone numbers shall not be less than one inch high.

Food Handling and Storage-

- All food shall be from an approved source. No food or beverage stored or prepared in a private home may be offered for sale, sold, or given away.
- All sampling needs to be prepared in advance in an approved food facility.
- Cold potentially hazardous foods or beverages shall be maintained at or below 41° F.
- Hot potentially hazardous food or beverages shall be maintained at or above 135° F.
- During periods of non-operation, all food and equipment shall be stored in an approved facility.
- No cooking/reheating is allowed at or near food booths.
- Food contact surfaces shall be smooth, easily cleanable, and nonabsorbent. Do not use galvanized or enamel-coated cookware. All food related and utensil related equipment shall meet or be equivalent to approved applicable sanitation standards or approved by the County of Santa Clara Department of Environmental Health.
- All food and food containers shall be stored off the floor and either on shelving or pallets.
- Tongs, disposable gloves, or single-service tissue shall be used to serve food whenever practical.
- All food samples shall be protected from possible contamination by means of a sneeze guard or by use of an approved container with lid or by a method approved by this department.
- Smoking is prohibited at food booths/vehicles.

Handwashing for Operators That Offer Food Samples

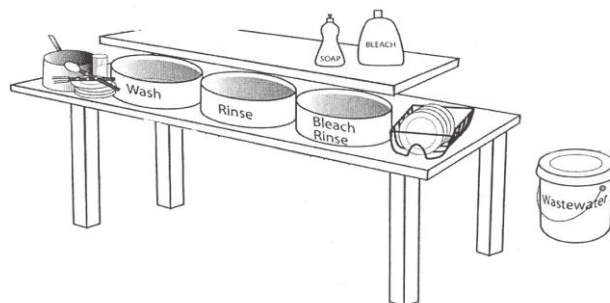
- Operators that offer food samples **MUST** provide handwashing facilities inside the food booth.
- All food handlers must wash hands frequently to prevent the contamination of food. This includes, but is not limited to, washing hands **BEFORE** handling food, **AFTER** visiting the restroom and **AFTER** using tobacco products.
- Each facility **MUST** provide a gravity flow handwashing set-up consisting of:
 - ✓ a container – 2 gallons or more – with a spigot that can lock in the open position,
 - ✓ pump soap,
 - ✓ paper towels, and
 - ✓ a catch bucket or tub for wastewater.
- Handwashing facilities **MUST** be checked frequently and refilled when needed.



Utensil Washing and Sanitizing for Operators That Offer Food Samples

Operators that offer food samples **MUST** provide utensil washing and sanitizing facilities or use single use food utensils.

- Utensil washing set-up includes three containers filled with potable water. Each container **MUST** be large enough to accommodate the largest utensil to be washed.
 - ✓ *Container # 1 – WASH – with soapy water.*
 - ✓ *Container # 2 – RINSE – with clean and clear water.*
 - ✓ *Container # 3 – SANITIZE – with sanitizing solution. Replace water and add sanitizer whenever necessary.*
 - ✓ *Adequate space to air dry all utensils.*
- A sanitizing solution **MUST** be provided for cloths used to wipe spills on food contact surfaces. (*Sanitizing solution may consist of 1 tablespoon household bleach for two gallons of water for 100ppm chlorine concentration. Other approved sanitizers may be used.*)
- Maintain sanitizer test strips to check for the proper level of sanitizer.



Wastewater

- Liquid waste shall be disposed of in approved liquid waste containers and then deposited into the sanitary sewer.

Garbage and Refuse

- Garbage and refuse material shall be stored in leak-proof containers and be disposed of into dumpsters or garbage cans.

PLEASE NOTE . . .

Food handled improperly or held at unsafe temperatures may be condemned or destroyed by the Department of Environmental Health.

County of Santa Clara • Department of Environmental Health • Consumer Protection Division
1555 Berger Drive, Suite 300 • San Jose CA 95112-2716 • 408-918-3400 • fax 408-258-5891 • www.EHinfo.org



TOWN OF LOS GATOS

PARKS RULES AND REGULATIONS

HOURS

- Parks are open from 8:00 a.m. until one-half hour after sunset.
- Town trails are open from 7:00 a.m. to sunset (unless posted otherwise).

RESERVATIONS ONLINE

- Reservations must be completed online at www.losgatosca.gov/parkres or in person at the Parks and Public Works Department by appointment only. Reservations by phone are not accepted.
- Reservations must be made at least 72 hours prior to the requested reservation date.
- Reservations are required for Oak Meadow Park (picnic areas #1-9), and the Town neighborhood parks (Bachman, Belgatos, Blossom Hill, La Rinconada, and Live Oak Manor).
- Reservations are not applicable to Creekside Sports Park.
- Reservations are confirmed once payment has been made online by Visa or MasterCard only.
- All credit card information is processed through a secure service and the data is encrypted for transmission. Credit card information is not stored in our reservation system.
- Single family areas are available in Oak Meadow Park on a first-come, first-serve basis, with a maximum of two tables allowed for a group of 25 or less.
- Changes to location and date of reservation can be made by contacting the Parks & Public Works Department.

CANCELLATION REQUESTS/REFUND POLICY

- If a reservation is canceled more than 5 days before the reservation date, a refund is available minus a \$25 non-refundable cancellation fee*.
- If a reservation is cancelled less than five (5) days prior to the reservation date, no refunds are available.
- *The 2.4% credit card fee is non-refundable for all cancellations and refunds.
- Cancellations cannot be done online. Customers must contact the Parks and Public Works Department to cancel a reservation.
- Reservation fees are non-transferable, assigned, or sublet.
- Refunds are processed by check only and are mailed within four (4) weeks of cancellation. No online credits are issued.

RAIN POLICY

- Full refunds are issued only in the event the park is closed due to inclement weather.
- A one-time rescheduling offer will be given if customer notifies the Parks Department within 72 hours of reservation.

PARKS SPECIAL USE PERMIT

If you or your organization is planning an event in a park or trail it may require a Parks Special Use Permit approved by the Parks and Public Works Department. This process is not available through the Town's online reservation program.

A Parks Special Use Permit may be required for some of or all the following elements:

- Use of 3 or more sites and groups of 100 or more in Oak Meadow Park
- Groups of 25 or more at any of the Town's neighborhood parks
- Organized recreational/class activities
- Runs, weddings, etc.

Parks Special Use Permit Application **must be submitted sixty (60) days prior to event.** Permits cannot be transferred, assigned, or sublet.

CATERER/VENDOR REQUESTS

- Use of caterers and/or vendors MUST be requested **no less than thirty (30) days prior to the scheduled event** and are subject to approval.
- Permit holder must provide a list of any vendors **at least 30 days prior to the event.**
- All vendors must park on the street or in designated parking lots. (Town Code Section 19.10.035.)
- If approved, the caterer and/or vendor **must** submit the following, **no later than fourteen (14) days prior to the scheduled event** to the Parks and Public Works Department:
 - Proof of Town of Los Gatos Business License
 - Certificate of Insurance per the Town of Los Gatos Insurance Requirements
- I/we agree to require any vendor to indemnify the town of Los Gatos, its elected and appointed officials, employees, and agents (the "Town") and to provide the following insurance with endorsements listing the Town as an additional insured and stating that the insurance is primary with regard to the Town.
- Permit holder is responsible for cleanup after the event. If the Town is required to do cleanup after the event, the permit holder will be invoiced for the Town's costs. (Town Code Sections 19.10.025, 19.30.025.)
- Mobile game trucks and inflatable games (i.e., bubble soccer, hamster ball, etc.), petting zoos, and pony rides are **NOT ALLOWED.**
- Unauthorized caterers and/or vendors will be removed from the park.

JUMP HOUSE

- Jump houses are allowed in select parks, group areas, and picnic areas for an additional fee and require a park reservation.
- Jump houses can only be rented from companies that have an approved Town of Los Gatos Business License and Certificate of Insurance naming the Town as additional insured. The following jump house company is pre-approved and are subject to change.
 - Astro Jump – 408-292-7876
 - Jumper House Party – 650-740-3555
 - Rocket Jumpers – 408-603-6704
 - TJ’s House of Bounce – 408-334-7135
 - Bounce Bay Area – 408-809-1309
 - Yoyo Jump – 408-471-9696

The Town of Los Gatos has no affiliation with bounce house vendors and does not recommend one over the other. The Town recommends customers research the vendors, their fees, services, and reputation before entering a contract.

- Jump houses must be placed a minimum of 60 feet from the residential fence line.
- Jump houses are allowed at the following neighborhood parks:
 - Bachman
 - Belgatos
 - Blossom Hill
 - La Rinconada
 - Live Oak Manor

JUMP HOUSE

- Jump houses are not allowed in or near the following areas in Oak Meadow Park:
 - Single family areas
 - Playground area
 - Picnic Areas #1, #2, and #7
- Jump houses with water features are NOT allowed.

VEHICLE ESCORT

- Vehicle escorts may be requested for caterer and/or vendor requests only.
- Vehicle escorts are allowed in select parks, group areas, and picnic areas for an additional fee and require either a parks reservation or Parks Special Use.
- Vehicle escorts are not permitted at Oak Meadow Park, area 1, 2 & 7.
- Vehicle escorts are limited to one vehicle only (one entry and one exit in the park). No multiple vehicle escorts allowed.

- Parking is allowed only in designated parking lot spaces.

ALCOHOL

- Beer and wine are allowed with food and must not leave the picnic area.
- No hard liquor is allowed.

BARBECUES

- Barbecuing is not allowed one hour prior to sunset.
- Personal/portable barbecues (gas only) are only allowed in reservable picnic areas, as well as existing and designated barbecue areas in the following parks:
 - Blossom Hill Park (located near Baggerly Field and restroom)
 - La Rinconada Park
 - Oak Meadow Park (located in Picnic Areas 1 through 9 and the single-family area closest to the playground)
- Charcoal is only allowed in the large barbecue pits located in reservable picnic areas, as well as existing and designated barbecues in certain parks indicated above.
- Allow fires in barbecue pits to burn out. Do not use water as it will damage the grill and barbecue pit.
- Barbecues are not allowed in the following parks or fields:
 - Bachman Park
 - Balzer Field
 - Belgatos Park
 - Blossom Hill Park (Group Area only)
 - Live Oak Manor Park
 - Pageant Grounds Park
 - Town Plaza
 - Howes Play Lot
 - Oak Hill Play Lot

DECORATIONS AND SIGNS

- Tacks, nails, and staples may not be used on tables and trees for decorations and signs.
- Decorations must not interfere with other picnic areas and must be cleaned up and removed before leaving the park.
- Directional signs may be posted within picnic area or group area only and must be removed before leaving the park. Posting of these signs at the front entrance (curb, gutter, fence, and sidewalk) of the park is prohibited.

DOGS

- Town Code Section 4.40.005 - Restraint of Dogs: The owner or person with the right to control any dog shall keep such dog under his or her own physical restraint by means of a leash not to exceed six (6) feet in length.
- Pet owners are required to clean-up after their pets.

SETUP AND CLEAN-UP

- Customer is responsible for the general setup and clean-up of the reserved group and picnic areas.
- Clean-up includes the removal of all food, decorations, directional signs, and equipment. Trash and recycle receptacles are located in each area. Customer or park visitor shall provide means to clean up area, including extra trash bags. Customer will be charged for additional clean-up.

SMOKING

- Smoking and electronic smoking devices are prohibited in all parks and trails.

SOUND

- Loud music is prohibited at all times.

MISCELLANEOUS

Allowed:

- Volleyball and badminton nets
- Canopies - no more than two 12' x 12' in each area
- Portable music devices
- Portable pickleball nets

Not Allowed:

- Egg toss, piñatas, water balloons, confetti, and rice
- Hover boards and skateboards
- Radio controlled airplanes, helicopters, and drones
- Water slides and Slip 'N Slides
- Organized sports without Parks Special Use Permit



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 11

ITEM NO. 11.

DATE: December 6, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Adopt Council Committee Appointments Effective January 1, 2025

RECOMMENDATION:

Adopt Council Committee Appointments effective January 1, 2025.

REMARKS:

Recommended Appointments:

The Mayor is recommending Council Members to Town Boards and Committees and various regional Commissions, Boards, and Committees, as shown on the attached 2025 Council Committee Appointment Roster (Attachment 1). While the Mayor makes the recommendations, the Council needs to consider and vote on them.

Role of Members and Alternates:

The appointed Member is the primary attendee and voting participant for the Committee(s) to which they are appointed. If a Member cannot attend, the Alternate should attend on the Member's behalf as the Los Gatos representative and voting participant.

Alternates may attend a meeting as a member of the public in the audience when the Member is in attendance. In these circumstances, the Alternate may not vote or take other action that may affect the primary's effectiveness on the Committee.

Attachments:

1. 2025 Council Committee Appointment Roster

PREPARED BY: Janette Judd
Executive Assistant to the Town Manager and Town Council

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

***Draft* 2025 COUNCIL COMMITTEE APPOINTMENTS**

Rev.Dec.2024

Council Consideration for Adoption December 17, 2024 - - Effective January 1, 2025

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
Community Health and Senior Services Committee (CHSSC)	<i>Appointee serves as Council liaison to the Commission and not a voting member.</i>	Matthew Hudes	N.A.		Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	
Conceptual Development Advisory Committee	<i>The Conceptual Development Advisory Committee advises prospective applicants about their proposed projects' compliance with Town regulations prior to initiating the development review process. The Committee also identifies potential issues with proposals that should be addressed in the review process.</i>	Two Appointees: Mary Badame and Maria Ristow	N.A.	Monthly 2nd Wed 4:30 p.m.	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Joel Paulson, Director of Community Development (408) 354-6879

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
Council Policy Committee	<i>The Town Council Policy Committee reviews and recommends changes to Town Council Policies, ordinances, and other documents.</i>	Two Appointees: Matthew Hudes and Mary Badame	N.A.	(2020-2024 schedule: Monthly 4th Tuesday, 5:00 p.m.) 2025 Meeting Schedule To Be Confirmed	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Chris Constantin, Town Manager (408) 354-6832
Finance Commission	<i>Established December 2020, the Finance Commission advises the Town Council on budgetary and fiscal matters.</i> <i>Resident appointments established January 19, 2021.</i>	Two Appointees <i>(one of whom needs to be Mayor or Vice Mayor)</i> Matthew Hudes and Rob Moore	N.A.	<i>(2021 to 2024 schedule:</i> <i>Monthly</i> <i>2nd Monday,</i> <i>5:00 p.m.)</i> <i>2025 Schedule anticipated to continue 2nd Monday, monthly</i>	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Gitta Ungvari, Finance Director (408) 354-6805

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
General Plan Committee	<i>The Town General Plan Committee is responsible for developing land use policy for the General Plan or any specific plan.</i>	Two Appointees: Maria Ristow and Rob Rennie	N.A.	(Held/Cancelled as needed*) *Monthly, 2nd & 4th Wednesdays, 5:30 p.m.	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Joel Paulson, Director of Community Development (408) 354-6879

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
<u>OUTSIDE AGENCIES' COMMITTEES</u>						
Association of Bay Area Governments (ABAG) General Assembly	<i>The Association of Bay Area Governments (ABAG) General Assembly is a regional agency that represents 9 Bay Area Counties and all cities within those Counties. Membership is voluntary and the Town is a member. The ABAG General Assembly determines the fair share housing allocations to each city and county as required by the State and other matters.</i>	Rob Rennie	Rob Moore	Generally meets twice annually (Spring TBD Fall TBD) Special Meetings as needed.	Spring and Fall Locations TBD	Fred Castro fcastro@bayareametro.gov (415) 820-7913 Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
League of California Cities (Peninsula Division)	<i>The League of California Cities is a State-wide organization that represents the member cities, holds conferences, provides training sessions, and lobbies the legislature. The League Peninsula Division is the regional division of the League of California Cities which discusses and addresses legislative issues from a regional perspective.</i>	Rob Moore	Matthew Hudes	Quarterly Meeting: January March May September <i>Other:</i> April (Legislative Action Day & Reception) June TBD Mayors and Council Members Executive Forum Location: TBD October TBD Annual Conference Location: TBD	TBD (Varies)	Seth Miller smiller@cacities.org (415) 595-8629 Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
<p>Santa Clara County Housing and Community Development Advisory Committee</p>	<p><i>The Committee is composed of City Council members of the eight participating non-entitlement cities and one member of the Board of Supervisors who is the chairperson. The Committee makes policy recommendations to the Board of Supervisors on the planning, monitoring, and evaluation of the HCD Program and the development of a comprehensive, coordinated housing and community development plan.</i></p>	<p>Mary Badame</p>	<p>Rob Moore</p>	<p>Scheduled as needed.</p> <p><i>Typically:</i> February March October</p>	<p>2310 N. 1st Street (at Charcot) Charcot Training Center, Suite 100 San Jose</p>	<p>Housing and Community Development Offices of Santa Clara County – Office of Affordable Housing 70 West Hedding Street, 7th Floor San Jose, CA 95110</p> <p>Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832</p>

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
<p>Santa Clara County Cities Association (CASCC) Board of Directors</p>	<p><i>The Santa Clara County Cities Association Board of Directors provides a unified voice for all member cities with respect to regional, state, and federal agency activities that impact local government. The Board advocates for member cities by monitoring and engaging in the regional, state, and federal legislation processes.</i></p>	<p>Matthew Hudes</p>	<p>Rob Moore</p>	<p>Monthly - 2nd Thursday 7:00-9:00 p.m.</p> <p>Note: April TBD (General Membership Meeting with City Managers)</p> <p>December TBD (General Membership – Holiday Party)</p>	<p>TBD</p>	<p>Shali Sirkay (Acting) Executive Director</p> <p>Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@ citiesassociation.org (408) 730-7770</p> <p>Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832</p>

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
<p>Santa Clara County Cities Association (CASCC) Legislative Action Committee</p>	<p><i>The Santa Clara County Cities Association Legislative Action Committee reviews the legislative priorities that the Board of Directors sets for the year. The Committee tracks State/Federal legislation related to those priorities and makes recommendations to the Board.</i></p> <p><i>Historically, the same appointee serves on the Cities Assoc. Board, as the meetings occur back-to-back.</i></p>	<p>Rob Moore</p>	<p>Matthew Hudes</p>	<p><i>Meets as needed (2nd Thursday of each month <u>prior to SCCCA Board Meeting</u> (See SCCCA Board of Directors meeting dates on page 6)</i></p>	<p>TBD</p>	<p>Shali Sirkay (Acting) Executive Director</p> <p>Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@ citiesassociation.org (408) 730-7770</p> <p>Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832</p>

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
<p>Santa Clara County Cities Association (CASCC) City Selection Committee</p>	<p><i>The City Selection Committee makes appointments to LAFCO, MTC, and the Recycling and Waste Reduction Commission, and recommendations to the County Board of Supervisors for appointment to the Bay Area Quality Management District Board.</i></p> <p><i>Historically, the same appointee serves on the Cities Assoc. Board, as the meetings occur back-to-back.</i></p>	<p>Matthew Hudes</p>	<p>Rob Moore</p>	<p><i>Meets as needed (2nd Thursday of each month <u>prior to</u> SCCCA Board Meeting – 6:00 or 6:15 p.m.)</i></p> <p>(See SCCCA Board of Directors meeting dates on page 6)</p>	<p>TBD</p>	<p>Shali Sirkay (Acting) Executive Director</p> <p>Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@citiesassociation.org (408) 730-7770</p> <p>Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832</p>

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
Santa Clara Valley Water District (Valley Water) Commission	<i>The Commission serves in an advisory capacity to the Valley Water Board regarding water-related matters. The Valley Water is responsible for flood control, water supply, and other water-related infrastructure for the County of Santa Clara.</i>	Rob Rennie	Maria Ristow	Quarterly 4th Wednesday 12:00 p.m. to 2:00 p.m. <i>Typically:</i> January April July October	Santa Clara Valley Water District, Headquarters Building, Boardroom, 5700 Almaden Expressway, San Jose, California 95118	Glenna Brambill Valley Water 5750 Almaden Expressway San Jose, CA 95118 GBrambill@valleywater.org (408) 630-2408 Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
Santa Clara Valley Transportation Authority (VTA) Policy Advisory Committee (PAC)	<i>The VTA Policy Advisory Committee provides policy advice to the VTA Board. The VTA Board is comprised of elected officials from cities and the County.</i>	Maria Ristow	Rob Rennie	Monthly 2nd Thursday 4:00 p.m.	Santa Clara Valley Transportation Authority 3331 N. First, Building B - Room B-104 San Jose, CA 95134-1906	Michelle Garza Board Assistant Santa Clara Valley Transportation Authority (CMP) 3331 N. First Street San Jose, CA 95134 michelle.garza@vta.org (408) 546-7977 Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
Santa Clara Valley Transportation Authority (VTA) State Route 85 Corridor Policy Advisory Board (SR85 PAB)	<i>Formed in 2015, the VTA State Route 85 Corridor Policy Advisory Board (SR85 PAB) studies the long-term transit and transportation plans to serve the SR 85 Corridor and advises the VTA Board of Directors on the scope, funding and construction of both near- and long-term transit and transportation improvement projects for this corridor.</i>	Maria Ristow	Rob Rennie	Quarterly, Mondays, 10:00 a.m. to 12:00 p.m. <i>Typically:</i> April May September December	TBD	Michelle Garza Board Assistant Santa Clara Valley Transportation Authority (CMP) 3331 N. First Street San Jose, CA 95134 michelle.garza@vta.org (408) 546-7977 Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770
Silicon Valley Animal Control Authority (SVACA) JPA Board of Directors <i>*New appointment with the Town joining the JPA in 2024</i>		Mary Badame, Director Representative	Rob Moore, Alternate Director Representative	Monthly 3rd Wednesday, 8:30 a.m.	Silicon Valley Animal Control Authority (3370 Thomas Rd, Santa Clara, CA 95054)	Heidi Springer Heidi@svaca.com Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
Silicon Valley Clean Energy (SVCE)	<i>Formed March 2016, the Silicon Valley Clean Energy is a local, public non-profit that will purchase cleaner energy on the open market for residents and businesses in participating communities. Decisions are made through the Board of Directors, which is composed of a representative from each member community. Participating jurisdictions include Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale and the unincorporated parts of Santa Clara County.</i>	Rob Rennie	Maria Ristow	Monthly 2nd Wednesday 7:00 p.m. <i>(or as needed)</i>	Cupertino Community Hall 10350 Torre Avenue, Cupertino, CA 95014	Andrea Pizano, Board Clerk/Executive Assistant 333 W. El Camino Real, Ste. 290 Sunnyvale, CA 94087 Andrea.Pizano@svcleanenergy.org (408) 721-5301x1005 or (844) 474-7823 Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832 and Nicolle Burnham, Director of Parks & Public Works (408) 399-5770

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
Solid Waste Management Joint Powers Agency (JPA) Board of Directors	<i>The Solid Waste Management Joint Powers Agency (JPA) Board of Directors reviews issues related to the solid waste management franchise, disposal, recycling, and yard waste agreement.</i>	Mary Badame	Maria Ristow	Quarterly 1st Thursday of the month 5:00 p.m. February May September November	Monte Sereno City Hall 18041 Saratoga- Los Gatos Road Monte Sereno	Marva M. Sheehan, CPA Vice President Hilton, Farnkopf & Hobson (HF&H) Consultants, LLC 201 North Civic Drive, Suite 230 Walnut Creek, CA 94596 Phone (925) 977-6961 Fax (925) 977-6955 Email: msheehan@hfh- consultants.com Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
<p>West Valley Clean Water Program Authority (WVCWPA)</p> <p><i>*NOTE PENDING NAME CHANGE* to "West Valley Stormwater Authority" upon execution of JPA Amendment by participating agencies.</i></p>	<p><i>The West Valley Clean Water Program Authority was formed in early 2018 to coordinate stormwater pollution abatement, control and management efforts to assist public and private entities in complying with stormwater National Pollutant Discharge Elimination System ("NPDES") permits and improving surface water quality and enhancing water supplies in California.</i></p> <p><i>Member Agencies: City of Campbell, Town of Los Gatos, City of Monte Sereno, City of Saratoga</i></p>	Mary Badame	Maria Ristow	<p>Quarterly meetings immediately preceding (4:00 p.m.) the Solid Waste Management JPA Board of Directors.</p> <p><i>2025 Meeting Schedule to be determined</i></p>	<p>Monte Sereno City Hall 18041 Saratoga-Los Gatos Road Monte Sereno</p>	<p>Scott Holt, Senior Associate, Hilton, Farnkopf & Hobson (HF&H) Consultants, LLC 201 North Civic Drive, Suite 230 Walnut Creek, CA 94596</p> <p>Phone (925) 977-6967 Fax (925) 977-6955 Email: sholt@hfh-consultants.com</p> <p>Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770</p>

<u>Name of Committee</u>	<u>Purpose</u>	<u>2025 Appointee</u>	<u>2025 Alternate</u>	<u>2025 Meeting Schedule</u> <i>*Tentative* based on 2024</i>	<u>Location</u>	<u>Contact Person(s)</u>
West Valley Sanitation District Board of Directors	<p><i>The West Valley Sanitation District Board of Directors oversees the treatment of sewage for the cities of Campbell, Cupertino, Los Gatos, Monte Sereno, and Saratoga.</i></p> <p>.....</p> <p><i>Board of Directors receive \$210 stipend per meeting.</i></p>	Rob Moore	Maria Ristow	Monthly 2nd Wednesday (or 4th Wednesday if needed) 5:00 p.m.	West Valley Sanitation District 100 E. Sunnyoaks Avenue Campbell, CA 95008	<p>Lesha Luu West Valley Sanitation District 100 E. Sunnyoaks Avenue Campbell, CA 95008 lluu@westvalleysan.org (408) 378-2407</p> <p>Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770</p>

2023 OTHER COUNCIL APPOINTMENTS

(Non-Mayoral Appointments)

<u>Name of Committee</u>	<u>Purpose</u>	<u>2024 Appointee</u>	<u>2023 Alternate</u>	<u>2023 Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
Santa Clara Valley Transportation Authority (VTA) Board of Directors	<i>The VTA Board is comprised of elected officials from each City and the County.</i>	<p>Rob Moore Appointed as Alternate Board Member by WVMM vote December 4, 2024. Two-year term ends December 2026.</p> <p><i>Not a Mayoral Appointment. Appointed as a West Valley Cities rep / Cities Association of Santa Clara County, City Selection Committee.)</i></p>	<p><i>(Not a Town or Mayoral Appointee)</i></p> <p><i>Board Member Appointees cannot serve on other VTA committees/com missions.</i></p>	<p>Monthly 1st Thursday 5:30 p.m.*</p> <p>Friday Workshop Meetings are scheduled as needed</p>	<p>Santa Clara County Board of Supervisors' Chambers, 70 W. Hedding St., San Jose</p>	<p>Michelle Garza Board Assistant Santa Clara Valley Transportation Authority (CMP) 3331 N. First Street San Jose, CA 95134 michelle.garza@vta.org (408) 546-7977</p> <p>Town Staff Contact: Laurel Prevetti, Town Manager (408) 354-6832</p>



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 12

ITEM NO. 12.

DATE: December 9, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Approve a Side Letter that Amends the Town Employees Association (TEA) Salary Schedule to Establish a New Classification Title and Salary Range for Project Analyst I/II.

RECOMMENDATION:

Approve a side letter that amends the Town Employees Association (TEA) salary Schedule to establish a new classification title and salary range for Project Analyst I/II (Attachment 1).

BACKGROUND:

The Town of Los Gatos Personnel Rules and Regulations (Section 4.4) and the Municipal Code (Section 2.30.925) require that amendments and revisions to the salary schedule/classification plan are approved by the Town Council. Changes must be presented to Council for approval as part of the formal budget adoption, through the labor negotiations process, or as needed.

DISCUSSION:

The Town seeks to establish the new flexibly-staff classification of Project Analyst I/II to help address recent Council approved positions for parking coordination and senior services. In lieu of creating a single use classification for either of these two functions, the Town determined that a more general Project Analyst classification would be appropriate so that the classification can be used for multiple purposes including future projects and programs.

The current Administrative Analyst classification is considered confidential, which under Town Resolution 1974-41 means an employee who is privy to decisions of Town management affecting employer-employee relations. Employees who would be hired to help manage specific programs would not qualify for the confidential employee group because they would not be

PREPARED BY: Cheryl Parkman
Human Resources Director

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

SUBJECT: Approve a Side Letter that Amends the Town Employees Association (TEA) Salary Schedule to Establish a New Classification Title and Salary Range for Project Analyst I/II

DATE: December 9, 2024

privity to those decisions. As such, a separate classification was created that will be represented by TEA.

The proposed classification salaries are below:

Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Project Analyst I	\$44.42	\$46.64	\$48.97	\$51.42	\$53.99	\$57.26
Project Analyst II	\$49.35	\$51.82	\$54.41	\$57.13	\$59.99	\$63.56

The Project Analyst II salary is 5% less than the Administrative Analyst salary in the Confidential group. It is important to note that Confidential employees received a 5% confidential salary differential. The Project Analyst I salary is 10% less than Project Analyst II based on best practice for promotional opportunity salary differences.

Staff has met the Town’s obligation to meet and confer with TEA to add this classification to the salary schedule. TEA reviewed and approved the attached Side Letter agreement.

CONCLUSION:

Staff recommends the approval of an amendment to the TEA salary schedule to establish a new classification title and salary ranges for Project Analyst I/II.

COORDINATION:

The Town Attorney and Director of Finance coordinated this memo.

FISCAL IMPACT:

This agenda item would modify the TEA salary schedule by adding a flexibly staffed Project Analyst I/II classification. If approved, should a Department wish to use this classification, the cost would need to be absorbed into the Department’s existing budget or a budget adjustment would need to be requested at that time.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Side Letter with TEA on Project Analyst I/II with Exhibits A and B.

**SIDE LETTER OF AGREEMENT
BETWEEN THE
TOWN OF LOS GATOS AND THE TOWN EMPLOYEES' ASSOCIATION**

The Town of Los Gatos (Town) and the Town Employees' Association (TEA), collectively referred to as "parties," having met and conferred in good faith, agree as follows:

- 1. Effective as soon as practicable, the Town shall create a flexibly staffed Project Analyst I/II classification (Exhibit A).
- 2. The salary schedule for the Project Analyst I and II positions will be as follows:

		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Project Analyst II	Non-Exempt	\$49.35	\$51.82	\$54.41	\$57.13	\$59.99	\$63.56
Project Analyst I	Non-Exempt	\$44.42	\$46.64	\$48.97	\$51.42	\$53.99	\$57.26

- 3. The TEA salary schedules will be amended to include the new salaries.
- 4. The parties agree that this side letter is subject to Council approval.

FOR TEA:

TOWN OF LOS GATOS:

Christine Crossen,
Communications Dispatcher Lead

Chris Constantin, Town Manager

Cheryl Schiele
Business Agent

Cheryl Parkman
Human Resources Director

APPROVED AS TO FORM:

Gabrielle Whelan, Town Attorney

Exhibit A – Project Analyst I/II Job Classification
Exhibit B – Updated Salary Schedule

CLASSIFICATION SPECIFICATION FOR

Project Analyst I

Project Analyst II

Class specifications are intended to present a descriptive list of the range of typical duties performed by employees in the class. Specifications are not intended to reflect all duties performed within the job, and all duties described are not necessarily performed by all employees in the class.

FLEXIBLY STAFFED SERIES

This is a flexibly staffed series, meaning that incumbents may be promoted by successfully demonstrating the ability to perform competently at the required level and by meeting the qualifications for the next higher class. Promotion to a higher level is not automatic or guaranteed and is subject to management and budget authorization. For more information, refer to the Town's Administrative Policy on Flexibly Staffed Classifications.

POSITION SUMMARY

Under close supervision (Project Analyst I) and general direction (Project Analyst II), performs a variety of non-confidential analytical, technical, and administrative duties related to the management support of municipal programs, operations, services, policies, and processes. Assignment areas may be department-specific or may include functions encompassing multiple departments. May work with outside agencies, private organizations, and the public.

DISTINGUISHING CHARACTERISTICS

Project Analyst I: This is the entry-level classification in the Project Analyst classification series. Incumbents perform various analytical and professional administrative assignments for an assigned department. Positions at this level are expected to function with a different amount of knowledge or skill level than positions allocated to the Project Analyst II level and usually exercise less independent discretion and judgment in matters related to work procedures and methods. Initially, work methods and resources are identified, policies and procedures are explained, and assignments are supervised in progress and upon completion. With experience, assignments become more varied and are performed with greater independence.

Project Analyst II: This journey-level class in the Project Analyst classification series is responsible for performing the full range of professional support for an assigned operational and/or program area. Incumbents are expected to work independently and exercise judgment and initiative. Positions at this level receive only occasional instruction or assistance as new or unusual situations arise and are fully aware of the operating procedures and policies of the work unit. This classification is distinguished from Project Analyst I by the greater level of judgment, the difficulty of work assignments, and the extent to which quantitative and writing skills are required to present findings and recommendations.

SUPERVISION RECEIVED AND EXPECTED

Project Analyst I: Incumbents work under close supervision and gradually work more independently as knowledge, experience, and skills are acquired. They do not supervise staff.

Project Analyst II: Incumbents receive general administrative direction from a supervisor. They have no direct supervision over staff but may provide training and technical guidance to other staff.

DUTIES AND RESPONSIBILITIES (Illustrative Only)

Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.

Positions exist throughout the organization and not all functions are essential in assigned departments.

Project Analyst I

- Participates in and/or leads program research, design and administration activities.
- Researches grant programs and assists with the preparation of grant applications.
- Monitors program budgets.
- Participates in designing, monitoring, and implementing research projects and surveys for administrative, operational, program budgeting and other functions.
- Compiles materials and assist in the preparation of reports, manuals, presentations and other publications.
- Participates in conducting organizational, program and administrative related surveys and studies.
- Analyzes project outcomes for areas of improvement

Project Analyst II

- Researches, develops and implements new programs and initiatives.
- Assists in organizational-wide analysis and makes recommendations.
- Plans, organizes, directs and coordinates program activities including program risks and mitigation strategies.
- Evaluates programs and initiates studies and analyses.
- Prepares and administers program budget
- Resolves problems and complaints regarding program activities; and interacts with departmental representatives, public officials, the business community and the public in the accomplishments of program objectives.
- Conducts organizational, program and administrative related surveys and studies.

- Researches and prepares grant applications, monitors grant activities to ensure they remain in scope with terms and conditions for the grant; tracks grant spending to ensure that funds are expended within the grant terms and conditions; prepares and distributes reports on grant operations and activities.
- Tracks and analysis data to formulate recommendations.
- Prepares, reviews, and edits reports.
- May provide training and technical guidance to other staff.

REQUIRED EDUCATION, EXPERIENCE AND TRAINING

Project Analyst I: A Bachelor's degree from an accredited four-year college or university with a major in Public Administration, Business Administration, or a related field. Project management and government sector experience are desirable.

Project Analyst II: Two years of increasingly responsible analytical or administrative experience. A Bachelor's degree from an accredited four-year college or university with a major in Public Administration, Business Administration, or a related field. Project management, government sector experience, and a Master's degree in one of the related areas above are desirable.

Acceptable Substitution

- Additional years of analytical or administrative experience may be substituted for the education requirement on a year for year basis.
- A Master's degree in one of the related areas above may be substituted for one year of work experience.

Licenses and Certificates

Possession and maintenance of a valid California driver's license may be required for some assignments or responsibilities.

Special Requirements

Ability to pass a comprehensive background check, which may include all or some of the following requirements:

- Fingerprinting
- Education and employment verification
- Reference check
- DMV driving record check
- Consumer credit check

For assignments in the Police Department, the candidate must successfully pass a Police Department level background investigation.

Disaster Service Worker

In accordance with California Government Code Section 3100, Town of Los Gatos employees, in the event of a disaster, are considered disaster service workers and may be asked to protect the health, safety, lives, and property of the people of the State.

KNOWLEDGE, SKILLS, AND ABILITIES

Knowledge of:

- Principles and practices of local government processes, services and programs in assigned area of responsibility.
- Professional level writing techniques, including proper grammar, spelling, vocabulary, and punctuation.
- Applicable Federal, State, and local laws, rules and regulations.
- Office methods, procedures, software, and equipment applications.
- Research methods and report writing techniques.
- Statistical methods and mathematical computations using software applications.
- Administrative and clerical procedures and systems such as word processing, managing files and records, designing forms, and understanding other office procedures and terminology.

Skills in:

- Analyzing problems, evaluating options, and making sound recommendations.
- Prioritizing assignments/workload and responding to deadlines.
- Developing and implementing programs. (Analyst II)
- Analyzing and understanding complex issues in an assigned area of responsibility and developing effective recommendations. (Analyst II)

Ability to:

- Organize work, set priorities, meet deadlines, and complete assignments independently. Evaluate the effectiveness of work programs, policies, and procedures, and make recommendations for improvement.
- Effectively represent the Department and the Town in meetings with governmental agencies, community groups, businesses; professional, educational, and regulatory organizations.
- Establish, maintain, and foster positive and effective working relationships with those contacted during work.
- Prepare and present clear, concise, and logically written and oral reports, correspondence, policies, procedures, and other written materials. (Analyst II)
- Provide information to supervisors, co-workers, and others by telephone, in written form, email or in person.

- Operate modern office equipment, including computer equipment and software programs relevant to the work performed.
- Communicate effectively in person, over the telephone, and in writing.
- Consistently demonstrate professionalism, ethical integrity, and exceptional customer service.

PHYSICAL DEMANDS

Employees must be able to maintain physical condition necessary for sitting for prolonged periods of time; repetitively use fingers and/or wrists while twisting or applying pressure; reach with hands and arms above and below shoulder level; maintain concentration and the capability to make sound decisions; maintain effective audio/visual discrimination and perception to the degree necessary for the successful completion of assigned duties. Employees occasionally lift and carry records and documents that typically weigh less than 25 pounds. Sensory demands include the ability to see, talk, and hear.

WORK ENVIRONMENT

Employees work indoors in a computerized office environment, in direct contact with other Town personnel and the public.

FLSA Non-Exempt

Project Analyst I

Project Analyst II

**Town of Los Gatos TEA Classifications
Salary Schedule for Fiscal Year 2024/25
Effective July 7, 2024***

ITEM NO. 12.

Class Code	Classification Title	Rate Type	Range TE1	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
4310	Account Technician	Hourly	08	\$39.8895	\$41.8840	\$43.9782	\$46.1771	\$48.4860	\$51.4873
3580	Administrative Assistant	Hourly	04	\$33.3900	\$35.0595	\$36.8125	\$38.6531	\$40.5858	\$43.1921
4620	Assistant Engineer	Hourly	25	\$53.1296	\$55.7861	\$58.5754	\$61.5042	\$64.5794	\$68.3854
4420	Assistant Planner	Hourly	12	\$47.0957	\$49.4505	\$51.9230	\$54.5192	\$57.2452	\$60.6845
4600	Associate Civil Engineer	Hourly	27	\$60.4495	\$63.4720	\$66.6456	\$69.9779	\$73.4768	\$77.7276
4661	Associate Engineering Technician	Hourly	14	\$46.5255	\$48.8518	\$51.2944	\$53.8591	\$56.5521	\$59.9567
4400	Associate Planner	Hourly	20	\$54.8040	\$57.5442	\$60.4214	\$63.4425	\$66.6146	\$70.5223
4410	Building Inspector	Hourly	24	\$51.7125	\$54.2981	\$57.0130	\$59.8637	\$62.8569	\$66.5767
4430	Code Compliance Officer	Hourly	10	\$47.2197	\$49.5807	\$52.0597	\$54.6627	\$57.3958	\$60.8426
4530	Communication Dispatcher	Hourly	17	\$49.0000	\$51.4500	\$54.0200	\$56.7200	\$59.5600	\$63.1200
4535	Communication Dispatcher Lead	Hourly	19	\$61.9100	\$65.0100	\$68.2600	\$71.6700	\$75.2500	\$79.5900
4540	Community Services Officer	Hourly	11	\$39.3200	\$41.2900	\$43.3500	\$45.5200	\$47.8000	\$50.7700
4615	Construction Project Manager	Hourly	26	\$57.9920	\$60.8916	\$63.9362	\$67.1330	\$70.4897	\$74.5912
4660	Engineering Technician	Hourly	13	\$42.2310	\$44.3426	\$46.5597	\$48.8877	\$51.3321	\$54.4757
4705	Environmental Programs Specialist	Hourly	08	\$42.1689	\$44.2773	\$46.4912	\$48.8158	\$51.2566	\$54.3964
4200	Events and Marketing Specialist	Hourly	06	\$35.1855	\$36.9448	\$38.7920	\$40.7316	\$42.7682	\$45.4836
3501	Executive Assistant	Hourly	08	\$39.8895	\$41.8840	\$43.9782	\$46.1771	\$48.4860	\$51.4873
4900	IT Systems Administrator	Hourly	23	\$60.8724	\$63.9160	\$67.1118	\$70.4674	\$73.9908	\$78.2673
4915	IT Technician	Hourly	07	\$43.4533	\$45.6260	\$47.9073	\$50.3027	\$52.8178	\$56.0357
4810	Librarian I	Hourly	16	\$44.7493	\$46.9868	\$49.3361	\$51.8029	\$54.3930	\$57.6897
4808	Librarian II	Hourly	18	\$48.7633	\$51.2015	\$53.7616	\$56.4497	\$59.2722	\$62.8128
4830	Library Assistant	Hourly	03	\$34.4433	\$36.1655	\$37.9738	\$39.8725	\$41.8661	\$44.5364
4807	Library Customer Service Specialist	Hourly	01	\$31.6478	\$33.2302	\$34.8917	\$36.6363	\$38.4681	\$40.9685
4805	Library Customer Service Supervisor	Hourly	08	\$41.3445	\$43.4117	\$45.5823	\$47.8614	\$50.2545	\$53.3442
4825	Library Specialist	Hourly	06	\$37.1961	\$39.0559	\$41.0087	\$43.0591	\$45.2121	\$48.0497
4819	Library Tech Specialist	Hourly	15	\$43.0622	\$45.2153	\$47.4761	\$49.8499	\$52.3424	\$55.5365
3181	Office Assistant	Hourly	01	\$30.5340	\$32.0607	\$33.6637	\$35.3469	\$37.1142	\$39.5469
4640	Park Services Officer	Hourly	11	\$39.3225	\$41.2886	\$43.3530	\$45.5207	\$47.7967	\$50.7635
4560	Parking Control Officer	Hourly	01	\$30.5340	\$32.0607	\$33.6637	\$35.3469	\$37.1142	\$39.5469

**Town of Los Gatos TEA Classifications
Salary Schedule for Fiscal Year 2024/25
Effective July 7, 2024***

ITEM NO. 12.

Class Code	Classification Title	Rate Type	Range TE1	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
4440	Permit Technician	Hourly	09	\$39.6415	\$41.6236	\$43.7048	\$45.8900	\$48.1845	\$51.1707
4425	Planning Technician	Hourly	11	\$41.0078	\$43.0582	\$45.2111	\$47.4717	\$49.8453	\$52.9146
4550	Police Records Specialist	Hourly	05	\$34.2328	\$35.9444	\$37.7416	\$39.6287	\$41.6101	\$44.2676
4555	Police Records Specialist Lead	Hourly	31	\$42.2994	\$44.4144	\$46.6351	\$48.9669	\$51.4152	\$54.5630
NEW	Project Analyst I	Hourly		\$44.4160	\$46.6368	\$48.9686	\$51.4170	\$53.9879	\$57.2643
NEW	Project Analyst II	Hourly		\$49.3511	\$51.8187	\$54.4096	\$57.1301	\$59.9866	\$63.5629
4630	Public Works Inspector	Hourly	18	\$48.0900	\$50.4945	\$53.0192	\$55.6702	\$58.4537	\$61.9534
4450	Senior Building Inspector	Hourly	27	\$60.4380	\$63.4599	\$66.6329	\$69.9645	\$73.4627	\$77.7128
4525	Senior Communication Dispatcher	Hourly	29	\$54.8940	\$57.6387	\$60.5206	\$63.5466	\$66.7239	\$70.6371
4831	Senior Library Page	Hourly	02	\$22.6995	\$23.8345	\$25.0262	\$26.2775	\$27.5914	\$29.5480
4565	Senior Parking Control Officer	Hourly	11	\$39.3225	\$41.2886	\$43.3530	\$45.5207	\$47.7967	\$50.7635
4405	Senior Planner	Hourly	28	\$63.1226	\$66.2787	\$69.5926	\$73.0722	\$76.7258	\$81.1391
4552	Senior Police Records Specialist	Hourly	30	\$38.4922	\$40.4168	\$42.4376	\$44.5595	\$46.7875	\$49.7039
4610	Senior Public Works Inspector	Hourly	26	\$57.9810	\$60.8801	\$63.9241	\$67.1203	\$70.4763	\$74.5771
4415	Senior Transportation Planner	Hourly	32	\$63.1226	\$66.2787	\$69.5926	\$73.0722	\$76.7258	\$81.1391
4662	Sr. Engineering Technician	Hourly	24	\$51.7125	\$54.2981	\$57.0130	\$59.8637	\$62.8569	\$66.5767

Reflects General Increase of 5% and negotiated equity adjustments.

* *Except for Project Analyst I/11 which were added on December 17, 2024



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 13

ITEM NO. 13.

DATE: December 10, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Receive the Monthly Financial and Investment Report for October 2024

RECOMMENDATION:

Receive the monthly Financial and Investment Report for October 2024.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Finance Director assumes the Town Treasurer role. Attachment 1 contains the October 2024 monthly Financial and Investment Report which fulfills this requirement.

The October 2024 Monthly Financial and Investment Report was received by the Finance Commission at its December 9, 2024, regular meeting.

DISCUSSION:

The October 2024 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the beginning of the fiscal year and at the end of the respective month.

As operations fluctuate month to month, there are differences between balances in one month to balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation based on the information available. This is demonstrated by the attached October 31, 2024, fund balance report.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

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

The October 31, 2024, estimated fund balances differ from the September 30, 2024 estimated fund balances due to the normal day-to-day activity where revenue and expenditure activity in one month have a larger shift in one month from the other.

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

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

Reconciling Cash to Fund Balance - October 31, 2024		
Total Cash	\$	68,118,481
Plus: Assets	\$	18,109,368
Less: Liabilities	\$	(29,161,613)
Estimated Fund Balance	\$	57,066,236

As of October 31, 2024, the Town’s financial position (Assets \$86.23M, Liabilities \$29.16M, and Fund Equity \$57.07M) remains strong and the Town has sufficient funds to meet the cash demands for the next six months.

As of October 31, 2024, the Town’s weighted portfolio yield for investments under management was 4.45% which was 7 basis points below the Local Agency Investment Fund (LAIF) yield of 4.52% for the same reporting period. As of October 31, 2024, the LAIF portfolio’s weighted average maturity (WAM) is 257 days versus the Town’s longer WAM of 701 days. The longer WAM for Town assets under management reflects the Town’s strategy to take advantage of higher yields associated with longer maturities balanced with shorter-term yields available on investments held with the State’s LAIF. The Town’s weighted average rate of return on investments under management of 4.45% at the close of October remained flat when compared to the September 30, 2024, investment report.

Since October 2023, LAIF yields have climbed from 367 basis points (3.67%) to 452 basis points (4.52%) through the end of October 2024. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

After a rate change back in July of 2023, the Federal Open Market Committee (FOMC) did not change rates again until their September 18, 2024, meeting when they approved a 1/2

PAGE 3 OF 3

SUBJECT: Monthly Financial and Investment Report for October 2024

DATE: December 10, 2024

percentage basis point decrease from 5.5% to 5.0%. Furthermore, on November 7, 2024, the Federal Reserve voted to approve an additional 1/4 basis point decrease from 5.0% to 4.75%. These changes support the Federal Open Market Committee's goal to support maximum employment and bring year-to-year inflation to its targeted level of 2%.

The September jobs report was unexpectedly strong, with the economy adding 254,000 jobs, a lot higher than market expectations for 150,000. There were also 72,000 of collective upward revisions to prior months. The unemployment rate edged down from 4.2% to 4.1%, even with the participation rate remaining steady over the period. Average hourly earnings edged up slightly to 4.0%.

The Town's investments are in compliance with the Town's Investment Policy dated February 21, 2023, and are also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Receive the Monthly Financial and Investment Report for October 2024.

Attachments:

1. Financial and Investment Report (October 2024)

**Town of Los Gatos
Summary Investment Information
October 31, 2024**

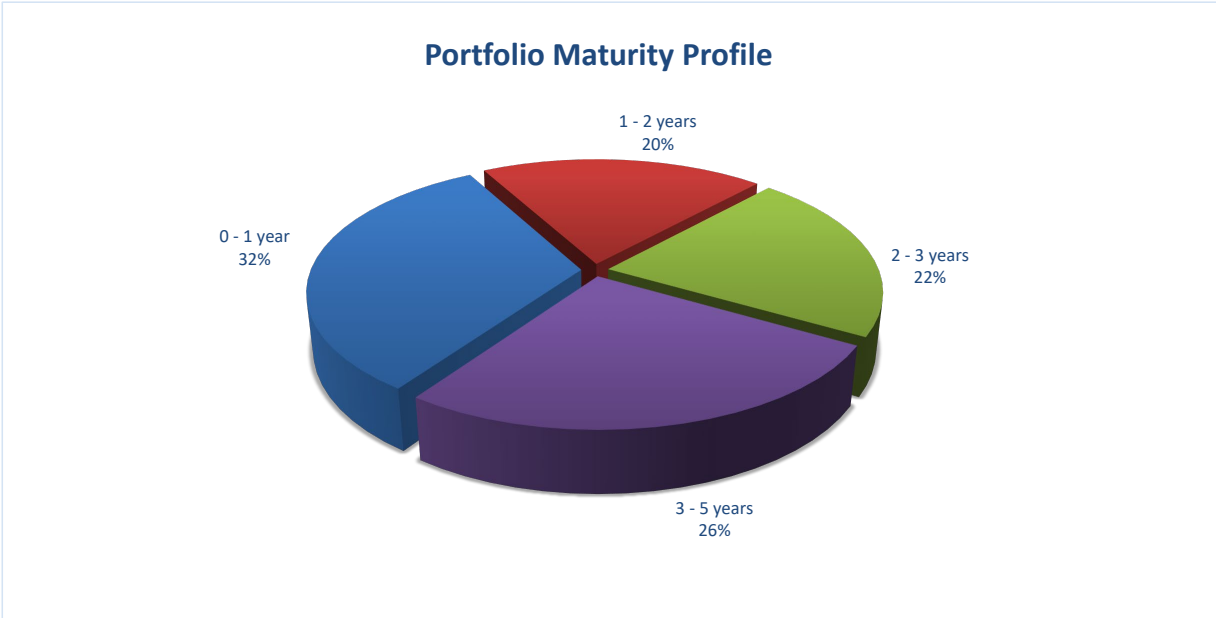
Weighted Average YTM Portfolio Yield on Investments under Management **4.45%**

Weighted Average Maturity (days) **701**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	\$68,118,481	\$67,158,455	\$64,959,590
Managed Investments	\$50,251,714		
Local Agency Investment Fund	\$11,874,049		
Reconciled Demand Deposit Balances	\$5,992,718		
Portfolio Allocation & Treasurer's Cash Balances	\$68,118,481		

Benchmarks/ References:

Town's Average Yield	4.45%	4.45%	4.12%
LAIF Yield for month	4.52%	4.58%	3.67%
3 mo. Treasury	4.54%	4.62%	5.48%
6 mo. Treasury	4.46%	4.40%	5.57%
2 yr. Treasury	4.17%	3.64%	5.09%
5 yr. Treasury (most recent)	4.16%	3.56%	4.86%
10 Yr. Treasury	4.28%	3.78%	4.93%

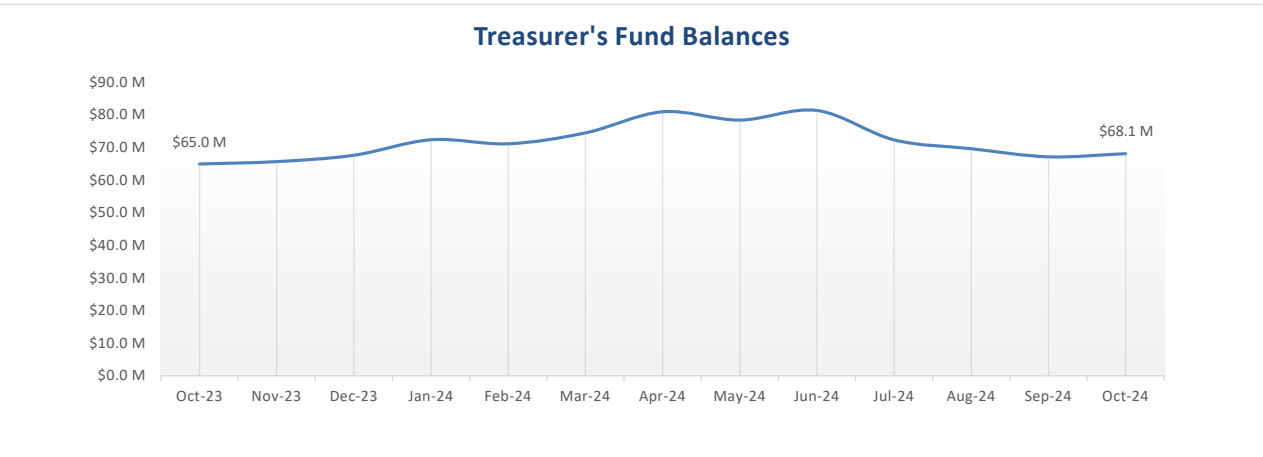
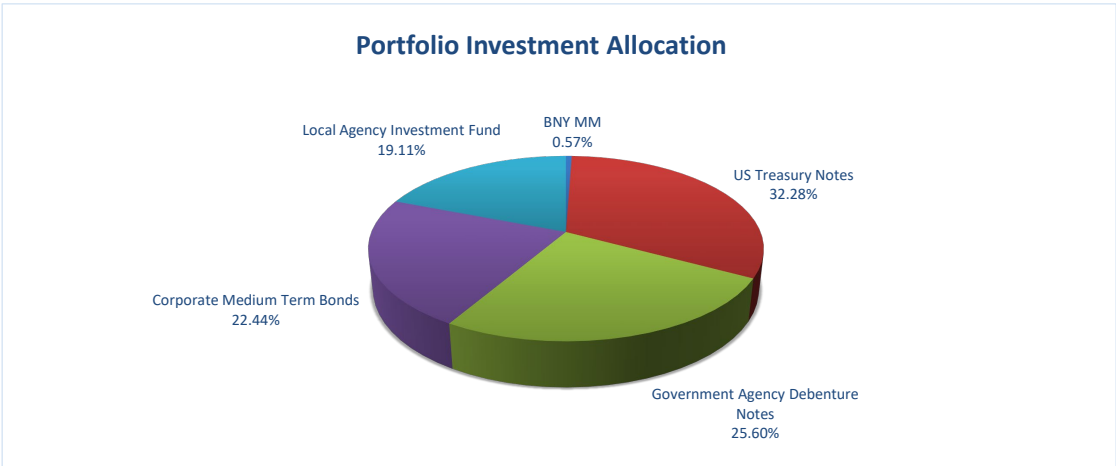


Compliance: The Town's investments are in compliance with the Town's investment policy dated February 21, 2023, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
October 31, 2024**

	<u>Month</u>	<u>YTD</u>
Cash & Investment Balances - Beginning of Month/Period	\$ 67,158,455.08	\$ 81,368,409.88
Receipts	6,061,263.57	21,313,432.99
Disbursements	(5,101,237.37)	(34,563,361.59)
Cash & Investment Balances - End of Month/Period	<u>\$68,118,481.28</u>	<u>\$68,118,481.28</u>

Portfolio Allocation	Amount	% of Portfolio	Max. % or \$ Allowed per State Law or Policy
BNY MM	\$352,679.92	0.57%	20% of Town Portfolio
US Treasury Notes	\$20,054,713.77	32.28%	No Max. on US Treasuries
Government Agency Debenture Notes	\$15,904,019.60	25.60%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,940,300.50	22.44%	30% of Town Portfolio
Local Agency Investment Fund	\$11,874,049.16	19.11%	\$75 M per State Law
Subtotal - Investments	<u>62,125,762.95</u>	100.00%	
Reconciled Demand Deposit Balances	<u>5,992,718.33</u>		
Total Portfolio Allocation & Treasurer's Cash Balances	<u><u>\$68,118,481.28</u></u>		



Town of Los Gatos
Non-Treasury Restricted Fund Balances
October 31, 2024

	Beginning Balance	October 2024 Deposits Realized Gain/Adj.	October 2024 Interest/ Earnings	October 2024 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	\$ 691,959.67	\$ -	\$ 2,672.18	\$ -	\$ 694,631.85	Note 1
Cert. of Participation 2010 Ser Lease Payment Fund	968.97	-	3.98	-	972.95	Note 2
Cert. of Participation 2002 Ser A Lease Payment Fund	17,450.99	-	4.60	-	17,455.59	Note 1
Cert. of Participation 2010 Ser Reserve Fund	1,407,041.81	-	5,795.32	-	1,412,837.13	Note 2
Total Restricted Funds:	<u>\$ 2,117,421.44</u>	<u>\$ -</u>	<u>\$ 8,476.08</u>	<u>\$ -</u>	<u>\$ 2,125,897.52</u>	
CEPPT IRS Section 115 Trust	2,328,305.36	-	(60,736.52)	-	\$ 2,267,568.84	Note 3
Grand Total COP's and CEPPT Trust	<u>\$ 4,445,726.80</u>	<u>\$ -</u>	<u>\$ (52,260.44)</u>	<u>\$ -</u>	<u>\$ 4,393,466.36</u>	

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

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

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

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

**Town of Los Gatos
Statement of Interest Earned
October 31, 2024**

July 2024	\$	247,221.75
August 2024	\$	212,684.25
September 2024	\$	265,151.31
October 2024	\$	234,237.63
November 2024	\$	-
December 2024	\$	-
January 2025	\$	-
February 2025	\$	-
March 2025	\$	-
April 2025	\$	-
May 2025	\$	-
June 2025	\$	-
	\$	<u>959,294.94</u>

Town of Los Gatos
 Investment Transaction Detail
 October 31, 2024

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
10/1/2024	437076BM3	HOME DEPOT INC 3% 01APR2026 (CALLABLE 01JAN26)	BOND INTEREST	10/1/2024	10/1/2024	1,000,000.00	3.00%	4/1/2026	-	-	15,000.00	15,000.00
10/2/2024	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	10/2/2024	10/2/2024	605.28	0.00%		100.00	-	-	605.28
10/8/2024	3135G05Y5	FANNIE MAE 0.75% 08OCT2027	BOND INTEREST	10/8/2024	10/8/2024	1,100,000.00	0.75%	10/8/2027	-	-	4,125.00	4,125.00
10/15/2024	437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	BOND INTEREST	10/15/2024	10/15/2024	1,000,000.00	4.90%	4/15/2029	-	-	24,500.00	24,500.00
10/28/2024	3130APJH9	FEDERAL HOME LOAN BANK 1.5% 28OCT2026 (CALLABLE 28JAN25) #0006	BOND INTEREST	10/28/2024	10/28/2024	1,000,000.00	0.00%	10/28/2026	-	-	6,250.00	6,250.00
10/31/2024	91282CFU0	USA TREASURY 4.125% 31OCT2027	BOND INTEREST	10/31/2024	10/31/2024	1,300,000.00	4.13%	10/31/2027	-	-	26,812.50	26,812.50
10/31/2024	912828ZL7	USA TREASURY 0.375% 30APR2025	BOND INTEREST	10/31/2024	10/31/2024	1,700,000.00	0.38%	4/30/2025	-	-	3,187.50	3,187.50
10/31/2024	91282CEN7	USA TREASURY 2.75% 30APR2027	BOND INTEREST	10/31/2024	10/31/2024	1,300,000.00	2.75%	4/30/2027	-	-	17,875.00	17,875.00

Town of Los Gatos								
Insight ESG Ratings as of October 31, 2024								
Security Description	Maturity Date	Par/Shares	S&P Rating	Moody Rating	Insight ESG Rating	Environment	Social	Governance
AMERICAN HONDA FINANCE 4.95% 09JAN2026	1/9/2026	\$ 1,000,000	A-	A3	3	3	3	3
PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	\$ 1,000,000	A+	A1	2	2	2	3
HOME DEPOT INC. 3% 01APR2026 (CALLABLE 01JAN2026)	46113	\$ 1,000,000	A	A2	3	3	2	3
JPMORGAN CHASE & CO 3.2 15JUN2026 (CALLABLE 15MAR26)	46188	\$ 500,000	A	A1	3	1	3	4
APPLE INC. 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	\$ 1,300,000	AA-	Aaa	5	1	4	5
TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	\$ 1,600,000	A+	A1	3	2	3	4
AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	\$ 600,000	A-	A3	3	3	3	3
PNC BANK NA 3.25% 22JAN2028 (CALLABLE 01 FEB28)	1/22/2028	\$ 1,000,000	A	A2	3	2	3	3
COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	\$ 500,000	A+	Aa3	3	2	3	3
US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	\$ 1,000,000	A	A3	4	3	4	4
JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL28)	7/25/2028	\$ 1,400,000	A	A1	3	1	3	4
CISCO INC. 4.85% 26FEB2029 (CALLABLE 26JAN2029)	2/26/2029	\$ 1,000,000	AA-	A1	2	1	4	3
HOME DEPOT INC. 4.9% 15APR2029 (CALLABLE 15MAR2029)	47223	\$ 1,000,000	A	A2	3	3	2	3
CITIBANK 4.838% 06AUG2029 (CALLABLE 06JUL2029)	8/6/2029	\$ 1,250,000	A+	Aa3	3	1	3	4
Total/Average		\$ 14,150,000			3.1	2.0	3.0	3.5

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

Fund Schedule

ITEM NO. 13.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2024*	Increase/ (Decrease) July - Sept	October 2024				Estimated Fund Balance 10/31/2024*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	2,188,659	-	-	-	-	-	2,188,659
	Land Held for Resale	344,338	-	-	-	-	-	344,338
	Committed Fund Balances:							
	Budget Stabilization	6,736,781	-	-	-	-	-	6,736,781
	Catastrophic	6,736,781	-	-	-	-	-	6,736,781
	Pension/OPEB	300,000	-	-	-	-	-	300,000
	Measure G District Sales Tax	590,581	-	-	-	-	-	590,581
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	8,651,059	-	-	-	-	-	8,651,059
	Carryover Encumbrances	85,861	-	-	-	-	-	85,861
	Compensated Absences	1,555,478	-	-	-	-	-	1,555,478
	ERAF Risk Reserve	1,430,054	-	-	-	-	-	1,430,054
	Market Fluctuations	1,712,246	-	-	-	-	-	1,712,246
	Council Priorities - Economic Recovery	20,684	-	-	-	-	-	20,684
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	(3,130,130)	3,301,794	(3,277,608)	-	-	(3,105,944)
	General Fund Total	31,062,075	(3,130,130)	3,301,794	(3,277,608)	-	-	27,956,131

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

Fund Schedule

ITEM NO. 13.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2024*	Increase/ (Decrease) July - Sept	October 2024				Estimated Fund Balance 10/31/2024*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
SPECIAL REVENUE								
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	754,134	(24,268)	13,641	(16,850)	-	-	726,657
231-236	Landscape & Lighting Districts	182,625	(1,839)	-	(3,337)	-	-	177,449
251	Los Gatos Theatre	171,035	116,144	9,922	(7,889)	-	-	289,212
711-716	Library Trusts	556,849	54,291	-	(4,075)	-	-	607,065
Special Revenue Total		1,831,296	144,328	23,563	(32,151)	-	-	1,967,036
CAPITAL PROJECTS								
411	GFAR - General Fund Appropriated Reserve	20,253,300	(35,109)	82,818	(65,329)	-	-	20,235,680
412	Community Center Development	866,281	-	-	-	-	-	866,281
421	Grant Funded Projects	(2,563,503)	(281,263)	1,180,024	(761,384)	-	-	(2,426,126)
461-463	Storm Basin Projects	3,531,248	13,850	-	-	-	-	3,545,098
471	Traffic Mitigation Projects	509,491	-	-	-	-	-	509,491
472	Utility Undergrounding Projects	3,584,251	3,579	-	-	-	-	3,587,830
481	Gas Tax Projects	1,928,167	252,053	166,364	-	-	-	2,346,584
Capital Projects Total		28,109,235	(46,890)	1,429,206	(826,713)	-	-	28,664,838
INTERNAL SERVICE FUNDS								
611	Town General Liability	177,876	(1,326,978)	-	-	-	-	(1,149,102)
612	Workers Compensation	586,246	(559,992)	-	(10,844)	-	-	15,410
621	Information Technology	2,523,347	(372,010)	6,088	(20,997)	-	-	2,136,428
631	Vehicle & Equipment Replacement	3,286,552	(182,744)	975	(9,584)	-	-	3,095,199
633	Facility Maintenance	960,526	(128,645)	24,836	(130,760)	-	-	725,957
Internal Service Funds Total		7,534,547	(2,570,369)	31,899	(172,185)	-	-	4,823,892
Trust/Agency								
942	RDA Successor Agency	(4,632,040)	(1,713,496)	-	(125)	-	-	(6,345,661)
Trust/Agency Fund Total		(4,632,040)	(1,713,496)	-	(125)	-	-	(6,345,661)
Total Town		63,905,113	(7,316,557)	4,786,462	(4,308,782)	-	-	57,066,236

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

Deposit Accounts of Interest:

- 111-23541 General Plan Update deposit account balance \$426,308.54
- 111-23521 BMP Housing deposit account balance \$3,923,342.78



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 14

ITEM NO. 14.

DATE: December 11, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Receive Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024, and Adopt a Resolution Confirming June 30, 2024 Fund Balances in Accordance With Fiscal Year 2023/24 Final Audit and Town Council General Fund Reserve Policy

RECOMMENDATION:

Town staff recommend the Town Council

- a. Receive the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2024 as recommended by the Finance Commission (Attachment 1), and
- b. Adopt a Resolution Confirming June 30, 2022 Fund Balances in Accordance with Fiscal Year 2023/24 Final Audit and Town Council General Fund Reserve Policy. (Attachment 2)

BACKGROUND:

The Town contracts with an independent certified public accountant to examine the books, records, inventories, and reports of all officers and employees who receive, handle, or disburse public funds each fiscal year (FY). The FY 2023/24 audit was performed by Chavan and Associates, LLP an experienced firm specializing in audit services for California public agencies. The firm also assisted with the Draft ACFR for the Town of Los Gatos.

The information contained in the ACFR provides detailed financial information which the Los Gatos community and others can use to better understand the fiscal standing of the Town. In addition, the financial information contained in the document is one element that the credit rating agencies review annually to affix a credit rating for the Town's outstanding debt obligations.

PREPARED BY: Gitta Ungvari
Finance Director

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

SUBJECT: Receive FY 2023/24 Annual Comprehensive Financial Report

DATE: December 10, 2024

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:

(3) Review the Town Manager's draft Annual Comprehensive Financial Report (ACFR) for the preceding fiscal year and provide written comments and recommendations to the Town Manager.

(A) The Town Manager shall respond in writing to the Finance Commission providing his or her rationale for accepting or rejecting each of the Finance Commission's comments and recommendations prior to presenting the ACFR to the Town Council for formal consideration.

(B) The Town Manager may not present the ACFR to the Town Council for formal consideration unless or until he or she considers and responds in writing to all of the Finance Commission's comments and recommendations.

DISCUSSION:

On November 25, 2024, the Draft FY 2023/24 Annual Comprehensive Financial Report (ACFR) was posted to the Town's website, and a link was provided to the Finance Commission. Finance Commissioners were given the opportunity to submit written questions to staff. Questions and comments received from Commissioners by 11:00 a.m. on December 2nd were compiled into Desk Items for the December 2nd Special Finance Commission meeting.

At the Finance Commission meetings on December 2, 2024 and December 9, 2024, the Town's independent auditor and staff addressed the Commissioners' questions and comments, which are included in Attachment 4.

The Finance Commission concluded its review of the draft ACFR and unanimously recommended that the Town Council receive the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2024 with recommended modifications (see Attachment 3 for redlined version).

Independent Auditor's Report

The auditor has given the Town's financial statements a "clean" audit opinion for the year ended June 30, 2024 giving reasonable assurance that the financial statements are "free of material misstatement" (Attachment 1).

Purpose of the Budget and Annual Comprehensive Financial Report

Our Town's budget is more than just numbers—it is a plan that ensures we use our resources efficiently and effectively, prioritizing our most important goals. Through this budget, the Town

SUBJECT: Receive FY 2023/24 Annual Comprehensive Financial Report

DATE: December 10, 2024

Council shapes our community's direction and priorities by allocating financial resources. The Annual Comprehensive Financial Report reflects the activities and financial condition of the previous year, serving as an essential document for residents, taxpayers, and other stakeholders to assess the Town's financial standing. While both documents are critical, they do not provide the complete picture of the financial or operational reality of the Town.

Forecasting Our Finances

The FY 2024/25 budget projections are based on economic trends and forecasts specific to our area. These estimates, informed by local data from the County of Santa Clara and consultants such as Avenu Insights & Analytics, help predict revenue from sources like taxes and government grants. Expenditures are carefully reviewed by departments and the Finance Department and are incorporated into the budget with a vacancy savings factor of 4.6%, reflecting the Town's historical trend of not fully expending predicted salaries and benefit costs. Overall, the Town is financially stable and secure for the foreseeable future. During the FY 2023/24 fiscal year, the Town-wide Statement of Activities reported an increase in net position of \$5,883,955—a measure of the change in the value of assets impacted by Town operations during the year. This net position includes \$3,129,616 from investment earnings, driven by high interest rates and unrealized gains due to the requirement to value current investments at market value as of June 30. Additionally, revenue exceeding budget estimates and expenditures coming in below projections contributed to this positive change.

This increase in net position reflects a broader trend, with eight of the last nine years showing positive net position growth. In the General Fund—the primary operating fund for Town operations—the available resources for the next fiscal year have also increased. While encouraging, the increase in net position can be significantly influenced by market interest rate fluctuations, liability payments (including pension costs), and operational and capital expenditures. Additionally, accounting standards do not account for future capital costs beyond depreciation, meaning deferred capital needs could substantially impact future financial performance. Rising costs in key Town operations and contracted services also pose challenges that could outpace revenue growth.

Despite our stable position and financial cushion, maintaining this stability will require fiscal prudence and foresight to address future challenges.

Emerging Financial Challenges

Although we have experienced financial gains, we are facing significant cost pressures. Rising costs for basic services—including salaries, benefits, and contracting—are compounded by volatile pension costs, which have fluctuated dramatically in recent years. The competitive Silicon Valley market and increasing regulatory requirements on local governments also drive up the cost of services and materials.

SUBJECT: Receive FY 2023/24 Annual Comprehensive Financial Report

DATE: December 10, 2024

A major concern is the lack of preparation to fully fund or quantify the liabilities and annualized costs for maintaining our infrastructure – such as roads, parks, and buildings. These deferred maintenance needs could add millions to future expenses. The cost per mile of infrastructure repair continues to rise, leading to tradeoffs between non-capital and capital priorities. While progress has been made in identifying some of our needs, the Town is quite a ways from achieving a sustainable investment to address its substantial capital liabilities.

Sales tax, our second-largest revenue source, is expected to stagnate or decline due to reduced consumer spending capacity, higher costs, and the loss of high-tax businesses like car dealerships. In FY2023/24, sales tax revenue dropped 8.3% from the previous year to approximately \$8 million, aligning with the Town’s historical average over the past decade. This flat revenue trajectory, combined with increasing operational and capital costs, poses a significant budgetary challenge.

Additionally, the region's economy is heavily influenced by industries affected by geopolitical dynamics. These dynamics could impact employment, property and transfer tax revenue, fees, occupancy taxes, and sales taxes, further adding uncertainty to the financial outlook.

Proactive Financial Strategies and Sustainable Financial Planning

It is essential for us to continuously monitor and evaluate our long-term financial sustainability, balancing major capital needs with the provision of essential services. Los Gatos is currently in a relatively strong financial position, supported by significant reserves. However, we must remain vigilant and prepared to address rising operational and capital costs that could outpace revenue growth. Our goal is to preserve the exceptional quality of life in our community through prudent and strategic financial management.

To achieve this, the Town must work to fully identify the true costs of basic operations as well as additional programs and services, comparing these costs to our capacity to sustain such activities over the long term. While our overall financial position is balanced, our focus must shift to achieving a sustainably balanced budget that ensures efficient and effective delivery of services at a level supported by available resources.

Key efforts in this direction should include:

- Establishing a shared understanding of our current and projected financial condition.
- Defining the basic and enhanced services provided to residents and businesses.
- Taking deliberate steps toward long-term financial sustainability.
- Identifying system and process improvements that reflect careful planning in how Town activities are delivered, ensuring accountability to those who fund these services.

SUBJECT: Receive FY 2023/24 Annual Comprehensive Financial Report

DATE: December 10, 2024

These initiatives require a multi-year approach, and I am confident we can make meaningful progress in the years ahead.

Fund Balance Resolution

The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance and Governmental Fund Type Definitions requires that the Town Council of the Town of Los Gatos classify governmental fund balances as restricted, assigned, or committed fund balances with formal actions. Staff is requesting the Town Council adopt a resolution confirming June 30, 2024 Fund Balances in accordance with FY 2023/24 Final Audit as listed Attachment 2.

CONCLUSION:

As noted in the auditor's opinion, the ACFR fairly presents the fiscal year ending June 30, 2024 financial activity for the Town of Los Gatos.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

Attachments:

1. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2024
2. Fund Balance Resolution Establishing June 30, 2024 Fund Balances
3. Redlined Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2024
4. Town Manager's Responses to Commissioners' Questions and Comments



TOWN OF LOS GATOS CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2024

ATTACHMENT 1

COVERPHOTOS: NANCY BARRERRA, JEFF JANOFF, JULIAN, KARLAK, AND HUNTER

**TOWN OF LOS GATOS
CALIFORNIA**

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

PREPARED BY THE
OFFICE OF THE TOWN MANAGER

TOWN HISTORY

Los Gatos is located at the base of the Santa Cruz Mountains at the southwest edge of Santa Clara County and approximately 50 miles south of San Francisco. The natural landscape includes picturesque hillsides, creeks, and valley flatlands. Los Gatos is in an area once occupied by Indigenous People, who lived sustainably in the area rich with fertile soils, abundant wildlife, and other natural resources.

The name Los Gatos comes from “El Rancho de Los Gatos,” a ranch established in 1839 by a Mexican land grant and so named because of the large number of mountain lions in the area. In 1854, James Alexander Forbes purchased some of this land and built a flour mill. In 1860, the first hotel was opened to provide a stage stop on the toll road which had been built between San Jose and Santa Cruz.

Wheat production gave way to orchards, and rapid growth ensued when the railroad reached Los Gatos in 1878. The residential subdivisions of Broadway, Bayview, Fairview, and Almond Grove were built in the 1880's. By 1887, the population had grown to 1,500 and the Los Gatos community voted to incorporate.

Fruit industries faded slowly during the Depression and World War II, but the postwar period brought an influx of people, producing residential and commercial development. Highway 17 was constructed through the center of town, opening in 1940. Growth levelled off in the early 1970's, leaving Los Gatos with its small-town atmosphere and pedestrian-oriented downtown.

Because of its distance from other centers of population, Los Gatos developed as a complete community including residential, business, and industrial elements. Preserving Los Gatos as a complete and well-balanced community has been and remains a prominent goal of residents. From the first 100-acre town site in 1890 with a population of 1,652, Los Gatos grew slowly so that by 1963 the area was 6.3 square miles, with a population of 11,750. Today Los Gatos covers nearly 15 square miles and has a population of about 33,230. This growth over the first 80 years resulted in a human scale community with narrow streets and small buildings.

As it exists now, Los Gatos' boundaries encompass a wide variety of terrain, ranging from level land to steep and densely wooded hillsides. The sharp visual contrasts among these features and charming architecture create the picturesque setting of the Town. In the midst of the growth of Silicon Valley, Los Gatos attracts people with a preference for the Town's distinctive, high quality natural and urban environment.

TOWN VISION STATEMENT

The Town of Los Gatos's Vision Statement articulates the future Los Gatos and reflects the high ideals identified by the community:

Residents are united in their desire to maintain a high quality of life and preserve the character of the Town. The overall community consensus is that Los Gatos be a full-service community that is also environmentally sensitive; that Los Gatos maintains a balanced, well-designed mix of residential, commercial, service and open space uses, fostering a pedestrian-oriented community with a small town, village-like character; that Los Gatos supports an active business community that provides a wide variety of goods and services and a broad range of employment opportunities, eliminating the need to travel to other communities; and that Los Gatos provides a well-run, efficient municipal government that is fiscally healthy, with high levels of public safety, recreational, art and cultural amenities and is connected to high quality education.

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

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TOWN OF LOS GATOS

OFFICE OF THE TOWN MANAGER

Phone: (408) 354-6832

FAX: (408) 399-5786

November 23, 2024

Honorable Mayor and Town Council and Residents of Los Gatos,

I am pleased to submit the Town's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024. In coordination with the Town Manager's Office, this report was prepared by the Finance Department, which assumes responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures. The information in this report presents the reader with a comprehensive view of the Town's financial position and the results of its operations for the fiscal year ending June 30, 2024, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the Town's financial activities.

This report was prepared as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). This GASB Statement requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

This Annual Comprehensive Financial Report is organized into three sections:

- I. The Introductory Section includes the table of contents, letter of transmittal, listing of elected officials, Town administrative personnel, and an organization chart delineating organizational structure.
- II. The Financial Section includes the Independent Auditor's opinion, the MD&A, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and required supplemental information.
- III. The Statistical Section includes both financial and non-financial data about the Town.

The Annual Comprehensive Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting

Standards Board (GASB) and includes the audit report of Chavan & Associates, the Town's independent certified public accountants.

This Annual Comprehensive Financial Report was developed in accordance with best practices of the Government Finance Officers Association and will be submitted for consideration of its Achievement of Excellence Award in financial reporting certification. This award is granted only to entities whose reports meet the highest standards of municipal financial reporting.

AWARDS

The Town's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, was awarded a Certificate of Achievement for Excellence in Financial Reporting by the national Government Finance Officers Association. This is the 29th consecutive year that the Town has received the award. This prestigious award recognizes the report's conformance with strict accounting and reporting standards established by the Government Accounting Standards Board and government finance organizations. This award is annual in nature and valid for one year only. This year's report will be submitted for award consideration by this organization, as we believe it continues to meet these standards.

THE REPORTING ENTITY AND ITS SERVICES

Los Gatos is a general law Town, incorporated under the legal framework of California in 1887. The Town is located in the foothills and level terrain of southwestern Santa Clara Valley, referred to internationally as "Silicon Valley." From the first 100-acre Town site and an 1890 population of 1,652, Los Gatos grew slowly so that by 1963, the area was 6.3 square miles with a population of 11,750. Today, Los Gatos covers approximately 15 square miles with a population of 33,230 (California Department of Finance, January 2024). The growth over the last 80 years resulted in a community with vibrant business districts, well-maintained neighborhoods, and lovely parks and open spaces. Preserving the unique charm of Los Gatos as a complete and well-balanced community while meeting its economic and housing needs, has been, and remains a key goal for the Town.

The Town maintains a Council-Manager form of government which combines the strong political leadership of elected officials with the strong managerial experience of an appointed Town Manager. Five Council members are elected at large for staggered four-year terms to govern the Town. The Mayor and Vice Mayor are appointed by the Council from its own ranks and serve one-year terms. The Town Manager and Town Attorney are appointed and supervised directly by the Council. The Town Manager oversees all municipal services such as Public Safety, Parks and Public Works, Community Development, Library, and Town Administration including Human Resources, Information Technology, and Finance.

ECONOMIC CONDITIONS AND OUTLOOK

This past year, the Town continued to see increases to economically sensitive revenues, however sales tax collections are decreasing. The Town General Fund closed FY 2023/24 with \$4 million revenue over expenditure. The excess revenue includes \$1.7 million unrealized gain in the Town investment portfolio. The General Fund Balance increased \$1.5 million.

General Fund revenues (not including transfers in other financing sources) increased 5.8% from the prior year. Property tax revenues remain the largest and most consistent source of support for General Fund operations, comprising approximately 45.3% of General Fund revenues in FY 2023/24. For FY 2023/24, property tax receipts of \$24.2 million were \$1.5 million higher than the prior year’s collection, reflecting the continued desirability of the Town, its environment, culture, and educational opportunities

The Town also relies heavily on sales tax revenues to support General Fund operations, comprising approximately 15.1% of General Fund revenues in FY 2023/24. For FY 2023/24, sales tax receipts of \$8.1 million were \$0.7 million lower than the prior year’s collection. Increased interest rates impacted business to business activities, while increased mortgage rates leaved customers with less disposable income. In addition, gas service stations have decreased activity due to the popularity of electric vehicles.

As with most municipalities, services are provided directly by employees to the Town’s residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the Town’s expenditures. Salaries are largely dictated by regional market forces as evidenced by fierce competition for talent in the San Francisco Bay Area, and inflationary pressures nationwide. During the Summer 2024, the Town successfully completed negotiations with all bargaining units. While important for the consistent delivery of high quality services for the Town, these actions impact the balance between revenues and expenditures.

The Town also continues to adjust and prepare for pension employer costs to continue to be a primary expense in conjunction with salaries. The Town’s pension plans over the past several decades, like all other CalPERS participants, have experienced changes in actuarial assumptions, demographic changes, and volatile investment returns which have outweighed any positive plan experiences. The outcome of these unfavorable economic and demographic conditions is the creation of unfunded pension and Other Post-Employment Benefits (OPEB) obligations for the Town. According to the 2023 CalPERS actuarial valuations, the unfunded actuarial liability for pensions was \$63.0 million and \$9.0 million for OPEB as determined by an actuarial valuation as of June 30, 2022.

To address the escalation in pension costs, current and previous Councils have allocated additional discretionary pension funding totaling \$10.4 million. These additional discretionary payments will ultimately yield an approximate \$12.7 million in pension contribution savings. In addition to the management of the Town’s pension obligations, prior Councils have worked to curb cost escalation in Other-Post Employment Benefits (OPEB). In 2009, the Town initiated prefunding of retiree healthcare benefits and has since established approximately \$24.3 million in OPEB assets from zero in 2009.

It should be noted that the net pension obligation varies annually depending upon the plan’s actual investment earnings compared to the assumed rate of return during the plan’s measurement periods. The Net Pension Obligation (NPO) reported in the Town’s ACFRs has experienced a high degree of variability in recent years, with Net Pension Obligation reported in the June 30, 2017 ACFR in the amount of \$33.4 million rising to \$58.02 million in fiscal year 2020/21, and decreasing to \$27.48 million in FY 2021/22. The NPO reported in this year’s financial statements (ACFR 2023/24) has increased 5.3% from \$59.9 million to the current NPO of \$63.0 million. Due to CalPERS preliminary returns of 9.3%, staff expects the NPO to decrease in the next fiscal year reporting period.

Readers are cautioned that in considering the amount of the pension and OPEB liabilities and other actuarial data as reported by CalPERS and the Town’s actuary, this is “forward looking” information. Such “forward looking” information reflects the judgment of the Board of Administration of CalPERS, its actuaries, and the Town’s actuary as to the amount of assets which the pension and OPEB plans will be required to accumulate to fund future benefits. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or that may change with the future experience of the pension and OPEB plans. The actuarial methods and assumptions could be changed by CalPERS and the Town’s actuary at any time based on their professional judgement. Such changes could cause the Town’s obligations to the pension and OPEB plans to be higher or lower in any particular year. This sensitivity to changes in actuarial assumptions is especially evident in changes to the Discount Rate as illustrated in Note 11 and changes to Healthcare Trend and Discount rates as illustrated in Note 12.

For detailed information about the Town employees’ retirement plan please refer to Note 11 of the Notes to Basic Financial Statements Section. For detailed information about the Town OPEB obligations please refer to Note 12 of the Notes to Basic Financial Statements Section. In addition, the Town provides extensive information on pension and OPEB information on the Town’s website.

Despite revenue constraints and increasing costs associated with unfunded federal and state mandates, the Town has managed to maintain high service levels and balanced budget through prudent fiscal management. The Town continues its outreach to the community, the League of California Cities, and local legislators to prevent and limit any future revenue losses and mandated cost increases.

MAJOR CAPITAL PROJECT INITIATIVES

Major capital asset and infrastructure initiatives were once again the priority for the fiscal year. Approximately \$12 million in Town infrastructure and other capital asset improvements and contributions were invested in FY 2023/24, including \$3.8 million in Town-wide street projects to improve the pavement condition, \$0.8 million adding subscription right of use of assets, and \$0.1 million for curb and gutter improvements. In addition, \$7.1 million was invested in construction in progress including, roads, bridges, storm drains, park, pathways, and building improvements.

Additional infrastructure improvements are scheduled in accordance with the Town’s approved Capital Improvement Plan, and will continue into future years. All of these improvements are

funded either through grants, or via revenues accumulated from prior year budget savings and/or excess revenues per Town Council Policy.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The effectiveness of internal controls is a primary consideration in the development and evaluation of the Town’s accounting system. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- 1) safeguarding of assets against loss from unauthorized loss or disposition,
- 2) accuracy and reliability of accounting data, and
- 3) adherence to managerial policy.

The concept of reasonable assurance recognizes that the cost of internal controls should not outweigh the benefits, and that management must make estimates and judgments in evaluating these costs and benefits.

All governmental fund types use the modified accrual basis of accounting. This means that revenues are recorded when measurable and available rather than when received. Measurable means the amount can be determined and available means the cash is received within sixty days after the end of the fiscal year. Expenditures are recorded when the liability is incurred, rather than when paid. An exception to this rule is principal and interest on general long-term debt, which is not recognized by debt service funds until it is due.

Proprietary (internal service) funds are accounted for using the accrual basis of accounting, similar to that used by corporations. Proprietary fund revenues are recognized when they are earned rather than when the cash is received. Proprietary fund expenses are recognized when they are incurred, even if the cash is not available. With the implementation of GASB 34, the Town prepares its Basic Financial Statements on the accrual basis. Internal accounting procedures have been developed to provide reasonable assurance regarding the safeguarding of assets and the reliability of financial records for preparing financial statements and maintaining asset accountability.

An annual operating budget, five-year budget forecast, and five-year capital improvement plan is adopted by the Town Council. All budget adjustments and transfers between funds must be approved by the Town Council during the fiscal year. The Town Manager is authorized to transfer unencumbered appropriations within a budget category, within a fund. Appropriations are valid for each fiscal year and lapse at year-end.

INDEPENDENT AUDIT

State law requires an annual audit of the Town’s accounts by independent certified public accountants. The accounting firm of Chavan & Associates LLP performs this function for the Town of Los Gatos, and their report is included in the financial section of the ACFR.

ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Financial Report, as presented herein, is the result of the combined efforts and dedicated services of the excellent staff of the Department of Finance. Special thanks to Eric Lemon, Finance and Accounting Manager; Eagled'Or Am, Accountant, Ed Karas, Accountant; Diane Howard, Finance Analyst; and Wayne Chen, Administrative Technician for their efforts in preparing this report. The Town's Finance Commission is also recognized for its contributions to strengthening the ACFR through its review, discussion, and comments.

Respectfully submitted,

Chris Constantin

Chris Constantin
Town Manager

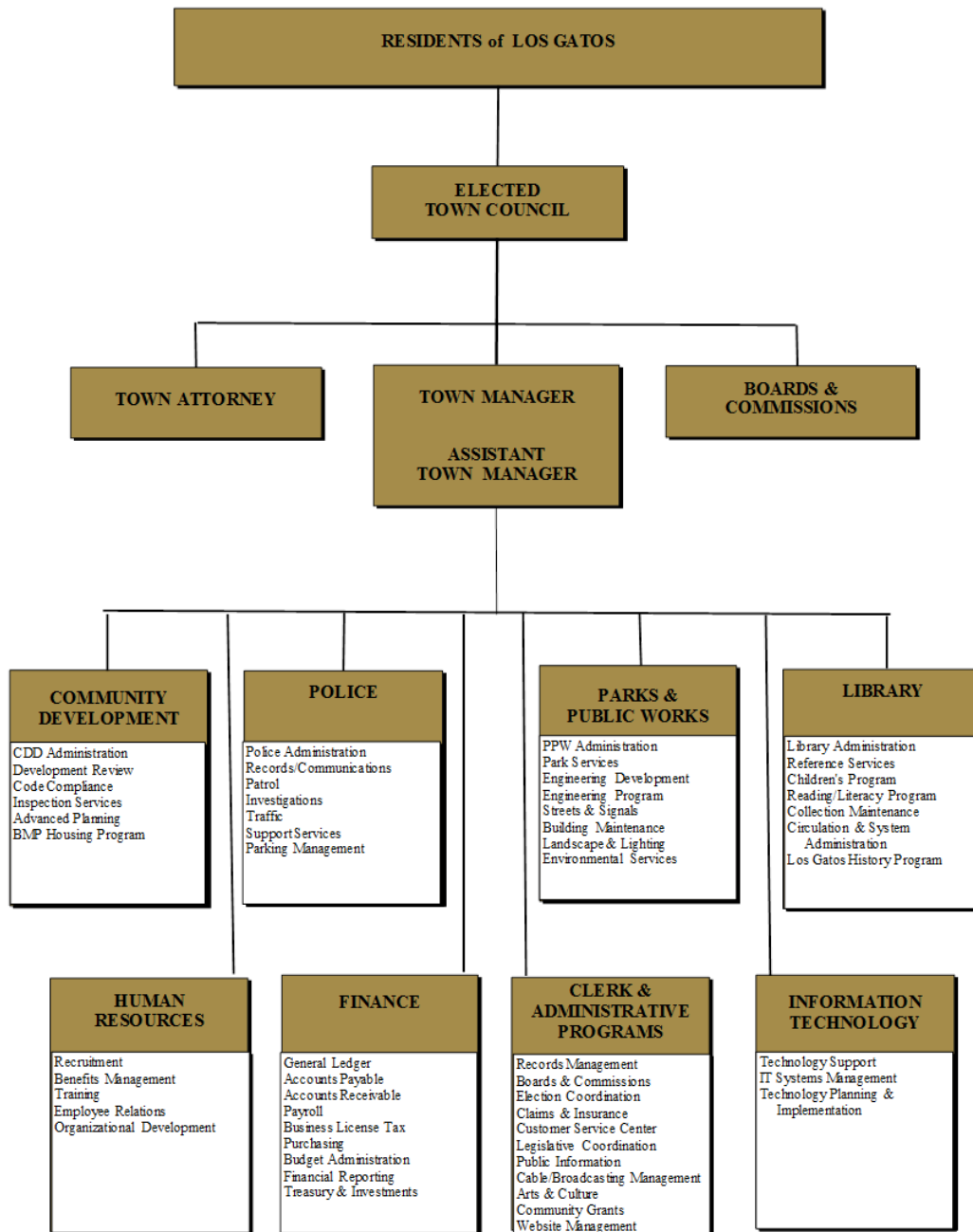
Gitta Ungvari

Gitta Ungvari
Director of Finance



Town of Los Gatos

Organizational Structure



**TOWN OF LOS GATOS
PRINCIPAL OFFICERS
JUNE 30, 2024**

TOWN COUNCIL

Mayor

Vice Mayor

Council Member

Council Member

Council Member

Mary Badame

Matthew Hudes

Maria Ristow

Rob Moore

Rob Rennie

COUNCIL APPOINTEES

Town Manager¹

Town Attorney

Laurel Prevetti

Gabrielle Whelan

APPOINTED OFFICIALS

Assistant Town Manager

Chief of Police

Community Development Director

Parks and Public Works Director

Library Director

Finance Director

Human Resources Director

Katy Nomura

Jamie Field

Joel Paulson

Nicolle Burnham

Ryan Baker

Gitta Ungvari

Cheryl Parkman

¹ Effective November 4, 2024 Chris Constantin



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Los Gatos
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the
Town Council of the Town of Los Gatos
Los Gatos, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, General Fund budgetary statement, and the aggregate remaining fund information of the Town of Los Gatos (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, General Fund budgetary statement, and the aggregate remaining fund information of the Town of Los Gatos, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Town management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement



when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Chavan and Associates, llp
Certified Public Accountants

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Town's management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
November 11, 2024
Morgan Hill, California

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Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Los Gatos's Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the Town's financial performance during the fiscal year that ended on June 30, 2024. This analysis should be read in conjunction with the Transmittal Letter at the front of this report and the accompanying Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- Town assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of Fiscal Year (FY) 2023/24 by \$159.4 million (net position). The unrestricted net position, which represents the amounts available to meet the Town ongoing obligations to citizens and creditors, is \$9.1 million.
- The Town's total net position increased by \$5.9 million in FY 2023/24. The overall increase of \$5.9 million is primarily due to the combined effect of infrastructure capitalization, grant revenue recognition, and changes to pension expenses.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$61.0 million, a decrease of \$0.2 million in comparison with the prior year.
- During FY 2023/24, the General Fund had an excess of revenues over expenditures of \$4.0 million, excluding transfers. Transfers out exceeded transfers in by \$3.2 million. The principal purpose of the Town's interfund transfers was contributions toward capital projects (\$3.1 million) and general liability (\$.43 million). The detail of the interfund transfers is illustrated in Note #5.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, and assigned components of the fund balance) for the general fund was \$28.4 million, or approximately 57% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR contains the following information: Independent Auditor's Report, Management's Discussion and Analysis (this section), the Basic Financial Statements, and the Required Supplementary Information. The ACFR also includes a Supplementary Information section, which presents combining and budgetary schedules for individual nonmajor funds. The Basic Financial Statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. The Management's Discussion and Analysis is intended to be an introduction to the Basic Financial Statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the Town from an economic resources measurement focus using the accrual basis of accounting. An economic resources measurement focus is when a body of financial statements report all inflows, outflows, and balances affecting or reflecting an entity's net position.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activity*). The governmental activities of the Town include public safety, parks and public works, community development, library, community services, debt service, and general government. Governmental activities typically include financial data for all governmental funds. Internal service funds are typically incorporated into governmental activities as well. Business-type activities typically include financial data for all enterprise funds. The Town has no enterprise funds and therefore reports no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near

future to finance the Town's operations. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds – The Town maintains one type of proprietary fund: Internal Service Funds. Proprietary funds are reported using the accrual basis of accounting. Internal Service Funds are an accounting tool used to accumulate and allocate costs internally among the Town's various functions. The Town uses Internal Service Funds to account for its fleet of vehicles, computer equipment, risk management activities, and other items. Internal Service Funds help smooth the variability of certain expenses and insulate the Town from large unanticipated costs. The Internal Service Funds are included within governmental activities in the Government-Wide Financial Statements.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the Town's own programs.

Included in fiduciary funds is the Redevelopment Successor Agency private-purpose Trust Fund created upon the dissolution of the former Redevelopment Agency (RDA) in 2012. The Trust Fund was created to hold the assets of the former Redevelopment Agency until they are transferred for governmental purposes to other entities or distributed to the underlying taxing jurisdictions in Santa Clara County after the payment of enforceable obligations. Additional information on the dissolution of the RDA and this fiduciary fund can be found in Note 15 in the notes to basic financial statements.

Notes to Basic Financial Statements

The notes provide additional information to facilitate a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide Pension and Other Post Employment benefits to its employees.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-Wide Financial Statements provide long-term and short-term information about the Town's overall financial condition. This analysis addresses the financial statements of the Town as a whole, utilizing data from throughout the ACFR to describe the changes between 2023 and 2024.

Net Position Discussion

In general, net position can serve as an important indicator of whether the Town's overall financial condition is improving or deteriorating over time. As shown below, the Town's assets and deferred outflows of resources (consumption of net position that applies to a future period) exceeded liabilities and deferred inflows of resources (acquisition of net position that applies to a future period) by \$159.4 million, reflecting an increase of approximately \$5.9 million to the prior year's net position of \$153.5 million.

Town of Los Gatos		
Net Position		
Governmental Activities		
For the Year Ended June 30, 2024		
	2024	2023
Current and other Assets	\$ 93,959,415	\$ 85,489,167
Capital Assets	139,376,963	132,679,773
Total Assets	<u>\$ 233,336,378</u>	<u>\$ 218,168,940</u>
Deferred Outflows - Pension/OPEB	28,973,675	29,526,262
Current Liabilities	21,254,648	15,857,589
Long-Term Liabilities Outstanding	77,271,453	71,847,737
Total Liabilities	<u>\$ 98,526,101</u>	<u>\$ 87,705,326</u>
Deferred Inflows - Pension/OPEB	4,377,735	6,467,614
Net Position		
Net Investment in Capital Assets	137,253,582	130,623,654
Restricted	13,015,461	11,091,020
Unrestricted	9,137,174	11,807,588
Total Net Position	<u>\$ 159,406,217</u>	<u>\$ 153,522,262</u>

Current and other assets increased \$8.5 million from the prior year, primarily due to a \$ 5.4 million increase in cash/restricted cash and investments, and a \$3.1 million increase in accounts, interest, and intergovernmental receivable.

Capital assets increased \$6.7 million to \$139.4 million for the year reflecting current year's capital asset additions/retirements less the annual depreciation/amortization expense.

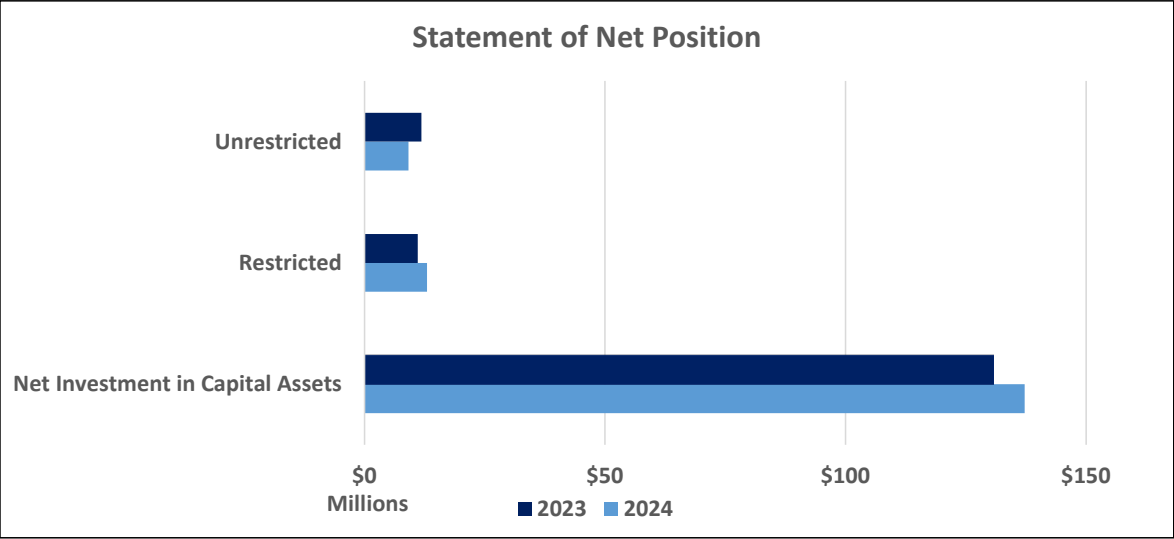
Deferred Outflows for Pension and Other Post-Employment Benefits (OPEB) decreased by \$0.6 million primarily due to the difference between the projected assumed investment returns and actual investment earnings on pension and OPEB investments, changes in assumptions, and the change in the Town's proportionate share for the pooled safety pension plan.

Long-term liabilities increased by \$5.4 million. The increase is primarily due to a pension liability increase of \$3.2 million and an increase of OPEB liabilities of \$2.0 million. See Note 11 and Note 12 in the Notes to the Financial Statements for more information on the Town's pension and OPEB plans.

Deferred Inflows decreased by \$2.1 million, resulting primarily from the difference between the projected assumed investment returns and actual investment earnings on pension and OPEB investments. The pension inflows decreased by \$1.4 million and the OPEB plan decreased by \$0.6 million.

The largest segment of the Town’s net position, representing \$137.3 million of net position, reflects the net investment in capital assets (e.g., land, buildings, infrastructure, subscription, and equipment) less accumulated depreciation/amortization and related outstanding debt used to acquire those assets. The Town uses these capital assets to provide infrastructure and services to the residents. They do not represent a liquid financial resource to the Town and consequently are not readily available for funding current obligations.

The chart below shows the Town’s net position for the fiscal year ended June 30, 2023 and 2024.



Restricted net position totaled approximately \$13.0 million representing approximately \$9.0 million for capital projects and maintenance, \$2.2 million for restricted pension trust, \$0.6 million placed in a special revenue trust accounts for Library services, \$0.3 million for land held for resale, \$0.2 million for Lighting and Landscaping Assessment Districts.

As of June 30, 2024, unrestricted net position, the amounts available to meet the Town’s ongoing obligations to citizens and creditors, reports an approximate \$2.7 million decrease from the prior year to an ending balance of \$9.1 million. The decrease was a result of an increase in pension adjustments of \$3.8 million and a reduction in governmental reserve balances of approximately \$1.9 million. The decreases were offset by a positive change in the internal service fund net position of \$1.0 million and the unavailable revenue reclassification (to revenue) of \$2.3 million.

The Town’s overall net position increased \$5.9 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities

Governmental Activities

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Statement of Activities is intended to illustrate how the cost of governmental activities is financed and determine the annual change in net position.

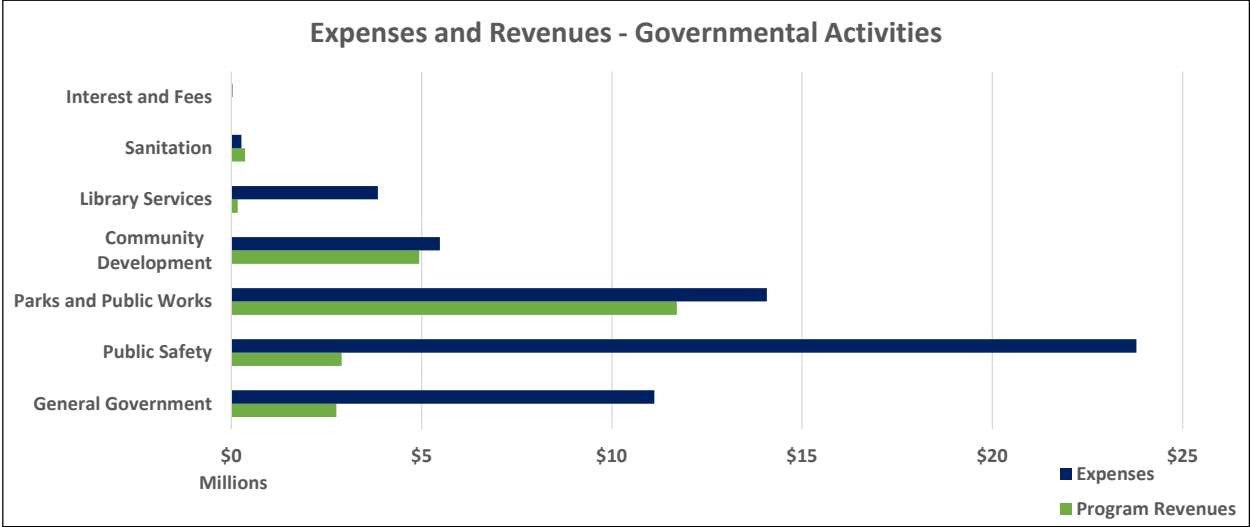
Town of Los Gatos		
Statement of Activities		
For the Year Ended June 30, 2024		
	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for Services ¹	\$ 13,495,756	\$ 12,390,750
Operating Grants and Contributions	3,667,909	7,149,581
Capital Grants and Contributions	5,668,252	3,915,175
General Revenues:		
Property Taxes	24,224,142	22,746,842
Sales Taxes	8,071,735	8,806,477
Franchise Taxes ¹	2,547,011	3,074,624
Transient Occupancy Taxes	2,367,653	2,228,190
Other Taxes	55,196	63,818
Motor Vehicle in Lieu	41,461	34,406
Developer Assessment	12,880	614,820
Investment Earnings	1,417,370	794,390
Unrealized gains (losses)	1,712,246	3,197
Miscellaneous	1,199,422	1,045,214
Total Revenues	<u>64,481,033</u>	<u>62,867,484</u>
Expenses:		
Police Department	23,783,313	17,428,923
Parks and Public Works	14,075,171	12,258,626
General Government	11,113,238	10,522,568
Community Development	5,481,765	5,215,961
Library Services	3,853,748	3,653,642
Sanitation	263,706	208,262
Interest and Fees	26,137	29,221
Total Expenses	<u>58,597,078</u>	<u>49,317,203</u>
Increase (Decrease) in Net Position before Special Items	<u>5,883,955</u>	<u>13,550,281</u>
Special Items		
Litigation Settlement Proceeds	-	1,565,000
Change in Net Position	<u>5,883,955</u>	<u>15,115,281</u>
Net Position - Beginning	153,522,262	138,406,981
Net Position, Ending	<u>\$ 159,406,217</u>	<u>\$ 153,522,262</u>

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as encroachment fees under Charges for Services. The total amount classified in Charges for Services in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,335 in FY 2022/23 and \$1,493,184 in FY 2023/24.

The Statement of Activities shown above details how the \$64.5 million in Governmental Activities revenues and contributions were derived. Approximately \$13.5 million or 20.9% of the revenues were recorded from fees paid by residents/businesses who directly benefited from the respective

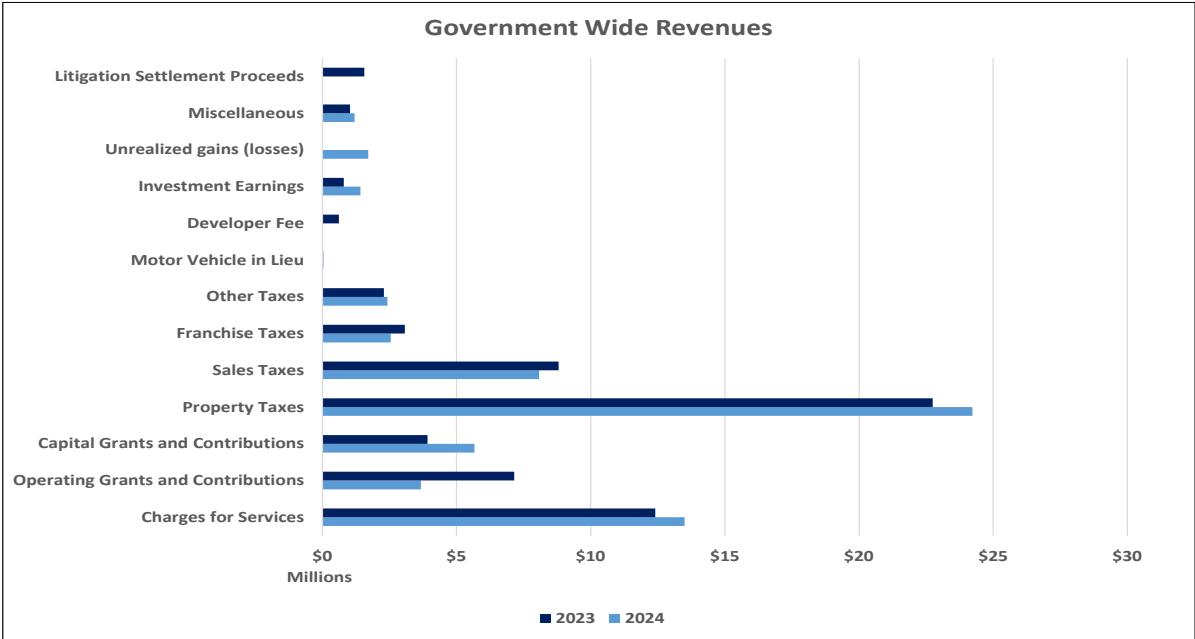
program or service. Another \$9.3 million or 14.5% of the revenues were sourced from operating/capital grants and contributions. The remaining \$41.6 million or 64.6% represents general revenues of the Town, including taxes, intergovernmental revenues, and other miscellaneous revenues.

The chart below summarizes the financial activities of the major programs.



Governmental Activities Revenue Discussion

The chart below summarized the Town’s government wide revenues for the FY 2022/23 and FY 2023/24.



Program revenues decreased by approximately \$0.6 million from the prior year. This decrease is due to the combined effect of a \$1.7 million net increase in capital grant activity including grants received toward the Los Gatos Creek Trail to Highway 9 Trailhead Connector project, \$1.1 million increase in charges for services due to increased development activity and garbage franchise fee reclassification, and a decrease of \$3.5 million from the prior year on operating grants and contribution. The decrease was due to the prior fiscal year including the American Rescue Plan Act (ARPA) second tranche of revenue.

The Town's General Revenues related to Governmental Activities increased by approximately \$0.7 million from the prior year. The increase is attributable to a combination of an approximately \$2.3 million increase in investment earnings including the mark-to-market value adjustments on the Town portfolio investment and a \$1.5 million increase in property taxes. The increases were offset by a \$0.7 million decrease in sales tax, \$0.5 million decrease in franchise fee collection, and \$0.6 million decrease in pass-through developer contributions.

Property tax is the largest individual revenue source for the Town and collections finished the year \$1.5 million higher than the previous year. This increase was mostly due to an increase of \$1.1 million in general property tax collection and \$0.4 million increase in Vehicle License Fee (VLF) Property Tax In-Lieu fee. It is important to note that assessed valuations for FY 2023/24 were established on the tax roll in January 2023 and collected in FY 2023/24.

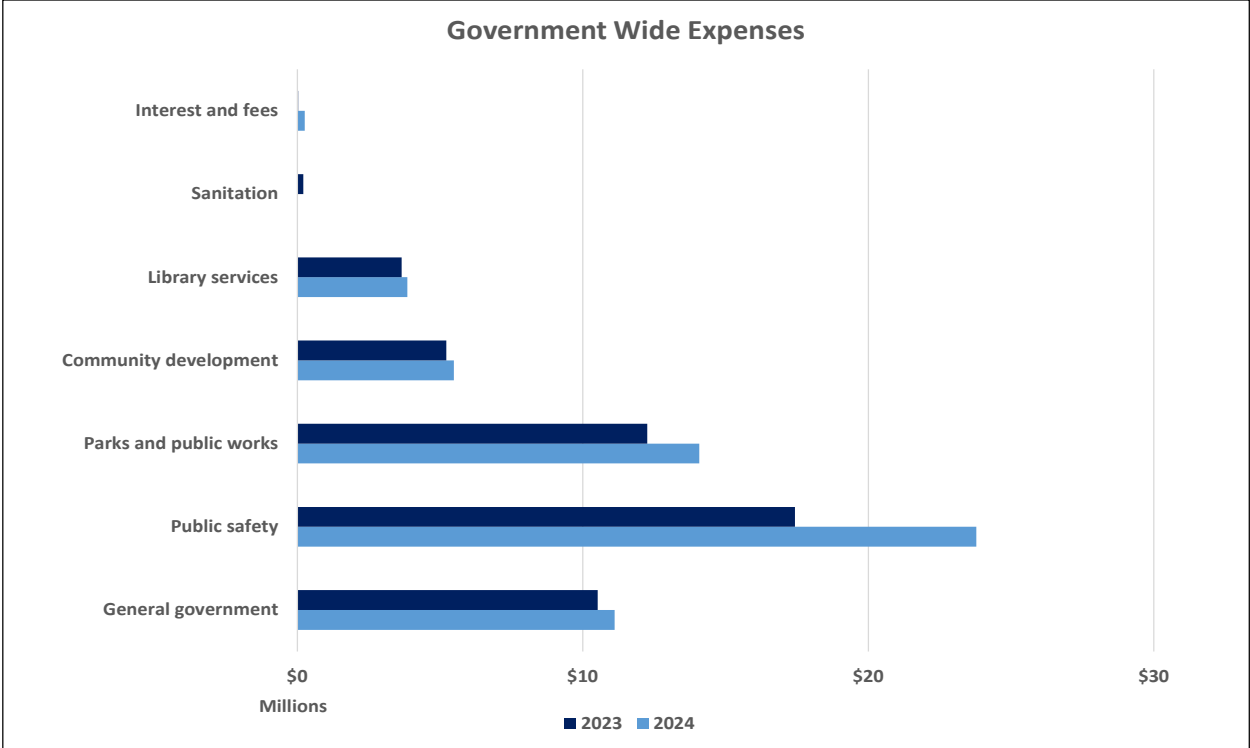
At \$8.1 million, sales taxes represent the second largest individual revenue source for the Town. Sales taxes decreased \$0.7 million from the previous year largely due to a reduction in business-to-business activities and less taxable sales activity. In addition, gas service stations have decreased activity due to the popularity of electric vehicles.

Franchise taxes, the Town's third largest individual revenue source, finished the year at \$2.5 million, reflecting a decrease of \$0.5 million from the previous fiscal year. Franchise fee collected from the garbage hauler company was reclassified as license and permit fees during FY 2023/24. In the statement of activity, the license and permit fees are categorized as charges for services. While collections remained at the same level, the revenue shifted from franchise fee to charges for services.

Investment earnings increased \$2.3 million from the prior year. The primary factor responsible for this increase was \$1.7 million total mark-to-market value above historical investment cost than the prior year for the Town's investment portfolio. These unrealized gains are recognized as investment income as a result of the mark to market value procedure required by GASB 31. Per the Town Council General Fund Reserve Policy, \$10,000 or more of unrealized investment gains that have been recorded in the financial statement are required to be reserved. The balance sheet reflects the \$1.7 million Market Fluctuation Reserve. The additional \$0.6 million increase in interest was due to a higher interest rate environment.

Governmental Activities Expenses Discussion

The chart below summarized the Town’s government wide expenses for the FY 2022/23 and FY 2023/24.



The Town provides residents, businesses, and visitors with an array of high-quality municipal services. General government strategic support is comprised of seven Departments (Town Council, Town Clerk, Town Manager, Town Attorney, Human Resources, Information Technology, and Finance) which provide information technology, executive management, economic vitality, legal, records management, risk management, human resources, finance, and accounting services. The Town’s Police Department (public safety) provides general law enforcement, crime prevention, dispatch, and responses to emergency and non-emergency calls for service. Parks and Public Works provides engineering, construction, and maintenance of public streets, street lighting, Town-owned buildings, parks, and related infrastructure, as well as traffic engineering and engineering evaluation of private development proposals. Community Development provides planning and zoning services; building plan checks and inspections; and code compliance services. The Library Department provides library, local history, and cultural services to the community.

Total expenses of \$58.6 million as reported in the Statement of Activities increased by \$9.3 million from \$49.3 million the prior year. The change was primarily driven by increases of \$3.7 million in public safety pension expense, \$1.4 million in Miscellaneous Pension expense, \$1.1 million in depreciation, and 1.5 million in salaries and benefits.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

Recognizing the financial resources measurement focus, the Town's Governmental Funds provide information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the Town's financing requirements and may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unlike the Statement of Activities which does not include transfers, the Governmental Funds Balance Sheet does include transfers in and out.

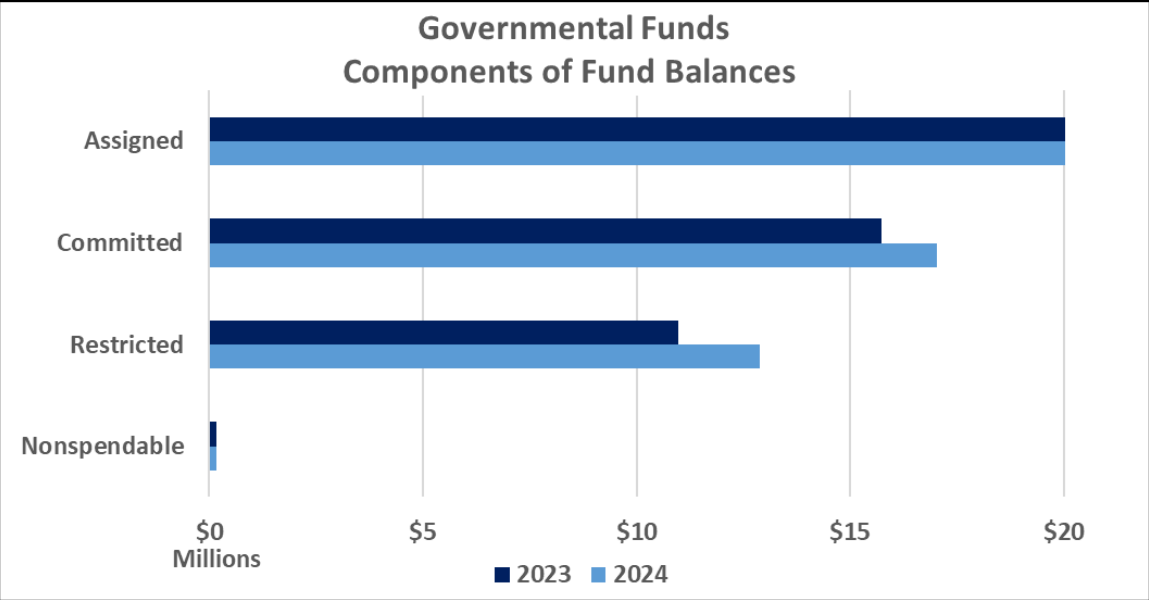
As discussed below, the Town's Governmental Funds Balance Sheet reports the following fund balances:

Restricted Fund Balance – The Town has \$12.9 million in fund balance classified as restricted to indicate that it has an externally imposed restrictions on how the money may be spent. Of the \$12.9 million restricted fund balance, \$9.0 million is restricted for capital projects, \$2.2 million for pension, \$0.6 million for Library special revenue trust accounts, and \$0.2 million for maintenance and repairs.

Committed Fund Balance – The Town has \$17.0 million in fund balance classified as committed to indicate that the Town Council previously committed how the money will be spent. Of the \$17.0 million, \$12.5 million is for budget stabilization (\$6.7 million) and catastrophe response (\$6.7 million).

Assigned Fund Balance – The Town has \$30.9 million in fund balance which is not restricted or committed and is classified as assigned to indicate the Town Council's intent to be used for specific purposes. The largest assignments of fund balance are the Reserve for Capital/Special Projects with a balance of approximately \$8.7 million and the Capital Projects Reserve of \$16.4 million which are the primary funding sources for the Town's five-year capital improvement plan and special projects as budgeted by the Town.

The chart below shows the Town's governmental fund balances for the fiscal year ended June 30, 2023 and 2024.



Additional information on the Town’s Fund Balance can be found in Note 10 of the Notes to the Financial Statements.

Total Governmental Funds results for the year included the following:

TOWN OF LOS GATOS
TOTAL GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

REVENUES	2024	2023
Property Taxes	\$ 24,265,603	\$ 22,781,248
Sales Taxes	8,071,735	8,806,477
Transient Occupancy Taxes	2,367,653	2,228,190
Other Taxes	30,358	35,496
Licenses & Permits ¹	6,227,298	6,333,675
Intergovernmental	6,317,644	10,145,820
Charges for Services	7,051,179	5,718,714
Fines and Forfeitures	480,634	416,950
Franchise Fees ¹	2,547,011	3,074,624
Developer Assessment	12,880	614,820
Interest	3,108,100	797,582
Use of Property	297,501	237,647
Other	604,493	985,188
Total Revenues	\$ 61,382,089	\$ 62,176,431
EXPENDITURES		
Current:		
Public Safety	\$ 20,718,781	\$ 18,446,048
General Government	9,573,022	8,828,779
Parks and Public Works	9,899,083	9,084,406
Community Development	5,246,729	5,065,412
Library Services	3,335,389	3,208,027
Sanitation and Other	252,605	204,097
Capital Outlay	12,366,255	8,917,075
Debt Service		
Principal	225,370	156,034
Interest and Fees	3,716	-
Total Expenditures	\$ 61,620,950	\$ 53,909,878
Excess Revenues over Expenditures	\$ (238,861)	\$ 8,266,553
Subscriptions	706,713	-
Settlement -Shannon Road	-	1,565,000
Proceeds from sales of assets	223	2,162
Transfers in	3,666,235	11,886,022
Transfers out	(4,317,235)	(11,396,347)
Total Other Financing Sources (Uses)	\$ 55,936	\$ 2,056,837
Net Changes in Fund Balances	(182,925)	10,323,390
Beginning/Ending Fund Balances	\$ 61,185,528	\$ 50,862,138
Ending Fund Balances	\$ 61,002,603	\$ 61,185,528

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses & Permits under Charges for Services. The total amount classified in Licenses & Permits in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,335 in FY 2022/23 and \$1,493,184 in FY 2023/24.

Overall, total Governmental Funds revenues finished \$0.8 million or 1.3% lower than the prior year, while total expenditures finished \$7.7 million or 14.3% higher than the prior year. One of the main reasons for the decrease in revenue was a reduction in grant activity due to receiving the final tranche of the \$3.6 million ARPA payment in fiscal year 2023 as well as a \$0.7 million dollar reduction in sales tax. The reduction was offset by increases in general property tax collections of \$1.5 million and \$2.3 million increase in interest revenue. The increase in interest was due to \$1.7 million unrealized gain adjustment. The change in expenditures was mainly due to capital outlay increases of \$3.4 million, salary and benefit cost increases of \$1.9 million, and general operating increases of \$1.5 million.

General Fund revenues totaled \$53.5 million or nearly 87.2% of the total \$61.0 million in Total Governmental Fund revenues.

Governmental Funds expenditures increased by \$7.7 million. General Fund expenditures represent approximately \$49.5 million or 80.4% of the Total Governmental Fund expenditures of \$61.6 million compared to \$44.9 million of General Fund expenditures and total Governmental Funds expenditures of \$53.9 million in the prior year.

Increases in Public Safety expenditures from the prior year of approximately \$2.3 million were primarily due to \$1.4 million salary and benefit cost increases resulting from labor negotiations and mandated increases in employer pension contribution rates, and \$0.5 million internal service costs for equipment replacement and general liability.

Increases in Parks and Public Works, Community Development, and Library services expenditures from prior year of approximately \$1.1 million were primarily due to \$0.7 million operating expenditure increases, \$0.3 million equipment replacement costs, and \$0.1 million salary and benefit cost increases.

The \$0.7 million increase in general governmental expenditures was mainly attributable to \$0.3 million salary and benefit increases and \$0.2 million labor relation services and post-retirement benefits.

Appropriated Reserves Fund capital projects fund balances decreased \$2.7 million from the prior year, reflecting increased capital activity during the fiscal year. The \$5.3 million of general government and capital outlay expenditures above operating revenues was offset by \$2.6 million from other financing sources.

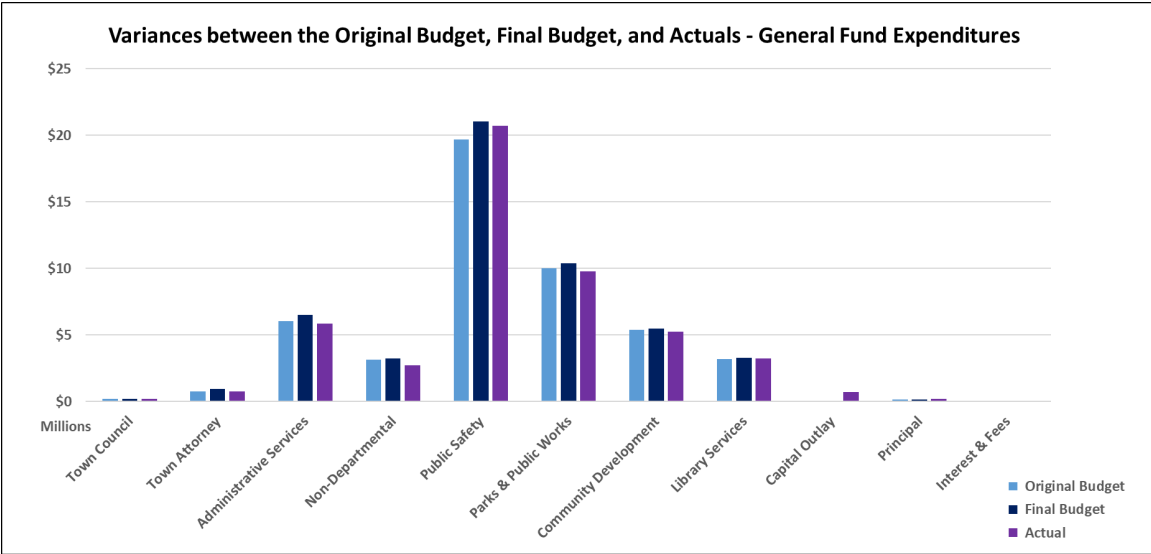
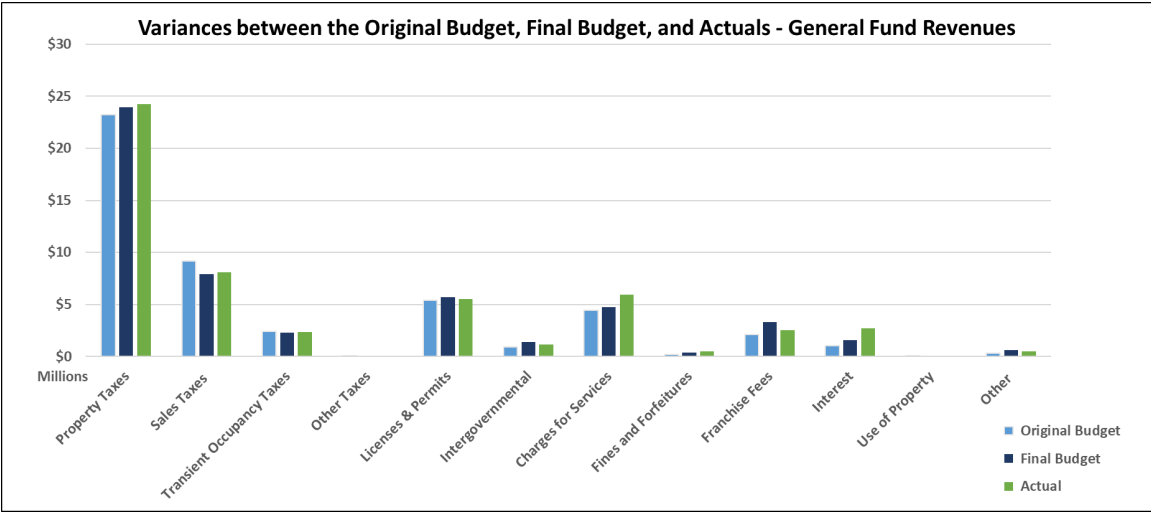
Proprietary Funds

The Town's Proprietary Funds (Internal Service Funds) presented in the Fund Financial Statements section provide similar information to the Government-Wide Financial Statements and include individual segment information.

Total net position in the Internal Service Funds increased by \$1.0 million due to increases in general fund support and program charges for services to cover for workers' compensation, information technology, and general liability costs including administration, insurance premiums, and claims expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

The below graphs represent the revenue and expenditure variances between the original budget, final budget, and actuals.



Changes to the Original Budget

As noted in the above chart, comparing the FY 2023/24 original budget (i.e., the Adopted Budget) General Fund revenues of \$49.2 to the final adjusted budget of \$51.7 indicates a net increase of

approximately \$2.5 million or 5.1%. Additions to the original revenue budget included adjustments approved by Town Council throughout the fiscal year.

The increase in General Fund revenue appropriations occurred primarily from the following sample of revenue budget adjustments made during the fiscal year:

- \$1.2 million revenue increases for charges for services including \$1.1 million for garbage franchise fees and \$0.1 million for PG&E franchise fees;
- \$0.7 million property tax revenue budget increase in line with the estimates and forecasts provided to the Town quarterly from Santa Clara County Assessor's Office;
- \$0.5 million Interest revenue budget increase based on the estimated collection from LAIF per projected interest rates;
- \$0.3 million grant receipt with matching expenditure.

As shown in the chart on the previous page, comparing the FY 2023/24 original budget (i.e. the Adopted Budget) General Fund expenditures of \$48.6 million (excluding budgeted transfers-out and debt payments that are reimbursed) to the final adjusted budget of \$51.4 million indicates a net increase of approximately \$2.8 million or 5.8%. Additions to the original expenditure budget included adjustments approved by Town Council throughout the fiscal year.

The increase in General Fund expense appropriations occurred primarily from the following sample of budget adjustments made during the fiscal year.

- \$1.3 million increase in expenditure related cost increases to legal, labor and employee relation services, post-employment benefit, recruitment services, special studies, property damage repair, utilities and other operating expenditures;
- \$1.1 million expenditure increase for salaries and benefits related charges including budget restoration of \$0.7 million for individual departments that were fully staffed and did not experience the full preplanned 4.6% salary savings factor and \$0.4 million for negotiated salaries and benefits and temporary staff augmentation; and
- \$0.3 grant activity with matching revenues.

Variance with the Final General Fund Budget

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (GAAP) for Fiscal Year Ended June 30, 2024, reports an approximate favorable variance overall with the final budget of approximately \$3.6 million. During FY 2023/24, the General Fund had an excess of revenues over expenditures of \$4.0 million, excluding transfers. This favorable variance was created largely by the net effect of the following factors:

- Actual revenues ended the fiscal year at \$1.8 million above final budgeted revenues. The chart on the next page illustrates the original revenue budget, final revenue budget and actual revenues.

- Actual expenditures ended the fiscal year at \$1.8 million below final budgeted expenditures. Significant factors affecting actual expenditures include: \$1.0 million savings in salaries and benefits in limited term vacancies throughout the organization combined with {\$0.8 million less actual expenditures than budgeted in multiple categories Town-wide}. The chart below illustrates the original expenditure budget, final expenditure budget and actual expenditures.

CAPITAL ASSETS

As of June 30, 2024, the Town's investment in capital assets for its governmental activity is recorded at \$139,376,963 (net of accumulated depreciation/amortization). The investment in capital assets includes land, buildings and improvements, infrastructure, construction in progress, subscription right of use asset, machinery and equipment. Capital assets increased \$6.7 million net of depreciation expense totaling approximately \$5.3 million for the year.

Notable additions include:

- \$7.1 million addition to construction in progress
- \$3.8 million in street repair and resurfacing and curb and gutter work; and
- \$0.5 million in subscription right of use of assets.

The \$7.1 million addition to construction in progress is comprised of \$3.8 million for pathways projects, \$1.2 million for streets and curbs improvements, \$0.9 million for land and building improvements, \$0.6 million for bridges, \$0.4 million for equipment, and \$0.2 million for retaining walls, traffic signals, parking lots, and park improvements.

Capital Assets
Town of Los Gatos
For the Year Ended June 30, 2024

	Capital Assets	Accumulated Depreciation	Capital Assets, Net
Infrastructure - Streets	\$ 86,301,911	\$ (40,509,975)	\$ 45,791,936
Infrastructure -Other	28,491,627	(10,552,383)	17,939,244
Subscription Right of Use Assets	1,622,573.00	(422,512.00)	1,200,061
Buildings	42,862,716	(11,995,280)	30,867,436
Land	26,064,735	-	26,064,735
Equipment	12,893,445	(10,870,937)	2,022,508
Construction in Progress	15,491,043	-	15,491,043
	<u>\$ 213,728,050</u>	<u>\$ (74,351,087)</u>	<u>\$ 139,376,963</u>

Additional information on the Town's capital assets is found in Note 6 of this Financial Report.

LONG-TERM DEBT

The Town generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The Town long-term debt is related to the PG&E on-bill financing loan used for facility efficiency project updates, totaling \$1.0 million at 6/30/2024. The long-term debt in the Successor Agency Trust Fund is related to the 2002 COP and 2010 COP, totaling \$10.2 million. Additional information on the Town's Long-Term Debt is found in Note 7 of this Financial Report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

General Fund Monies Made Available because of the ARPA Grant

The Town recognized the American Rescue Plan Act (ARPA) operating revenue over three fiscal years including FY 2020/21 (\$200,911), FY 2021/22 (\$3,413,961), and FY 2022/23 (\$3,614,872) for allowable expenditures under the standard allowance provision of the ARPA federal rules. The funds were received in the ARPA special revenue fund and were transferred out to other funds and used Town for qualifying public safety expenditures under the provisions of the Act.

The utilization of the ARPA grant enabled the Town to support the following activities using unrestricted resources:

Unrestricted Funds Available	\$ 7,229,744
Less Council Approved Uses	
Parklets (Downtown Economic Recovery Efforts)	\$ 930,000
Rent Waivers	746,463
CUP/ADA Fee Waivers	54,346
Destination Marketing	55,000
K-Rails (Downtown Economic Recovery Efforts)	88,654
Promenades	188,667
Direct Grants	110,000
Enhanced Senior Services	500,000
Capital Improvement Program Support Transfers	2,900,000
One-Time Community Grant (Council Action 2-21-2023)	150,000
One-Time to LGS REC 55+ Program (Council Action 2-21-2023)	225,000
One-Time to KCAT Producers (Council Action 2-21-2023)	100,000
One-Time Unhoused Residents Efforts (Council Action 2-21-2023)	25,000
One-Time Rent Forgiveness LGS REC (Council Action 3-21-2023)	200,000
One-Time Rent Forgiveness NUMU (Council Action 3-21-2023)	21,000
One-Time Unhoused Residents Efforts (Council Action 4-4-2023)	25,000
One-Time - Additional Chambers of Commerce (Council Action 5-2-2023)	33,000
One-time - Adult Recreation Center Interim Community Center (Council Action 8-15-2023 & FY 2024/25 Proposed Budget)	877,614
Total	\$ 7,229,744

Purpose of the Budget and Annual Comprehensive Financial Report

Our Town's budget is more than just numbers—it is a plan that ensures we use our resources efficiently and effectively, prioritizing our most important goals. Through this budget, the Town Council shapes our community's direction and priorities by allocating financial resources. The Annual Comprehensive Financial Report reflects the activities and financial condition of the previous year, serving as an essential document for residents, taxpayers, and other stakeholders to assess the Town's financial standing. While both documents are critical, they do not provide the complete picture of the financial or operational reality of the Town.

Forecasting Our Finances

The FY 2024/25 budget projections are based on economic trends and forecasts specific to our area. These estimates, informed by local data from the County of Santa Clara and consultants such as Avenu Insights & Analytics, help predict revenue from sources like taxes and government grants. Expenditures are carefully reviewed by departments and the Finance Department and are incorporated into the budget with a vacancy savings factor of 4.6%, reflecting the Town's historical trend of not fully expending predicted salaries and benefit costs.

Overall, the Town is financially stable and secure for the foreseeable future. During the FY 2023/24 fiscal year, the Town-wide Statement of Activities reported an increase in net position of \$5,883,955—a measure of the change in the value of assets impacted by Town operations during the year. This net position includes \$3,129,616 from investment earnings, driven by high interest rates and unrealized gains due to the requirement to value current investments at market value as of June 30. Additionally, revenue exceeding budget estimates and expenditures coming in below projections contributed to this positive change.

This increase in net position reflects a broader trend, with eight of the last nine years showing positive net position growth. In the General Fund—the primary operating fund for Town operations—the available resources for the next fiscal year have also increased.

While encouraging, the increase in net position can be significantly influenced by market interest rate fluctuations, liability payments (including pension costs), and operational and capital expenditures. Additionally, accounting standards do not account for future capital costs beyond depreciation, meaning deferred capital needs could substantially impact future financial performance. Rising costs in key Town operations and contracted services also pose challenges that could outpace revenue growth.

Despite our stable position and financial cushion, maintaining this stability will require fiscal prudence and foresight to address future challenges.

Emerging Financial Challenges

Although we have experienced financial gains, we are facing significant cost pressures. Rising costs for basic services—including salaries, benefits, and contracting—are compounded by volatile pension costs, which have fluctuated dramatically in recent years. The competitive Silicon Valley market and increasing regulatory requirements on local governments also drive up the cost of services and materials.

A major concern is the lack of preparation to fully fund or quantify the liabilities and annualized costs for maintaining our infrastructure – such as roads, parks, and buildings. These deferred maintenance needs could add millions to future expenses. The cost per mile of infrastructure repair continues to rise, leading to tradeoffs between non-capital and capital priorities. While progress has been made in identifying some of our needs, the Town is quite a ways from achieving a sustainable investment to address its substantial capital liabilities.

Sales tax, our second-largest revenue source, is expected to stagnate or decline due to reduced consumer spending capacity, higher costs, and the loss of high-tax businesses like car dealerships. In FY2023/24, sales tax revenue dropped 8.3% from the previous year to approximately \$8 million, aligning with the Town’s historical average over the past decade. This flat revenue trajectory, combined with increasing operational and capital costs, poses a significant budgetary challenge.

Additionally, the region's economy is heavily influenced by industries affected by geopolitical dynamics. These dynamics could impact employment, property and transfer tax revenue, fees, occupancy taxes, and sales taxes, further adding uncertainty to the financial outlook.

Proactive Financial Strategies and Sustainable Financial Planning

It is essential for us to continuously monitor and evaluate our long-term financial sustainability, balancing major capital needs with the provision of essential services. Los Gatos is currently in a relatively strong financial position, supported by significant reserves. However, we must remain vigilant and prepared to address rising operational and capital costs that could outpace revenue growth. Our goal is to preserve the exceptional quality of life in our community through prudent and strategic financial management.

To achieve this, the Town must work to fully identify the true costs of basic operations as well as additional programs and services, comparing these costs to our capacity to sustain such activities over the long term. While our overall financial position is balanced, our focus must shift to achieving a sustainably balanced budget that ensures efficient and effective delivery of services at a level supported by available resources.

Key efforts in this direction should include:

- Establishing a shared understanding of our current and projected financial condition.
- Defining the basic and enhanced services provided to residents and businesses.
- Taking deliberate steps toward long-term financial sustainability.
- Identifying system and process improvements that reflect careful planning in how Town activities are delivered, ensuring accountability to those who fund these services.

These initiatives require a multi-year approach, and I am confident we can make meaningful progress in the years ahead.

REQUESTS FOR INFORMATION

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions about this report or requests for any additional information, should be directed to Gitta Ungvari, Finance Director, at 110 East Main Street, Los Gatos, California, 95030; email at gungvari@losgatosca.gov; or phone at (408) 354-6805.

Basic Financial Statements

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES**

The Statement of Net Position, Statement of Activities, fund financial statements, and the notes to financial statements comprise the Basic Financial Statements of the Town.

The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire financial activities and financial position of the Town. They are prepared on the same basis of accounting (accrual) used by most businesses, which means they include all the Town’s assets and liabilities, as well as its revenues and expenses. The effect of the entire Town’s transactions is accounted for, regardless of when cash changes hands, and all material internal transactions between funds have been eliminated.

The Statement of Net Position report the Town’s total assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, and presents similar information to the old balance sheet format while focusing the reader on the composition of the Town’s net position (assets minus liabilities). The Statement of Net Position summarizes the financial position of the Town’s governmental activities in a single column.

The Town’s governmental activities include the activities of the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds. These funds are serviced by the Town’s Internal Service Funds; therefore internal service activities are consolidated with governmental activities after eliminating inter-fund transactions and balances.

The Statement of Activities reports increases and decreases in the Town’s net position and is prepared on the full accrual basis of accounting, which means it includes all the Town’s revenues and expenses regardless of when cash changed hands. This differs from the “modified accrual” basis of accounting used in the fund financial statements, which reflect only current assets, current liabilities, available revenues, and measurable expenditures.

The format of the Statement of Activities presents the Town’s expenses before revenues and by program. Program revenues (revenues generated directly by specific programs) are deducted from program expenses to arrive at the net expense of each governmental program, which is offset by general revenues as listed before the change in net position. From these components, the change in net position is computed and reconciled to the Statement of Net Position.

Both of these statements include the financial activities of the Town.

TOWN OF LOS GATOS, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2024

ITEM NO. 14.

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 79,482,564
Restricted cash and investments	2,368,441
Receivables:	
Accounts	3,052,460
Interest	800,882
Intergovernmental	4,759,056
Other assets	152,614
Land held for resale	344,338
Long-term leases receivable	1,861,308
Long-term notes receivables	1,137,752
Capital Assets:	
Nondepreciable	26,064,735
Depreciable, net of accumulated depreciation	113,312,228
Total Assets	<u>\$ 233,336,378</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension adjustments	\$ 23,166,916
OPEB adjustments	5,806,759
Total Deferred Outflows of Resources	<u>\$ 28,973,675</u>
LIABILITIES	
Accounts payable	\$ 4,799,652
Accrued payroll and benefits	603,981
Interest payable	19,943
Due to other governments	82,372
Unearned Revenue	7,599,945
Deposits	6,258,763
Claims payable	1,889,992
Long-term liabilities:	
Due within one year	
Compensated absences	596,874
Subscription liabilities	211,678
Loans payable	156,034
Due in more than one year	
Net OPEB liability	9,009,446
Net pension liabilities	63,027,669
Compensated absences	2,514,083
Subscription liabilities	871,480
Loans payable	884,189
Total Liabilities	<u>\$ 98,526,101</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	1,168,056
Pension adjustments	1,694,347
OPEB adjustments	1,515,332
Total Deferred Inflows of Resources	<u>\$ 4,377,735</u>
NET POSITION	
Net investment in capital assets	\$ 137,253,582
Restricted for:	
Library	556,848
Capital projects	9,043,666
Land held for resale	344,338
Lighting and landscape repairs and maintenance	182,625
Pensions	2,188,659
VTA	577,887
Worker's compensation claims	121,438
Total Restricted Net Position	<u>13,015,461</u>
Unrestricted	9,137,174
Total Net Position	<u>\$ 159,406,217</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ITEM NO. 14.

Functions/Programs	Program Revenues					Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating	Capital	Total	Governmental Activities
			Grants and Contributions	Grants and Contributions		
Governmental Activities:						
General government	\$ 11,113,238	\$ 2,694,162	\$ 63,088	\$ -	\$ 2,757,250	\$ (8,355,988)
Public safety	23,783,313	1,980,431	917,317	-	2,897,748	(20,885,565)
Parks and public works	14,075,171	4,211,420	1,828,050	5,668,252	11,707,722	(2,367,449)
Community development	5,481,765	4,247,279	692,151	-	4,939,430	(542,335)
Library services	3,853,748	2,514	167,303	-	169,817	(3,683,931)
Sanitation	263,706	359,950	-	-	359,950	96,244
Interest and fees	26,137	-	-	-	-	(26,137)
Total Governmental Activities	\$ 58,597,078	\$ 13,495,756	\$ 3,667,909	\$ 5,668,252	\$ 22,831,917	(35,765,161)
General revenues:						
Taxes:						
						24,224,142
						8,071,735
						2,547,011
						2,367,653
						55,196
						41,461
						12,880
Investment earnings:						
						1,417,370
						1,712,246
						1,199,422
						41,649,116
						5,883,955
						153,522,262
						\$ 159,406,217

The notes to the financial statements are an integral part of this statement.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FUND FINANCIAL STATEMENTS &
MAJOR GOVERNMENTAL FUNDS

Fund Financial Statements:

The Fund Financial Statements only present major funds individually while nonmajor funds are combined in a single column. Major funds are generally defined as having significant activities or balances in the current year.

Major Governmental Funds:

The Town determined that the following funds were major funds for the year ended June 30, 2024. Individual non-major funds can be found in the supplemental section.

General Fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Appropriated Reserves Fund is used to account for resources provided for capital projects not fully funded from other sources.

**TOWN OF LOS GATOS, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

ITEM NO. 14.

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash & investments	\$ 34,471,425	\$ 25,746,502	\$ 10,415,070	\$ 70,632,997
Restricted cash & investments	2,188,659	-	58,344	2,247,003
Receivables:				
Accounts	1,784,830	1,145,377	82,843	3,013,050
Interest	800,882	-	-	800,882
Intergovernmental	1,815,445	2,713,517	230,094	4,759,056
Other assets	152,614	-	-	152,614
Land held for resale	344,338	-	-	344,338
Leases receivable	-	149,496	304,129	453,625
Long term note receivable	1,059,000	-	78,752	1,137,752
Total Assets	\$ 42,617,193	\$ 29,754,892	\$ 11,169,232	\$ 83,541,317
LIABILITIES				
Accounts payable	\$ 971,349	\$ 3,586,786	\$ 24,000	\$ 4,582,135
Accrued payroll and benefits	600,757	-	3,224	603,981
Due to other governments	82,313	-	-	82,313
Unearned revenue	3,641,939	3,893,211	64,795	7,599,945
Deposits	6,258,763	-	-	6,258,763
Total Liabilities	11,555,121	7,479,997	92,019	19,127,137
DEFERRED INFLOWS OF RESOURCES				
Leases	-	144,532	202,252	346,784
Unavailable revenue	-	3,064,793	-	3,064,793
Total Deferred Inflows of Resources	-	3,209,325	202,252	3,411,577
FUND BALANCE				
Nonspendable:				
Loans receivable	159,000	-	-	159,000
Restricted for:				
Library	-	-	556,848	556,848
Capital projects	-	-	9,043,666	9,043,666
Land held for resale	344,338	-	-	344,338
Repairs and maintenance	-	-	182,625	182,625
Pensions	2,188,659	-	-	2,188,659
VTA	-	577,887	-	577,887
Committed to:				
Budget stabilization	6,736,781	-	-	6,736,781
Catastrophic	6,736,781	-	-	6,736,781
Pensions/OPEB	300,000	-	-	300,000
Measure G 2018 district sales tax	590,581	1,572,619	-	2,163,200
Special revenue funds	-	-	1,091,822	1,091,822
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	292,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	8,651,056	16,421,064	-	25,072,120
Carryover encumbrances	85,861	-	-	85,861
Comcast PEG	-	50,000	-	50,000
ERAF Risk	1,430,054	-	-	1,430,054
Economic recovery	20,684	-	-	20,684
Compensated absences	1,555,478	-	-	1,555,478
Market fluctuations	1,712,246	-	-	1,712,246
Total Fund Balances	31,062,072	19,065,570	10,874,961	61,002,603
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 42,617,193	\$ 29,754,892	\$ 11,169,232	\$ 83,541,317

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET
POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Fund Balance - Total Governmental Funds \$ 61,002,603

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

CAPITAL ASSETS

Capital assets used in the Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds. 138,865,947

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are used by management to charge the cost of management of certain activities such as insurance, central services and maintenance to individual governmental funds. The net current assets of the internal service funds are therefore included as Governmental Activities in the Statement of Net Position. 7,534,550

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position.

Deferred outflows of resources:

PERS Miscellaneous Plan adjustments	\$ 9,339,476	
PERS Safety Plan adjustments	13,827,440	
OPEB plan adjustments	5,806,759	28,973,675

Deferred Inflows of resources:

PERS Miscellaneous Plan adjustments	\$ (18,028)	
PERS Safety Plan adjustments	(1,676,319)	
OPEB plan adjustments	(1,515,332)	(3,209,679)

DEFERRED INFLOWS OF RESOURCES

Revenues from grants that are funded in this fiscal year that will not be collected for several months after the Town's fiscal year end are not considered available and are classified as deferred inflows of resources in the governmental funds. 3,064,793

LONG-TERM LIABILITIES

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.

Subscription liabilities	\$ (637,377)	
Loans payable	(1,040,223)	
Net Pension Liabilities	(63,027,669)	
Net OPEB Liability	(9,009,446)	
Compensated absences	(3,110,957)	(76,825,672)

Net Position - Governmental Activities **\$ 159,406,217**

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 24,227,166	\$ -	\$ 38,437	\$ 24,265,603
Sales Taxes	8,071,735	-	-	8,071,735
Transient Occupancy Taxes	2,367,653	-	-	2,367,653
Other Taxes	5,520	-	24,838	30,358
Licenses & Permits	5,513,209	157,535	556,554	6,227,298
Intergovernmental	1,157,224	3,362,026	1,798,394	6,317,644
Charges for Services	5,913,520	1,137,659	-	7,051,179
Fines and Forfeitures	480,634	-	-	480,634
Franchise Fees	2,547,011	-	-	2,547,011
Developer Assessments	-	12,880	-	12,880
Interest	2,698,736	100,179	309,185	3,108,100
Use of Property	34,722	91,284	171,495	297,501
Other	516,082	-	88,411	604,493
Total Revenues	53,533,212	4,861,563	2,987,314	61,382,089
EXPENDITURES				
Current:				
General Government	9,573,022	-	-	9,573,022
Public Safety	20,718,781	-	-	20,718,781
Parks and Public Works	9,789,656	-	109,427	9,899,083
Community Development	5,246,729	-	-	5,246,729
Library Services	3,253,389	-	82,000	3,335,389
Sanitation and Other	-	-	252,605	252,605
Capital Outlay	708,302	10,193,353	1,464,600	12,366,255
Debt service:				
Principal	225,370	-	-	225,370
Interest & Fees	3,716	-	-	3,716
Total Expenditures	49,518,965	10,193,353	1,908,632	61,620,950
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,014,247	(5,331,790)	1,078,682	(238,861)
OTHER FINANCING SOURCES (USES)				
Subscriptions	706,713	-	-	706,713
Sale of capital assets	223	-	-	223
Transfers in	564,910	3,101,325	-	3,666,235
Transfers (out)	(3,752,325)	(453,990)	(110,920)	(4,317,235)
Total Other Financing Sources (Uses)	(2,480,479)	2,647,335	(110,920)	55,936
NET CHANGES IN FUND BALANCES	1,533,768	(2,684,455)	967,762	(182,925)
BEGINNING FUND BALANCES	29,528,304	21,750,025	9,907,199	61,185,528
ENDING FUND BALANCES	\$ 31,062,072	\$ 19,065,570	\$ 10,874,961	\$ 61,002,603

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (182,925)

Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:

CAPITAL ASSET TRANSACTIONS

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets (additions)	\$ 12,016,644	
Current year depreciation	<u>(5,092,938)</u>	6,923,706

Gains and losses from the disposal of capital assets are not considered current financial resources and are not recorded in the governmental fund statement of revenues and expenditures but are recorded in the government-wide statement of activities because they are economic resources.		(24,094)
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LONG-TERM DEBT PROCEEDS AND PAYMENTS

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Subscription Liabilities Debt Issuances		(706,713)
Subscription Liabilities Principal Payments		69,336
PG&E Loan		156,034

UNAVAILABLE REVENUE

Revenues from grants that are funded in this fiscal year that will not be collected for several months after the Town's fiscal year end are not considered available and are classified as deferred inflows of resources in the governmental funds.

2,266,093

COMPENSATED ABSENCES

In governmental funds, compensated absences such as vacations and sick leave are expenditures when taken. However, in the Government Wide Statement of Activities, the current year change in the compensated absences liability is reported.

50,290

OPEB PLAN CONTRIBUTIONS AND EXPENSE

In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year OPEB expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.

122,506

PENSION PLAN CONTRIBUTIONS AND EXPENSE

In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.

(3,781,956)

ALLOCATION ON INTERNAL SERVICE FUND ACTIVITY

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.

991,678

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 5,883,955

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 23,249,311	\$ 23,938,717	\$ 24,227,166	\$ 288,449
Sales Taxes	9,152,778	7,881,069	8,071,735	190,666
Transient Occupancy Taxes	2,419,000	2,262,528	2,367,653	105,125
Other Taxes	7,000	7,000	5,520	(1,480)
Licenses & Permits	5,365,996	5,684,574	5,513,209	(171,365)
Intergovernmental	913,094	1,362,032	1,157,224	(204,808)
Charges for Services	4,416,250	4,715,797	5,913,520	1,197,723
Fines and Forfeitures	203,450	365,950	480,634	114,684
Franchise Fees	2,116,470	3,308,703	2,547,011	(761,692)
Interest	1,035,097	1,566,384	2,698,736	1,132,352
Use of Property	35,811	31,839	34,722	2,883
Other	281,954	622,555	516,082	(106,473)
Total Revenues	49,196,211	51,747,148	53,533,212	1,786,064
EXPENDITURES				
Current:				
General Government:				
Town Council	184,386	197,260	196,368	892
Town Attorney	771,611	947,963	751,614	196,349
Administrative Services	6,061,730	6,506,131	5,877,879	628,252
Non-Departmental	3,157,423	3,246,886	2,747,161	499,725
Total General Government	10,175,150	10,898,240	9,573,022	1,325,218
Public Safety	19,685,259	21,067,571	20,718,781	348,790
Parks & Public Works	10,028,859	10,401,802	9,789,656	612,146
Community Development	5,390,623	5,509,852	5,246,729	263,123
Library Services	3,175,170	3,285,841	3,253,389	32,452
Capital Outlay	-	40,000	708,302	(668,302)
Debt Service:				
Principal	156,034	156,034	225,370	(69,336)
Interest & Fees	-	-	3,716	(3,716)
Total Expenditures	48,611,095	51,359,340	49,518,965	1,840,375
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	585,116	387,808	4,014,247	3,626,439
OTHER FINANCING SOURCES (USES)				
Subscriptions	-	-	706,713	706,713
Gain from sale of assets	1,000	1,000	223	(777)
Transfers In	571,536	595,411	564,910	(30,501)
Transfers Out	(2,456,327)	(3,752,608)	(3,752,325)	283
Total Other Financing Sources (Uses)	(1,883,791)	(3,156,197)	(2,480,479)	675,718
NET CHANGES IN FUND BALANCE	\$ (1,298,675)	\$ (2,768,389)	1,533,768	\$ 4,302,157
BEGINNING FUND BALANCE			29,528,304	
ENDING FUND BALANCE			\$ 31,062,072	

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

**PROPRIETARY FUNDS -
INTERNAL SERVICE FUNDS**

Internal service funds account for Town operations financed and operated in a manner similar to a private business enterprise. The intent of the Town is that the cost of providing goods and services to other Town funds be financed through user charges to those funds.

The concept of major funds does not extend to internal service funds because they are used for internal activities only. In the Government-Wide Statement of Activities, the net revenues and expenses of the internal service funds are allocated to the Town Departments or programs that generated them, thus eliminating internal service funds.

**TOWN OF LOS GATOS, CALIFORNIA
 PROPRIETARY FUNDS -
 STATEMENT OF NET POSITION
 JUNE 30, 2024**

ITEM NO. 14.

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets:	
Cash & investments	\$ 8,849,567
Restricted cash & investments	121,438
Accounts Receivable	39,410
Total current assets	9,010,415
Noncurrent Assets:	
Leases receivable	1,407,683
Subscription assets, net	511,016
Total noncurrent assets	1,918,699
Total Assets	\$ 10,929,114
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 217,517
Due to other governments	59
Interest payable	19,943
Subscription liabilities - Current	161,331
Total current liabilities	398,850
Noncurrent liabilities:	
Claims payable	1,889,992
Subscription liabilities	284,450
Total noncurrent liabilities	2,174,442
Total Liabilities	\$ 2,573,292
DEFERRED INFLOWS OF RESOURCES	
Leases	\$ 821,272
NET POSITION	
Net Investment in capital assets	\$ 65,235
Restricted for workers compensation claims	121,438
Unrestricted	7,347,877
Total Net Position	\$ 7,534,550

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
 PROPRIETARY FUNDS -
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 4,398,817
Use of money and property	166,373
Other local taxes	24,838
Other revenue and reimbursements	486,265
Total Operating Revenues	5,076,293
OPERATING EXPENSES	
Insurance expenses	2,463,881
Services and Supplies	2,068,407
Depreciation/amortization	202,422
Total Operating Expenses	4,734,710
Operating Income (Loss)	341,583
NONOPERATING REVENUE (EXPENSES)	
Investment earnings	21,516
Interest expense	(22,421)
Income (loss) before transfers	340,678
Transfers in	651,000
Transfers out	-
Net transfers	651,000
Change in Net Position	991,678
BEGINNING NET POSITION	6,542,872
ENDING NET POSITION	\$ 7,534,550

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
 PROPRIETARY FUNDS -
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,759,258
Payments to suppliers	(4,433,671)
Insurance reimbursements	397,312
Claims paid	(361,241)
Net cash provided (used) by operating activities	361,658
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In	651,000
Transfers Out	-
Net cash provided (used) by noncapital financing activities	651,000
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Interest paid	(30,393)
Principal paid	(149,154)
Acquisition of subscription assets	-
Net cash provided (used) by capital related financing activities	(179,547)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash collected from investment earnings	21,516
Net cash provided (used) Investing Activities	21,516
Net Increase(Decrease) in Cash and Investments	854,627
Cash and investments - beginning of year	8,116,378
Cash and investments - end of year	\$ 8,971,005
Reconciliation of Operating Income to Cash Flows	
from Operating Activities:	
Operating Income	\$ 341,583
Adjustments to reconcile operating income to cash flows	
from operating activities:	
Depreciation/amortization	202,422
Change in assets and liabilities:	
Accounts receivables	36,028
Leases receivable	(59,528)
Deferred inflows of resources	103,777
Accounts payable	(25,908)
Claims payable	(236,716)
Cash Flows From Operating Activities	\$ 361,658
Cash and cash equivalents:	
Cash and investments	\$ 8,849,567
Restricted cash and investments	121,438
Total cash and cash equivalents	\$ 8,971,005

The notes to the financial statements are an integral part of this statement.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the Town as a trustee agent for individuals, private organizations and other governments. The financial activities of these funds are excluded from the government-wide financial statements but are presented in separate Fiduciary Fund financial statements.

RDA Successor Agency Private Purpose Trust Fund was established to account for the assets and liabilities transferred from the dissolution of the Town’s former Redevelopment Agency and the continuing operations related to existing Redevelopment Agency obligations.

**TOWN OF LOS GATOS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>RDA Successor Agency</u>
ASSETS	
Cash and investments	\$ 2,026,518
Restricted cash and investments	2,118,936
Loans receivable	633,746
Capital assets:	
Depreciable, net of accumulated depreciation	<u>1,016,930</u>
Total Assets	<u>\$ 5,796,130</u>
LIABILITIES	
Accounts payable	\$ 27
Interest payable	187,218
Long-term debt:	
Due within one year	1,485,000
Due in more than one year	<u>8,755,925</u>
Total Liabilities	<u>\$ 10,428,170</u>
NET POSITION	
Restricted for RDA	<u>\$ (4,632,040)</u>
Total Net Position	<u>\$ (4,632,040)</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS
PRIVATE PURPOSE TRUST FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>RDA Successor Agency</u>
ADDITIONS	
Property taxes	\$ 1,952,104
Investment earnings	<u>133,738</u>
Total Additions	<u>2,085,842</u>
DEDUCTIONS	
Program expenses of former RDA	5,394
Interest and fiscal agency expenses of RDA	423,007
Depreciation expense	<u>101,693</u>
Total Deductions	<u>530,094</u>
CHANGE IN NET POSITION	1,555,748
NET POSITION - BEGINNING OF YEAR	<u>(6,187,788)</u>
NET POSITION - END OF YEAR	<u>\$ (4,632,040)</u>

The notes to the financial statements are an integral part of this statement.

Notes to Basic Financial Statements

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TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Financial Reporting Entity

The Town of Los Gatos (the “Town”) operates under a Council-Manager form of government and provides the following services; public safety (including police and emergency management), parks and public works, community development, library, public improvements, planning and zoning, and general administration services. Redevelopment services were provided primary through the Redevelopment Agency of the Town which was dissolved on February 1, 2012.

The Town is largely a residential community located in the foothills of the Santa Cruz Mountains and was incorporated as a municipal corporation in 1887. The Town’s population as of January 1, 2024, was 33,320.

As required by generally accepted accounting principles, these financial statements present the Town as the Primary Government and any component units for which the Town is considered financially accountable.

B. Description of Blended Component Units

The Town did not report any component units as a part of the primary government because the Town Council was not the governing body of any entities and no separate entity provided services entirely to the Town.

C. Description of Joint Ventures and Public Entity Risk Pool

As described in Note 13, the Town participates in two joint ventures and public entity risk pool activities through formally organized separate legal entities. The financial activities of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) and the Local Agency Workers’ Compensation Excess Joint Powers Authority (“LAWCX”) are not included in the accompanying basic financial statements as boards separate from and independent of the Town administer them.

D. Basis of Presentation

The Town’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (“GASB”) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the Town). These statements include the financial activities of the overall Town government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements present *governmental activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meet the operational needs of a particular program, and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary* and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds.

Internal service funds of the Town (which provide services primarily to other funds of the Town) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the Town's governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program in the Statement of Activities.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

E. Major Funds

GASB defines major funds and requires that the Town's major governmental funds be identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, deferred outflows of resources, liabilities, deferred outflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

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The Town reported the following major governmental funds in the accompanying financial statements:

General Fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Appropriated Reserves Fund is used to account for resources provided for capital projects not fully funded from other sources.

The Town also reports the following fund types:

Internal Service Funds are used to account for services that are provided to other departments on a cost-reimbursement basis. Those services include workers compensation, self-insurance, facilities maintenance, information technology, and equipment.

Fiduciary Funds include Private-Purpose Trust Funds used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. The financial activities of this fund are excluded from the government-wide financial statement but are presented in separate Fiduciary Fund financial statements. Fiduciary Fund Financial Statements include a statement of net position and a statement of changes in net position. Fiduciary funds are presented using the “economic resources measurement focus.”

The Town reported the following Fiduciary Funds in the accompanying financial statements:

RDA Successor Agency Private Purpose Trust Fund accounts for the assets, liabilities, and operations transferred from the dissolution of the Town’s Redevelopment Agency, which includes the following:

- Certificates of Participation issued to finance several capital improvement projects throughout the Town.
- Redevelopment projects and related property tax revenue.
- Affordable Housing Set-Aside Program obligations.
- Repayment of obligations incurred by the Town’s Redevelopment Agency prior to its dissolution.

F. Basis of Accounting

The government-wide and fiduciary fund (except for agency funds) financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The Town considers property tax revenues reported in the governmental funds to be

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available if the revenues are collected or are reasonably expected to be collected within sixty days after year-end. For revenues other than property taxes, the Town generally applies the sixty-day period rule when considering the *measurable* and *available* criteria. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized upon becoming due and payable; and except for claims, judgments, and compensated absences, which are recognized when estimable and probable. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, and interest revenue. Fines, forfeitures, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the Town gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Town may fund programs with a combination of cost-reimbursement grants, categorical block grants and/or general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs followed by general revenues as necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The Town applies all applicable GASB pronouncements for certain accounting and financial reporting guidance including those applicable to accounting and reporting for proprietary operations. In December of 2010, GASB issued *GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

Pensions - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Other Postemployment Benefit (OPEB) Expense

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Town’s Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Cash and Cash Equivalents - The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State of California statutes and the Town’s investment policy authorize the Town to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, collateralized, non-negotiable certificates of deposits, commercial paper rated A-1/P-1, medium-term corporate notes rated A or its equivalent or better by Moody’s or Standard & Poor’s, asset backed corporate notes, bankers’ acceptances, mutual funds, and the State Treasurer’s investment pool (Local Agency Investment Fund).

The Town does not enter into repurchase or reverse repurchase agreements.

Restricted Cash and Investments - Certain restricted cash and investments are held by fiscal agents for pension stabilization, worker’s compensation insurance, and Successor Agency debt service obligations.

Investments - Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- **Market approach** - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- **Cost approach** - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- **Income approach** - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Materials, Supplies and Deposits (Other Assets) - These assets are held for consumption and are stated at cost using the first-in, first-out method. The costs are recorded as expenditures at the time the item is consumed.

Interfund Receivables and Payables - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/advances from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.”

Advances - Advances between funds and due from/to other funds are offset by a nonspendable fund balance in applicable Town funds to indicate the extent to which they are not available for appropriation and are not expendable available financial resources.

Capital Assets - Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets or donated works of art and similar items should be reported at acquisition value rather than fair value. Also, note that capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. Capital assets, including infrastructure, are recorded if acquisition or construction costs exceeds \$10,000.

As required by GASB, the Town depreciates and amortizes capital assets with limited useful lives over their estimated useful lives. The purpose of depreciation/amortization is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets. The Town depreciates/amortizes using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Town has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the

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underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

The Town has assigned the useful lives listed below to capital assets:

Buildings	25-40 years
Improvements	25-40 years
Machinery and equipment	2-20 years
Furniture and fixtures	5-12 years
Software	5-7 years
Infrastructure	20-40 years

Major capital outlay for capital assets and improvements are capitalized as projects are constructed.

Capital assets may be acquired using federal and state grants, contributions from developers, and contributions or grants from other governments. GASB 34 requires that these contributed assets be accounted for as revenue at the time they are contributed.

Leases Receivable - The Town’s leases receivable are measured at the present value of lease payments expected to be received during the lease terms. The present value, net of accumulated amortization, is reported as deferred inflows of resources is recorded for leases. Deferred inflows of resources are recorded at the initiation of the leases in an amount equal to the initial recording of the leases receivable, plus incentive payments received. Amounts recorded as deferred inflows of resources from the leases are amortized on a straight-line basis over the term of the lease.

Deferred Compensation Plan - The Town established a deferred compensation plan created in accordance with California Government Code Section 53212 and Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Deferred compensation plans are not reported as part of the Town’s assets or liabilities, as the deferred compensation plan trustees hold those funds in trust on behalf of employees until the employees are eligible to receive the benefits.

Compensated Absences - Accumulated Vacation, Sick Pay, and Other Employee Benefits are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. Sick leave earned is cashed out based on the following schedule for employees with at least 150 hours accrued and up to a maximum amount as specified under labor contract provisions:

For employees under contract 1-59 months	25.0%
For employees under contract 60-119 months	37.5%
For employees under contract 120 months or more	50.0%

The Town’s liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as liabilities of each fund;

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the long-term portion is recorded in the Statement of Net Position. The changes of the compensated absences were as follows:

Beginning Balance	\$ 3,161,247
Net Change	<u>(50,290)</u>
Ending Balance	3,110,957
Compensated Absences Current	<u>596,874</u>
Compensated Absences Noncurrent	<u>\$ 2,514,083</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. Only compensated absences related to terminated employees are reported in the fund financial statements.

Unearned Revenue - Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

Long-Term Liabilities - In the government-wide financial statements and private-purpose trust funds long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Subscription Based Information Technology Arrangements - The Town recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The Town's estimated incremental borrowing rate is calculated as described above. The Town's estimated incremental borrowing rate is based on its most recent public debt issuance.

Deferred Outflows/Deferred Inflows of Resources - Deferred outflows of resources is a consumption of net assets by the Town that is applicable to a future reporting period, for example, contributions to pension and OPEB plans that are after the actuarial measurement date. Deferred inflows of resources is an acquisition of net assets by the Town that is applicable to a future reporting period, for example, unavailable revenue.

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Net Position - In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Fund Balances - The Town does not have a policy identifying a minimum unassigned fund balance. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the remaining fund balances are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Nonspendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the Town Council.

Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Manager or the Finance Director.

Unassigned includes fund balances within the funds which have not been classified within the above-mentioned categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or

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assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events - Management has considered subsequent events through November 11, 2024, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require disclosure.

Property Tax Levy, Collection and Maximum Rates - State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold, transferred, or substantially improved. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts.

The County of Santa Clara assesses properties, bills for and collects property taxes on the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	March 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue and receivables when they are collected during the fiscal year of levy or within 60 days of year-end.

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Budgets and Budgetary Accounting - The Town follows the procedures below when establishing the budgetary data reflected in the financial statements:

1. The Town Manager submits to the Town Council a proposed operating and capital improvement budget for the fiscal year commencing the following July 1. The budgets include the proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through adoption of Town resolution by Council.
4. The Town Manager is authorized to implement the programs as approved in the adopted budget. Within a specific fund, the Town Manager may transfer appropriations between categories, departments, projects and programs as needed to implement the adopted budget, whereas the Town Council must authorize budget increases and decreases, and transfers between funds.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles except for proprietary funds which budget for capital outlays but not depreciation. Budgets were adopted for the General Fund, Special Revenue Funds, Internal Service Funds, and Capital Projects Funds.
6. Budgeted amounts are as originally adopted or as amended by Town Council. Individual amendments were not material in relation to original appropriations.

Excess of Expenditures over Appropriations - There were no significant expenditures in excess of budget during for the year ended June 30, 2024.

Encumbrances - Under encumbrance accounting, purchase orders, contract and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Encumbrances outstanding at year-end are reported as commitments or assignments of fund balances since they do not constitute expenditures or liabilities; unexpended and unencumbered appropriations lapse at year end in all funds. Encumbered appropriations are carried forward to the following year.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for the presentation in the current-year financial statements.

G. Accounting and Reporting Changes

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This statement did not have a material impact on the financial statements.

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GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. However, the Town implemented GASB 101 as of June 30, 2024. This statement did not have a material impact on the financial statements.

H. Upcoming Accounting and Reporting Changes

The Town is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the

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government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

The Town pools cash from all sources and all funds except Restricted Cash and Investments so that it can be invested at the maximum yield, consistent with safety and liquidity, while existing funds have cash available for expenditures.

Cash and Investments Defined

The Town includes only cash deposits in banks as cash. Investments in LAIF and government securities mutual funds are net in the order of liquidity, since they may be withdrawn without penalty. U.S. Treasuries, U.S. Agencies and Certificates of Deposit are the Town's least liquid investments, since they must be held to maturity.

Cash Deposits with Banks and Custodial Credit Risk

California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110% of the Town's cash on deposit, first trust deed mortgage notes with a value of 150% of the deposit, or letters of credit issued by the Federal Home Loan Bank of San Francisco with a value of 100% of the deposit as collateral. Under California Law this collateral is held in the Town's name and places the Town ahead of general creditors of the institution. The Town's cash deposits are collateralized under this law.

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The bank balance of the Town's cash deposits was \$15,664,336 and the carrying amount was \$15,176,656 as of June 30, 2024. The bank balance and the carrying amount differed due to deposits in transit and outstanding checks.

Investments

The Town and its fiscal agent invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called "securities instruments," or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to maximize security, the Town employs the Trust department of a bank as the custodian of all its investments, regardless of their form.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Local Agency Investment Fund (LAIF)

The Town invests in the California State Treasurer's Local Agency Investment Fund. LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the State Treasurer. As of June 30, 2024, LAIF had approximately \$178 billion in investments that were fully invested in non-derivative financial products. These investments are described as follows:

1. Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and / or that have embedded forwards or options.
2. Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Risk Disclosures

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the Town's investments to market interest rate

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fluctuations is provided in the summary of cash and investments table on the following page that shows the distribution of the Town's investments by maturity.

Credit Risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The summary of cash and investments table on the following page shows the minimum rating under the actual rating of the Town's investments at year end.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's investment in money market fund and LAIF is not categorized as to custodial credit risk. Its U.S. Government Agency Securities investment is held by a third-party financial institution under the third party's trust department's name and thus not exposed to custodial credit risk.

Concentration of Credit Risk is the risk that the Town's investments are exposed because the types of investments have been too limited. The Town's Policy states that, with the exception of US Treasury securities and LAIF, no more than 50% of the Town's total investment portfolio will be invested in one single security type or with a single financial institution. The Town was in compliance with this policy as of June 30, 2024.

The following table summarizes the Towns policy related to maturities and concentration of investments:

Investment Type	Maximum Maturity	Maximum Portfolio Percentage
US Treasury Obligations	5 years	None
US Agency Obligations	5 years	None
Bankers Acceptances	180 days	30%
Commercial Paper	270 days	25%
Medium Term Notes	5 years	30%
Collateralized CD's	5 years	30%
CA LAIF	NA	\$75 million
Money Market Funds	NA	20%

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The following is a summary of the Town’s Cash and Investments (stated at fair value) as of June 30, 2024:

Description	Available for		Total	Concentration of Credit		Input Level	Time to Mature (Years)	Weighted Average Maturity
	Operations	Restricted		Risk	Rating			
Government Bonds	\$ 20,229,135	-	\$ 20,229,135	30.50%	AA+	2	.42-4.51	2.51
Government Agencies	15,255,972	-	15,255,972	23.00%	AA+	2	.01-4.72	1.92
Corporate Bonds	14,328,567	-	14,328,567	21.60%	A- to AA+	2	.13-4.79	3.00
Mutual Funds	61,190	-	61,190	0.09%	Not Rated	2	n/a	n/a
LAIF	16,455,165	-	16,455,165	24.81%	Not Rated	n/a	n/a	n/a
Total Investments	66,330,029	-	66,330,029	100.00%				
Cash Deposits with Banks	15,159,123	2,298,718	17,457,841					
Money Market Accounts	17,530	-	17,530					
Pension Trust	-	2,188,659	2,188,659					
Cash on Hand at Town	2,400	-	2,400					
Total Cash and Investments	\$ 81,509,082	\$ 4,487,377	\$ 85,996,459					

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted by Town debt or Agency agreements.

Description	Fiduciary		
	Total Town	Funds	Totals
Cash and Investments Available for Operations	\$ 79,482,564	\$ 2,026,518	\$ 81,509,082
Restricted Cash and Investments	2,368,441	2,118,936	4,487,377
Total Cash and Investments	\$ 81,851,005	\$ 4,145,454	\$ 85,996,459

NOTE 3 - LONG-TERM NOTES RECEIVABLE

The Town had the following long-term notes receivable as of June 30, 2024:

Description	Interest Rate	Maturity	Balance
General Fund:			
Rehab Loan to Charities	Various	Various	\$ 159,000
BMP Loans	Various	Various	900,000
Total General Fund			1,059,000
Community Development Block Grant Fund (CDBG):			
Housing Conservation	0-5%	Various	78,752
Total CDBG			78,752
Total Long-Term Notes Receivable - Government-Wide Statement of Net Position			1,137,752
Successor Agency Affordable Housing:			
Project Match	Various	Various	633,746
Total Long-Term Notes Receivable			\$ 1,771,498

TOWN OF LOS GATOS, CALIFORNIA
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JUNE 30, 2024

ITEM NO. 14.

BMP Loans - The purpose of the Below Market Price (BMP) Housing Program is to provide adequate housing for Los Gatos residents, regardless of age, income, race, or ethnic background. As required by the State, the Town plans and facilitates the construction of housing adequate for future populations consistent with environmental limitations and in a proper relationship to community facilities, open space, transportation, and small-town character.

Active Home Loans and Housing Conservation Loans - The Town used CDBG Funds (funded through federal grants) to assist low- and moderate-income homeowners to improve their homes and to fund low-income housing rental properties acquisition and rehabilitation. These loans are secured by deeds of trust.

Project Match - The Successor Agency has a loan agreement with Project Match, a nonprofit benefit corporation, to acquire and rehabilitate four- or five-bedroom single family homes. The property is to provide affordable housing rental to very low-income senior households. The loan receivable is evidenced by a promissory note and secured by a deed of trust. From inception of the loan through June 30, 2024, no interest or principal payments have been made.

NOTE 4 - LEASES RECEIVABLE

In March of 2021, the Town entered into a five-year lease with Tesla Motor Cars (Tesla) allowing Tesla to use Town property at the North Lot for charging stations. Under the lease, Tesla pays the Town \$96,000 per year during the term of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2%.

In January of 2010, the Town entered into a twenty-year lease with the Los Gatos Saratoga Recreation (LGS) allowing LGS to use the property at 123 East Main Street. Under the lease, LGS paid the Town \$19,950 per year at the beginning of the lease. After cumulative CPI adjustments, the payment in the final year of the lease will be \$30,216. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 6.6%.

In January of 2010, the Town entered into a twenty-year lease with the Los Gatos Saratoga Recreation (LGS) allowing LGS to use the property at 208 East Main Street. Under the lease, LGS paid the Town \$90,000 per year at the beginning of the lease. After cumulative CPI adjustments, the payment in the final year of the lease will be \$243,435. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 6.6%.

In January of 2016, the Town entered into a twenty-year lease with New Museum Los Gatos (NUMU) to use the property at 106 East Main Street. Under the lease, NUMU pays the Town \$25,000 per year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.86%.

In December of 2022, the Town entered into a fifty-five-month lease with CineLux Theaters allowing CineLux Theaters to use the Los Gatos Theatre building. Under the lease, CineLux Theaters pays the Town up to \$120,000 per year during the term of the lease. The lease receivable is measured as the

TOWN OF LOS GATOS, CALIFORNIA
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present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.99%.

The following summarizes the lease balances as of June 30, 2024:

Lease Receivable	Beginning	Additions	Deletions	Ending
Tesla	\$ 241,506	\$ -	\$ (92,010)	\$ 149,496
LGS 123 E. Main St	148,858	-	(17,852)	131,006
LGS 208 E. Main St	1,199,297	-	(143,795)	1,055,502
NUMU	-	232,841	(11,666)	221,175
Los Gatos Theatre	319,957	-	(15,828)	304,129
	<u>\$ 1,909,618</u>	<u>\$ 232,841</u>	<u>\$ (281,151)</u>	<u>\$ 1,861,308</u>

Deferred Inflows of Resources	Beginning	Additions	Deletions	Ending
Tesla	\$ 235,816	\$ -	\$ (91,284)	\$ 144,532
LGS 123 E. Main St	83,399	-	(12,997)	70,402
LGS 208 E. Main St	634,096	-	(98,820)	535,276
NUMU	-	232,841	(17,247)	215,594
Los Gatos Theatre	269,670	-	(67,418)	202,252
	<u>\$ 1,222,981</u>	<u>\$ 232,841</u>	<u>\$ (287,766)</u>	<u>\$ 1,168,056</u>

The following summarizes the future lease collections as of June 30, 2024:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 362,421	\$ 104,325	\$ 466,746
2026	363,791	82,970	446,761
2027	352,973	62,902	415,875
2028	248,139	42,949	291,088
2029	270,392	26,020	296,412
2030-2034	205,587	33,434	239,021
2035-2037	58,005	4,494	62,499
Total Future Collections	<u>\$ 1,861,308</u>	<u>\$ 357,094</u>	<u>\$ 2,218,402</u>

NOTE 5 - INTERFUND TRANSACTIONS

Inter-fund Receivables and Payables - Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years.

Transfers - With Council approval resources may be transferred from one fund to another. Transfers routinely reimburse funds that have made an expenditure on behalf of another fund. Transfers may also be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects.

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NOTES TO BASIC FINANCIAL STATEMENTS
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Transfers between funds during the fiscal year ended June 30, 2024 were as follows:

Transfers Out			Transfers In		
Opinion Unit	Program Title	Amount	Opinion Unit	Program Title	Description
General Fund	Non-Departmental	\$ 1,615,000	Appropriated Reserves	GFAR	Adopted Budget Support
General Fund	Non-Departmental	430,000	Internal Service	Liability Program	Internal Service Fund
General Fund	Non-Departmental	866,281	Appropriated Reserves	ARC Interim Community Center	Capital Project
General Fund	Non-Departmental	221,000	Internal Service	Facilities	Rent Waivers
General Fund	Measure G Program	620,044	Appropriated Reserves	GFAR	Capital projects
Nonmajor	Blackwell District	460	General Fund	Non-Departmental	Admin Support
Nonmajor	Kennedy Meadows	1,510	General Fund	Non-Departmental	Admin Support
Nonmajor	Gemini Court	610	General Fund	Non-Departmental	Admin Support
Nonmajor	Santa Rosa Heights	660	General Fund	Non-Departmental	Admin Support
Nonmajor	Vasona Heights	1,430	General Fund	Non-Departmental	Admin Support
Nonmajor	Hillbrook Drive	250	General Fund	Non-Departmental	Admin Support
Appropriated Reserves	GFAR	102,000	General Fund	Non-Departmental	Vehicle Impact Fees
Appropriated Reserves	Street Repairs & Resurfacing	23,875	General Fund	PPW Admin	Engineering Support
Appropriated Reserves	GFAR	193,933	General Fund	PPW Admin	Engineering Support
Appropriated Reserves	GFAR	121,683	General Fund	Town Engineering	Engineering Support
Appropriated Reserves	Traffic Mitigation	12,499	General Fund	Non-Departmental	Admin Support
Nonmajor	Gas Tax	106,000	General Fund	Non-Departmental	Admin Support
	Total Transfers	\$ 4,317,235			

NOTE 6 - CAPITAL ASSETS

Changes in the Town's capital assets during the fiscal year are shown as follows:

	Beginning	Additions	Retirements	Transfers	Ending
Nondepreciable/Amortizable Capital Assets:					
Land	\$ 26,066,103	\$ -	\$ -	\$ (1,368)	\$ 26,064,735
Construction in Progress	7,513,148	7,131,654	-	846,241	15,491,043
Total Nondepreciable/Amortizable	33,579,251	7,131,654	-	844,873	41,555,778
Depreciable/Amortizable Capital Assets:					
Subscription Right of Use Assets	915,860	706,713	-	-	1,622,573
Buildings and Improvements	39,902,775	51,564	-	2,908,377	42,862,716
Equipment & Vehicle	12,952,294	187,323	(243,421)	(2,751)	12,893,445
Infrastructure - All Other	28,358,260	133,367	-	-	28,491,627
Infrastructure - Streets	87,941,698	3,806,023	(1,695,310)	(3,750,500)	86,301,911
Total Depreciable/Amortizable	170,070,887	4,884,990	(1,938,731)	(844,874)	172,172,272
Less Accumulated Depreciation/Amortization for:					
Subscription Right of Use Assets	202,422	220,090	-	-	422,512
Buildings and Improvements	11,056,169	935,250	-	3,861	11,995,280
Equipment & Vehicle	10,489,600	604,526	(219,330)	(3,859)	10,870,937
Infrastructure - All Other	9,677,566	874,817	-	-	10,552,383
Infrastructure - Streets	39,544,608	2,660,677	(1,695,310)	-	40,509,975
Total Accumulated Depreciation/Amortization	70,970,365	5,295,360	(1,914,640)	2	74,351,087
Net Depreciable/Amortizable Capital Assets	99,100,522	(410,370)	(24,091)	(844,876)	97,821,185
Capital Assets, Net	\$ 132,679,773	\$ 6,721,284	\$ (24,091)	\$ (3)	\$ 139,376,963

TOWN OF LOS GATOS, CALIFORNIA
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During the year, the Town transferred \$2,907,014 from construction in progress (CIP) to buildings and improvements and \$141,324 to infrastructure streets for capital projects that were completed and placed in service. The transfers out were offset by \$3,894,579 of transfers in. The Town transferred \$3,891,824 from infrastructure - streets back into CIP since these assets were not available for service. The net transfers out of infrastructure - streets of \$3,750,500 include the \$3,891,824 transfer out to CIP net of the \$141,324 transfer in from CIP as reported in the above schedule. There was also a reclassification of equipment back into CIP of \$2,751. Total transfers into buildings and improvements included a land reclassification of \$1,368 for a total transfer in of \$2,908,377. The assets reclassified to CIP had not been depreciated.

Depreciation/amortization expense is charged to functions and programs based on their usage of the related assets. The amount allocated to each function or program is as follows:

Governmental Activities	Depreciation/ Amortization Expense
General Government	\$ 550,355
Public Safety	439,232
Parks & Public Works	3,855,796
Community Development	48,251
Library	399,618
Sanitation	2,108
Total Governmental Activities	\$ 5,295,360

Changes in the RDA Successor Agency trust fund capital assets during the fiscal year are shown as follows:

	Beginning	Adjustments and Additions	Retirements	Ending
Depreciable/Amortizable Capital Assets:				
Buildings and Improvements	\$ 4,067,708	\$ -	\$ -	\$ 4,067,708
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	2,949,085	101,693	-	3,050,778
Net Depreciable/Amortizable Capital Assets	1,118,623	(101,693)	-	1,016,930
Capital Assets, Net	\$ 1,118,623	\$ (101,693)	\$ -	\$ 1,016,930

NOTE 7 - LONG-TERM OBLIGATIONS

The Town generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

The following summarizes the changes in long-term debt in the Town during the fiscal year ended June 30, 2024:

TOWN OF LOS GATOS, CALIFORNIA
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Long-Term Debt	Interest Rate	Maturity Date	Original Issue	Beginning Balance	Additions/ Adjustments	Deletions	Ending Balance
Direct Borrowings:							
PG&E Loan	0%	2031	\$ 1,560,336	\$ 1,196,257	\$ -	\$ 156,034	\$ 1,040,223
Due Within One Year							156,034
Due in More Than One Year							<u>\$ 884,189</u>

Future debt service requirements of the PG&E loan were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 156,034	\$ -	\$ 156,034
2026	156,034	-	156,034
2027	156,034	-	156,034
2028	156,034	-	156,034
2029	156,034	-	156,034
2030-2034	260,053	-	260,053
Total Debt Service	<u>\$ 1,040,223</u>	<u>\$ -</u>	<u>\$ 1,040,223</u>

The following summarizes the changes in long-term debt in the Successor Agency trust fund during the fiscal year ended June 30, 2024:

Long-Term Debt	Interest Rate	Maturity Date	Original Issue	Beginning Balance	Deletions	Ending Balance
2002 COP	2.5-5%	2031	\$ 10,725,000	\$ 4,860,000	\$ 440,000	\$ 4,420,000
2010 COP	2.5-4.25%	2028	15,675,000	6,570,000	975,000	5,595,000
Subtotal COP's			26,400,000	11,430,000	1,415,000	10,015,000
Premiums			753,095	263,580	37,655	225,925
Total Long-Term Debt			<u>\$ 27,153,095</u>	<u>\$ 11,693,580</u>	<u>\$ 1,452,655</u>	<u>\$ 10,240,925</u>
Due Within One Year						1,485,000
Due in More Than One Year						<u>\$ 8,755,925</u>

2002 Certificates of Participation (2002 COPs) - On July 18, 2002, the Town and the Los Gatos Redevelopment Agency issued \$10,725,000 in 2002 COPs, Series A, to finance the acquisition, construction, rehabilitation, equipping, and improvement of several capital improvement projects. The Town had pledged lease payments of real property and facilities comprised of the Parks and Public Works Service Center and Baseball Field, as well as Parking Lot No. 1, 2, and 3, as collateral for the repayment of the Certificates. Principal payments are due annually on August 1st, with interest payments due semi-annually on February 1st and August 1st.

2010 Certificates of Participation (2010 COPs) - On June 1, 2010, \$15,675,000 of 2010 COPs were issued to finance the acquisition, construction, and improvement of a library on the Town's Civic Center campus, to be owned and operated by the Town. Principal payments are due annually on August 1, with interest payments due semi-annually on February 1 and August 1.

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To assist the Town in paying the cost of acquisition and construction of various projects, the Town and its Redevelopment Agency entered into lease and reimbursement agreements in 2002 and 2010. Under the agreements, the Agency will use available net tax increment revenues resulting from the projects' effect on land values to repay the Town for all lease payments made by the Town to the Agency under the lease agreements for the projects. Net tax increment revenues are all taxes allocated to and paid into the Successor Agency private-purpose trust fund.

Future debt service requirements of the Certificates of Participation were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,485,000	\$ 417,300	\$ 1,902,300
2026	1,550,000	351,850	1,901,850
2027	1,625,000	283,375	1,908,375
2028	1,705,000	210,819	1,915,819
2029	1,790,000	133,156	1,923,156
2030-2034	1,860,000	142,500	2,002,500
Total Debt Service	\$ 10,015,000	\$ 1,539,000	\$ 11,554,000

The Successor Agency must maintain a required amount of cash and investments with the trustee under the terms of the COPs issues. These funds are pledged as reserves to be used if the Successor Agency fails to meet its obligations under the COPs issue and totaled \$2,118,936 as of June 30, 2024. The California Government Code requires these funds to be invested in accordance with Town ordinance, bond indentures or State statutes. All these funds have been invested as permitted under the Code.

NOTE 8 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

The following summarizes the terms of the Town's subscription-based information technology agreements as of June 30, 2024:

Terms	Accela	Microsoft	Axon
Start	7/1/2021	7/1/2022	4/1/2024
End	6/30/2026	7/1/2025	4/1/2034
Annual Rate	4.66%	4.92%	6.31%
Prepayments	\$ 227,179	\$ -	\$ -
Implementation Cost	\$ 35,000	\$ -	\$ -
Principal Paid	\$ 102,174	\$ 46,980	\$ 69,336
Interest Paid	\$ 17,320	\$ 13,073	\$ 3,716
Amortization	\$ 149,337	\$ 53,085	\$ 17,668

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NOTES TO BASIC FINANCIAL STATEMENTS
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The following summarizes the Town's subscription right of use assets as of June 30, 2024:

Subscription Right of Use Assets	Accela	Microsoft	Axon	Total
Beginning	\$ 597,350	\$ 318,510	\$ -	\$ 915,860
Additions	-	-	706,713	706,713
Deletions	-	-	-	-
Ending	597,350	318,510	706,713	1,622,573
Accumulated Amortization	(298,674)	(106,170)	(17,668)	(422,512)
Subscription ROA, Net	<u>\$ 298,676</u>	<u>\$ 212,340</u>	<u>\$ 689,045</u>	<u>\$ 1,200,061</u>

The following summarizes the Town's subscription liabilities as of June 30, 2024:

Subscription Liabilities	Accela	Microsoft	Axon	Total
Beginning	\$ 335,171	\$ 259,764	\$ -	\$ 594,935
Additions	-	-	706,713	706,713
Deletions	(102,174)	(46,980)	(69,336)	(218,490)
Ending	232,997	212,784	637,377	1,083,158
Due Within One Year	111,987	49,344	50,347	211,678
Due in More Than One Year	<u>\$ 121,010</u>	<u>\$ 163,440</u>	<u>\$ 587,030</u>	<u>\$ 871,480</u>

The following summarizes the Town's future payments for subscription liabilities as of June 30, 2024:

For the Year	Principal	Interest	Total
Ending June 30,			
2025	\$ 211,678	\$ 63,203	\$ 274,881
2026	226,457	52,118	278,575
2027	111,537	40,266	151,803
2028	117,985	33,817	151,802
2029	67,512	26,990	94,502
2030-2034	347,989	59,232	407,221
Total Debt Service	<u>\$ 1,083,158</u>	<u>\$ 275,626</u>	<u>\$ 1,358,784</u>

NOTE 9 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT COMMITMENT

Special assessment districts are established in various parts of the Town to provide improvements to properties located in those districts. Properties are assessed for the cost of the improvements. These assessments are payable over the term of the debt issued to finance the improvements and are used to pay debt service on debt issued to fund the improvements. The Town is acting only as an agent and has no legal liability with respect to the payment of any indebtedness of the Downtown Parking Assessment District. There was no non-obligated debt outstanding as of June 30, 2024.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 - FUND BALANCES

Fund balance for governmental funds is reported in classifications (nonspendable, restricted, committed, assigned, and unassigned) that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As of June 30, 2024, fund balances were classified as follows:

Town of Los Gatos
Copy of Changes in Fund Balance Disclosure
June 30, 2024

	Beginning Balance	Additions	Deletions	Ending Balance
Nonspendable				
Loans Receivable	\$ 159,000	\$ -	\$ -	\$ 159,000
Leases	55,977	-	(55,977)	-
Total Nonspendable	214,977	-	(55,977)	159,000
Restricted:				
Library	530,174	108,676	(82,002)	556,848
Capital projects	8,328,572	2,285,694	(1,570,600)	9,043,666
Land held for resale	344,338	-	-	344,338
Repairs and maintenance	176,966	44,555	(38,896)	182,625
Pensions	1,400,163	791,012	(2,516)	2,188,659
VTA	494,826	538,736	(455,675)	577,887
Total Restricted	11,275,039	3,768,673	(2,149,689)	12,894,023
Committed:				
Budget stabilization and catastrophes	6,129,774	607,007	-	6,736,781
Catastrophic	6,129,775	607,006	-	6,736,781
Pension/OPEB Reserve	300,000	300,000	(300,000)	300,000
Measure G 2018 District Sales Tax - Residual	590,581	-	-	590,581
Measure G 2018 District Sales Tax - Capital	1,769,057	-	(196,438)	1,572,619
Special revenue funds	821,200	701,620	(430,998)	1,091,822
Total Committed	15,740,387	2,215,633	(927,436)	17,028,584
Assigned:				
Open Space	562,000	-	-	562,000
Parking	100,000	192,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	29,238,029	7,508,897	(11,674,806)	25,072,120
Carryover encumbrances	37,698	48,163	-	85,861
Comcast PEG	50,000	-	-	50,000
ERAF Risk	689,608	740,446	-	1,430,054
Economic recovery	1,556,614	-	(1,535,930)	20,684
Compensated Absences	1,580,623	-	(25,145)	1,555,478
Market fluctuations	-	1,712,246	-	1,712,246
Total Assigned	33,955,125	10,201,752	(13,235,881)	30,920,996
Total Fund Balance - Gov't Funds	\$ 61,185,528	\$ 16,186,058	\$ (16,368,983)	\$ 61,002,603

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Nonspendable

Loans receivable nonspendable fund balance reflects long-term loans that are offset by unearned and deferred amounts.

Leases nonspendable fund balance reflects leases receivable that are offset by unearned and deferred amounts.

Restricted

Library reflects fund balance from donations and bequests held in trust for the benefit of the Town's library.

Capital Outlay funded from storm drain fees, construction taxes and debt proceeds are legally restricted for major capital projects.

Repairs and Maintenance reflects legally restricted balances for repairs and maintenance of lighting and landscape property and open space property that are financed with special tax assessments on the benefiting property.

Pension restricted are amounts paid into a separate legal trust for the Town's Miscellaneous and Safety pension plans administered by CALPERS.

VTA are funds provided by the Valley Transportation Authority's Measure B restricted for the pavement/crack seal rehabilitation project.

Committed

Budget Stabilization and Catastrophic fund balance has been committed per Town Council resolution. The Town Council has established by resolution the budget stabilization arrangement and the catastrophe arrangement. The total balances in these arrangements are to be maintained at 25% of annual General Fund ongoing, operating expenditures, excluding one-time expenditures, divided equally between both arrangements. When either arrangement is used, Town Council will develop a 1 to 5-year reserve replenishment plan to meet the minimum threshold of 25% of General Fund ongoing, operating expenditures, excluding onetime expenditures.

The arrangements can be used when:

- Unforeseen emergencies, such as a disaster or catastrophic event occur.
- Significant decrease in property or sales tax, or other economically sensitive revenues.
- Loss of businesses considered to be significant sales tax generators.
- Reductions in revenue due to actions by the state /federal government.
- Workflow/technical system improvements to reduce ongoing personnel costs and enhance customer service.
- One-time maintenance of service levels due to significant economic budget constraints
- One-time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.

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Should any of the events listed above occur that require the expenditure of Town resources beyond those provided for in the annual budget, the Town Manager or designee shall have authority to approve catastrophic or budget stabilization arrangement appropriations. The Town Manager or designee shall then present to the Town Council a budget amendment confirming the nature of the event and authorizing the appropriation of reserve funds.

Pension/OPEB Reserve committed fund balance will be used to fund net pension liabilities for the Town's Miscellaneous and Safety pension plans administered by CALPERS. Town policy provides, to the extent possible, that additional annual deposits be calculated committed with the goal of moving the payment of the unfunded pension liability from a 29-year to a 20-year amortization period.

Special Revenue Fund committed fund balance will be used for the activities of the respective special revenue funds.

Assigned

Open Space assigned fund balance will be used to make selective open space acquisitions.

Parking assigned fund balance will be used to mitigate parking issues within the Town.

Sustainability assigned fund balance will be used to fund ongoing sustainability initiatives and programs.

Capital/Special Projects assigned fund balance will be used for the acquisition and construction of capital facilities as well as special projects or activities as directed by the Town Council.

Carryover Encumbrances assigned fund balance are unspent commitments carried through to future periods.

Comcast PEG assigned fund balance will be used to fund capital improvements linked to the televising of Council and Planning Commission meetings.

Education Realignment Augmentation Fund (ERAF) assigned fund balance has been established to set-aside thirty percent of the anticipated ERAF proceeds from FY 2022/23 until a lawsuit between the State and the School Districts concludes.

Economic Recovery assigned fund balance has been established, after utilizing ARPA replacement revenues, to account for General Fund revenues set-aside for essential government services, economic recovery and business support, enhanced senior services, capital program augmentations, and other one-time uses.

Compensated Absences assigned fund balance will be used for vacation and sick-pay benefits owed to employees as of June 30, 2024 that were not an obligation of the General Fund because of their long-term nature.

Measure G 2018 District Sales Tax assigned fund balances for operational and capital will be used to track receipt and use of the 1/8 cents District tax funds collected by the Town for operational and capital expenditures.

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NOTE 11 - EMPLOYEES' RETIREMENT PLAN

The following summarizes the pension balances as of year-end:

	Defined Benefit Plans		
	Misc	Safety	Total
Deferred outflows of resources	\$ 9,339,476	\$ 13,827,440	\$ 23,166,916
Deferred inflows of resources	\$ 18,028	\$ 1,676,319	\$ 1,694,347
Net pension liabilities	\$ 29,048,582	\$ 33,979,087	\$ 63,027,669
Pension expense (credit)	\$ 5,773,242	\$ 5,442,602	\$ 11,215,844

Plan Descriptions

All qualified employees are eligible to participate in the Town’s pooled Safety Plan, a cost-sharing multiple-employer defined benefit pension plan and the Town’s Miscellaneous (all other) Plan, an agent Multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Audited financial statements of CalPERS can be obtained from its website <https://www.calpers.ca.gov/page/formspublications>. The Town relies upon actuarial and investment data provided by CalPERS for inclusion and analysis in this report.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, Lump Sum, or the 1959 Survivor Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous			Safety (Police)	
	Tier 1	Tier 1	PEPRA	Police	PEPRA
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62	50	57
Monthly benefits as a					
% of eligible compensation	2.0% to 2.5%	1% to 2.5%	1.5% to 2.5%	3.00%	2-2.70%
Required employee contribution rates	8%	7%	7.25%	9%	14.5%
Required employer contribution rates	11.42%	11.42%	14.43%	29.09%	14.5%

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Employees Covered

At June 30, 2024, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	107	37
Transferred	105	12
Separated	104	7
Retired	263	91
Total	579	147

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In addition, the Town is solely responsible for any annual costs associated with payments toward any unfunded accrued liability.

For the year ended June 30, 2024, pension contributions for each Plan was as follows:

	Employer Contributions
Miscellaneous	\$ 3,878,991
Safety	3,554,897
Total Employer Contributions	\$ 7,433,888

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions Pension Liability

As of June 30, 2024, the Town reported net pension liabilities for each plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	\$ 29,048,582
Safety	33,979,087
Total	\$ 63,027,669

The Town’s net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability while the Miscellaneous plan’s net pension liability is a direct calculation based on its actuarial study and is not proportionate. The net pension liability of all the Plans are measured as of June 30, 2023, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town’s proportion of the net pension

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liability for the Safety Plan was based on a projection of the Town’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town’s proportionate share of the net pension liability for the Safety Plan as of June 30, 2023 and 2024 was as follows:

	Safety
Proportion - June 30, 2023	0.46183%
Proportion - June 30, 2024	0.41366%
Change - Increase/(Decrease)	-0.04816%

For the year ended June 30, 2024, the Town recognized a pension expense of \$11,215,844.

The following is a summary of the changes in the total pension liability, fiduciary net position and net pension liability of the Town’s Miscellaneous Plan as of June 30, 2024:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 123,976,167	\$ 95,844,188	\$ 28,131,979
Service Costs	2,092,786	-	2,092,786
Interest on Total Pension Liability	8,437,589	-	8,437,589
Changes of Assumptions	164,628	-	164,628
Difference Actual and Expected Experience	631,264	-	631,264
Employer Contributions	-	3,687,226	(3,687,226)
Employee Contributions	-	916,606	(916,606)
Net Investment Income	-	5,876,311	(5,876,311)
Benefit Payments	(7,069,109)	(7,069,109)	-
Administrative Expenses	-	(70,479)	70,479
Net Changes	4,257,158	3,340,555	916,603
Ending Balance	\$ 128,233,325	\$ 99,184,743	\$ 29,048,582

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 566,500	\$ -	\$ 1,983,065	\$ -
Differences between Expected and Actual Experience	330,662	18,028	2,494,691	213,572
Differences between Projected and Actual Investment Earnings	4,563,323	-	4,650,029	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	-	165,323	1,330,966
Change in Employer's Proportion	-	-	979,435	131,781
Pension Contributions Made Subsequent to Measurement Date	3,878,991	-	3,554,897	-
Total	\$ 9,339,476	\$ 18,028	\$ 13,827,440	\$ 1,676,319

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The Town reported \$7,433,888 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
June 30:			
2025	\$ 1,641,167	\$ 2,769,602	\$ 4,410,769
2026	496,047	1,945,470	2,441,517
2027	3,175,733	3,751,361	6,927,094
2028	129,510	129,791	259,301
2029	-	-	-
Thereafter	-	-	-
Total	\$ 5,442,457	\$ 8,596,224	\$ 14,038,681

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation are based on CalPERS experience studies which can found on the CalPERS website.

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Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

- (1) An expected inflation of 2.3% used for this period.
- (2) Figures are based on the 2021-22 Asset Liability Study.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 45,575,753	49,604,375
Current	6.90%	6.90%
Net Pension Liability	\$ 29,048,582	33,979,087
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 15,432,672	21,204,301

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plans

As of June 30, 2024, the Town reported a payable of \$33,474 and \$30,506 for the outstanding amount of contributions to the Miscellaneous Agent Multiple Employer Plan and the Safety Cost Sharing Plan.

IRS Section 115 Trust

During the fiscal year ending June 30, 2020, the Town established an IRS Section 115 Trust with the CalPERS California Employer’ Pension Prefunding Trust (CEPPT) program. In fiscal year 2024, the Town reported \$2,188,659 as restricted cash with fiscal agent within the General Fund. Per GASB, amounts placed in trusts for CalPERS plans are treated as side trusts that do not directly reduce the net pension liability.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town makes contributions to California Employer’s Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare plan administered by CalPERS. The purpose of the CERBT Fund is to provide California government employers with a trust through which they may prefund retiree medical costs and Other Postemployment Benefits (OPEB). The Town uses CERBT 1 as its investment vehicle and requests disbursements on an as needed basis to reimburse the Town for the cost of retiree health insurance benefits. Benefit provisions and all other requirements are established by state statute and Town ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

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In accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA), employees qualify for retiree health benefits upon five (5) years of service if they meet the vesting requirements as set forth by CalPERS and take a service or disability retirement from Town employment. Additionally, the employee must actually draw a CalPERS pension within ninety (90) days of separation from the Town, provided the employee remains with the Town's health plan through COBRA. For employees who retire on or after February 1, 2016, at Medicare eligibility, the Town will align contributions to the full cost of the employee's enrollment, including enrollment of family members, in a health benefits plan or plans up to a maximum of 100% Single Party and 90% Dependents for Kaiser Bay Area Basic/Medicare/Combo per month. During negotiations in fiscal year 2018/19, the Town's discretionary retiree medical benefit contribution was eliminated for all future hires.

Upon retirement, employees have the option to roll over their sick leave accrual into a Town managed fund. Employees can request reimbursement of medical expenses from the fund up to the value of their sick leave at retirement.

Employees Covered by Benefit Terms

At June 30, 2024 (the measurement date), the benefit terms covered the following employees:

Active employees	149
Inactive employees - receiving benefits	150
Inactive employees - not receiving benefits	<u>42</u>
Total employees	<u><u>341</u></u>

Contributions

The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the Town Council. For the fiscal year ended June 30, 2024, the Town contributed \$1,818,298 from the General Fund. During the measurement period ended June 30, 2023, the Town contributed \$1,733,337 to the Plan and benefit payments were \$1,716,592. Plan members receiving benefits contributed did not make any contributions.

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Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	15 year fixed
Asset Valuation Method:	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.25%
Healthcare Trend Rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Mortality	CalPERS 2000-2019 Experience Study Mortality projected fully generational with Scale MP-2021
Retirement	CalPERS 2000-2019 Experience Study Tier 1 Actives in insurance program: 100% Tier 1 Actives in cash allocation program: 80% Tier 2 Actives in insurance program: 60% Tier 2 Actives in cash allocation program: Agency service < 3 months: 60% Agency service >= 3 months: 40% Waived retirees aged <65: 20% Waived retirees aged ≥65: 0%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2023 (measurement date) and was determined by an actuarial valuation as of June 30, 2023 (valuation date) for the fiscal year ended June 30, 2024 (reporting date).

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2024:

Fiscal Year Ended June 30, 2024 (Measurement Date June 30, 2023)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2023	\$ 29,888,940	\$ 22,860,307	\$ 7,028,633
Service cost	940,674	-	940,674
Interest in Total OPEB Liability	1,873,207	-	1,873,207
Actual vs. expected experience	153,933	-	153,933
Assumption changes	2,191,064	-	2,191,064
Employer contributions	-	1,733,337	(1,733,337)
Net investment income	-	1,468,115	(1,468,115)
Administrative expenses	-	(23,387)	23,387
Benefit payments	(1,716,592)	(1,716,592)	-
Net changes	3,442,286	1,461,473	1,980,813
Balance at June 30, 2024	\$ 33,331,226	\$ 24,321,780	\$ 9,009,446
Covered Employee Payroll	\$ 17,809,965		
Total OPEB Liability as a % of Covered Employee Payroll	187.15%		
Plan Fid. Net Position as a % of Total OPEB Liability	72.97%		
Service Cost as a % of Covered Employee Payroll	5.28%		
Net OPEB Liability as a % of Covered Employee Payroll	50.59%		
Contributions as a % of Cov. Emp. Payroll	9.73%		

Deferred Inflows and Outflows of Resources

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 128,277	\$ 1,283,522
Difference between actual and expected earnings	1,506,978	-
Change in assumptions	2,353,206	231,810
OPEB contribution subsequent to measurement date	1,818,298	-
Totals	\$ 5,806,759	\$ 1,515,332

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Of the total amount reported as deferred outflows of resources related to OPEB, \$1,818,298 were the result of Town contributions subsequent to the measurement date and before the end of the fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2025	\$	278,421
2026		252,572
2027		1,168,381
2028		382,923
2029		390,832
Thereafter		-
Total	\$	<u>2,473,129</u>

Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building- block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below.

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
Total	100.00%	

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OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2024:

Service cost	\$	940,674
Interest in TOL		1,873,207
Expected investment income		(1,428,561)
Difference between actual and expected experience		(419,899)
Difference between actual and expected earnings		323,069
Change in assumptions		383,915
Administrative expenses		23,387
OPEB Expense		<u>\$ 1,695,792</u>

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2024:

Net OPEB liability ending	\$	9,009,446
Net OPEB liability beginning		<u>(7,028,633)</u>
Change in net OPEB liability		1,980,813
Changes in deferred outflows		(1,415,768)
Changes in deferred inflows		(602,590)
Employer contributions and implicit subsidy		<u>1,733,337</u>
OPEB Expense		<u>\$ 1,695,792</u>

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	6.25%	(1% Increase)
Net OPEB Liability (Asset)	\$ 12,986,126	\$ 9,009,446	\$ 5,691,792

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	Current	(1% Increase)
Net OPEB Liability (Asset)	\$ 5,438,579	\$ 9,009,446	\$ 13,343,702

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NOTE 13 - RISK MANAGEMENT

The Town participates in the following public entity risk pools through formally organized and separate legal entities. The Town does not have an equity interest in the joint ventures. These entities exercise full powers and authority within the scope of the related agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the separate entities are not those of the Town, although the Town retains an ongoing financial interest or an ongoing financial responsibility.

Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA)

The Town participates in PLAN, which covers general liability claims in the amount up to \$1,000,000 plus \$34,000,000 in excess liability for total coverage of \$35,000,000 per occurrence. The Town has a deductible or uninsured liability of up to \$50,000 per claim. PLAN also provides all risk property coverage of \$1,000,000,000, excluding flood and earthquake coverage. The Town has a \$5,000 deductible for property and vehicle damage. Once the Town’s deductible is met, PLAN becomes responsible for payment of all claims up to the limit. Financial statements may be obtained from PLAN at 1750 Creekside Drive, Suite 200, Sacramento, CA, 95833.

Local Agency Workers’ Compensation Joint Powers Authority (LAWCX)

The Town is a member of LAWCX for workers compensation claims coverage. The Town has a \$250,000 self-insured retention level or uninsured liability for all employees. Once the Town’s deductible is met, LAWCX becomes responsible for claims up to \$5,000,000. For claims greater than \$5,000,000, LAWCX has a commercial policy providing coverage. Financial statements may be obtained from LAWCX at 1750 Creekside Oaks Dr., Suite 200, Sacramento, California, 95833. The Town has not significantly reduced its insurance coverage from the prior year and settlements have not exceeded insurance coverage for the past three years.

Liability for Uninsured Claims

The Town is required to record its liability for uninsured claims and to reflect the current portion of this liability as an expenditure in its financial statements. As discussed above, the Town has coverage for such claims, but it has retained the risk for the deductibles, or uninsured portion of these claims. The change in Workers’ Compensation and Self-Insurance Service Funds’ claims liabilities, is based on historical trend information provided by its third party administrator and was computed as follows as of June 30, 2024:

	Workers' Compensation Internal Service Fund	Self- Insurance Internal Service Fund	Total
Claims payable balance - June 30, 2022	\$ 1,364,558	\$ 19,557	\$ 1,384,115
Claims incurred	790,928	224,382	1,015,310
Inc./(Dec.) in estimated liability for prior claims	-	-	-
Claims paid	(186,507)	(86,210)	(272,717)
Claims payable balance - June 30, 2023	1,968,979	157,729	2,126,708
Claims incurred	-	124,525	124,525
Claims paid	(253,382)	(107,859)	(361,241)
Claims payable balance - June 30, 2024	\$ 1,715,597	\$ 174,395	\$ 1,889,992

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Federal and State Grants - The Town participates in several federal and state grant programs. These are subject to examination by grantors and the amount, if any, of disallowed expenditures cannot be determined at this time. The Town expects such amounts, if any, to be immaterial.

Litigation - The Town is subject to litigation arising from the normal course of business. The Town Attorney believes there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town.

Successor Agency - As of June 30, 2024, the Successor Agency trust fund reported a net deficit of \$4,643,704.

Encumbrances - As of June 30, 2024, the town had the following encumbered balances that were carried into the next fiscal year:

General Fund	\$ 1,296,796
Appropriated Reserves Fund	9,182,140
Internal Service Funds	428,490
Total Encumbrances	\$ 10,907,426

NOTE 15 - TOWN/SUCCESSOR AGENCY GRANTS, COOPERATIVE AGREEMENTS

Public Improvement Grants and Cooperative Agreements

In January of 2011, the Redevelopment Agency entered into a public improvement grant and cooperative agreement with the Town for the purpose of funding the acquisition of public land and designing and constructing various public improvements to be owned by the Town provided that the projects were in accordance with the Redevelopment Agency's five year implementation plan and redevelopment plan.

The improvement plan, as identified in the agreement, called for approximately \$24 million to be granted to the Town for the following projects:

- a. Expansion and improvement of current and new downtown parking
- b. Highway 9 improvements from Highway 17 to Monte Sereno
- c. Almond Grove Area street, sidewalk and other improvements
- d. Downtown Los Gatos gateways, signage, banners and art
- e. Storm drain, retaining wall, street and other improvements
- f. New Los Gatos library building

During the fiscal year ended June 30, 2012, the rights and obligations resulting from this cooperative agreement were transferred to the Successor Agency Trust Fund as a part of the Town's dissolution of its Redevelopment Agency.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

ITEM NO. 14.

Affordable Housing Cooperative Agreement

In March of 2011, the Redevelopment Agency entered into an affordable housing cooperative agreement with the Town for the purpose of funding affordable housing projects and programs to be developed and/or administered by the Town in accordance with the Redevelopment Agency's five year implementation plan and redevelopment plan. The improvement plan, as identified in the agreement, called for approximately \$16 million to be granted to the Town for the following projects:

- a. Development of affordable housing at 224 Main St.
- b. Development of affordable housing at Dittos Lane
- c. Partnership with Senior Housing Solutions for the creation of senior housing in Los Gatos
- d. Partnerships for the conversion of existing residential developments dedicated to affordable housing
- e. Grants to the Santa Clara County Housing Trust for the development of affordable housing.

During the fiscal year ended June 30, 2012, the rights and obligations resulting from this cooperative agreement were transferred to the Successor Agency Trust Fund as a part of the Town's dissolution of its Redevelopment Agency.

Required Supplementary Information

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

BENEFIT PLAN SCHEDULES

Schedule of Pension Plan Contributions

Schedule of Proportionate Share of Net Pension Liability – CalPERS Safety Cost Sharing Plan

Schedule of Changes in Net Pension Liability – CalPERS Misc. Agent-Multiple Employer Plan

Schedule of OPEB Contribution

Schedule of Changes in Net OPEB Liability

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Miscellaneous Plan

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 1,941,765	\$ 2,223,782	\$ 2,407,496	\$ 2,669,133	\$ 3,049,748
Contributions in Relation to					
Contractually Required Contributions	1,941,765	2,223,782	2,407,496	2,669,133	3,049,748
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,487,940	\$ 9,198,318	\$ 9,024,370	\$ 9,576,157	\$ 10,211,967
Contributions as a % of Covered Payroll	22.88%	24.18%	26.68%	27.87%	29.86%

Miscellaneous Plan

Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 3,366,304	\$ 3,529,373	\$ 3,472,727	\$ 3,687,213	\$ 3,878,991
Contributions in Relation to					
Contractually Required Contributions	8,146,791	9,160,680	3,472,727	3,687,213	3,878,991
Contribution Deficiency (Excess)	\$ (4,780,487)	\$ (5,631,307)	\$ -	\$ -	\$ -
Covered Payroll	\$ 11,188,927	\$ 12,082,520	\$ 12,305,265	\$ 11,094,190	\$ 13,817,826
Contributions as a % of Covered Payroll	72.81%	75.82%	28.22%	33.24%	28.07%

Continued

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Safety Plan

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 1,999,757	\$ 1,586,129	\$ 1,738,150	\$ 1,951,711	\$ 2,325,357
Contributions in Relation to					
Contractually Required Contributions	1,999,757	1,586,129	1,738,150	1,951,711	2,325,357
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,897,104	\$ 5,022,498	\$ 4,941,138	\$ 5,079,440	\$ 4,445,061
Contributions as a % of Covered Payroll	40.84%	31.58%	35.18%	38.42%	52.31%

Safety Plan

Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 2,565,205	\$ 2,853,764	\$ 3,072,032	\$ 3,409,275	\$ 3,554,897
Contributions in Relation to					
Contractually Required Contributions	2,565,205	2,853,764	3,072,032	3,409,275	3,554,897
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,928,821	\$ 5,178,418	\$ 5,603,211	\$ 5,863,101	\$ 6,557,458
Contributions as a % of Covered Payroll	52.05%	55.11%	54.83%	58.15%	54.21%

Concluded

Notes to Schedule:

Valuation Date: June 30, 2022

Assumptions Used: Entry Age Method used for Actuarial Cost Method
 Level Percentage of Payroll and Direct Rate Smoothing
 Remaining Amortization Period no more than 29 years
 Inflation Assumed at 2.30%
 Investment Rate of Returns set at 6.8%
 The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.9% in FY2023. The CalPERS mortality assumptions was adjusted in fiscal year 2023.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS SAFETY COST SHARING PLAN

Safety Plan

Plan Measurement Date Fiscal Year Ended	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019
Proportion of Net Pension Liability	0.28588%	0.14860%	0.22394%	0.22603%	0.23583%
Proportionate Share of Net Pension Liability	\$ 17,788,690	\$ 10,199,904	\$ 19,377,843	\$ 22,415,954	\$ 22,725,267
Covered Payroll	\$ 4,916,535	\$ 4,897,104	\$ 5,022,498	\$ 4,941,138	\$ 5,079,440
Proportionate Share of NPL as a % of Covered Payroll	361.81%	208.28%	385.82%	453.66%	447.40%
Plan's Fiduciary Net Position as a % of the TPL	78.83%	74.89%	74.89%	73.87%	74.52%

Safety Plan

Plan Measurement Date Fiscal Year Ended	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024
Proportion of Net Pension Liability	0.24100%	0.24953%	0.30994%	0.27474%	0.50522%
Proportionate Share of Net Pension Liability	\$ 24,695,687	\$ 27,149,916	\$ 16,762,598	\$ 31,734,686	\$ 63,027,669
Covered Payroll	\$ 4,445,061	\$ 4,928,821	\$ 5,178,418	\$ 5,603,211	\$ 5,863,101
Proportionate Share of NPL as a % of Covered Payroll	555.58%	550.84%	323.70%	566.37%	1074.99%
Plan's Fiduciary Net Position as a % of the TPL	73.61%	72.46%	83.55%	71.34%	72.85%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.80% in FY2023. The CalPERS mortality assumptions was adjusted in fiscal year 2023.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTIPLE EMPLOYER PLAN

Measurement Date	2014	2015	2016	2017	2018
Total Pension liability					
Service cost	\$ 1,579,547	\$ 1,491,925	\$ 1,560,679	\$ 1,651,550	\$ 1,700,438
Interest	6,268,015	6,483,032	6,697,247	6,820,536	7,073,843
Diff. between expected and actual exp.	-	(623,495)	(357,870)	(892,479)	994,994
Changes of assumptions	-	(1,513,132)	-	5,481,432	(655,541)
Changes of benefits	-	-	-	-	-
Benefit payments (including refunds)	(4,241,487)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)
Net change in Total Pension Liability	3,606,075	1,089,544	2,946,300	7,922,956	3,665,360
Total Pension Liability - beginning	84,904,502	88,510,577	89,600,121	92,546,421	100,469,377
Total Pension Liability - ending	\$ 88,510,577	\$ 89,600,121	\$ 92,546,421	\$ 100,469,377	\$ 104,134,737
Plan fiduciary net position					
Employer contributions	\$ 1,796,079	\$ 1,941,765	\$ 2,223,782	\$ 2,407,496	\$ 2,669,104
Employee contributions	668,167	679,796	691,770	682,891	761,705
Plan to plan resource movement	-	22,561	(28,866)	-	(170)
Projected investment earnings	4,328,173	-	-	-	-
Diff. between est. and actual earnings	5,831,718	-	-	-	-
Net investment income	-	1,470,873	369,185	7,171,443	5,883,868
Benefit payments (including refunds)	(4,241,487)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)
Administrative expense	-	(74,706)	(40,462)	(95,455)	(108,582)
Adjustments	-	-	-	-	(206,199)
Net change in plan fiduciary net position	8,382,650	(708,497)	(1,738,347)	5,028,292	3,551,352
Plan fiduciary net position - beginning	58,716,725	67,099,375	66,390,878	64,652,531	69,680,823
Plan fiduciary net position - ending	\$ 67,099,375	\$ 66,390,878	\$ 64,652,531	\$ 69,680,823	\$ 73,232,175
Net Pension liability (asset)	\$ 21,411,202	\$ 23,209,243	\$ 27,893,890	\$ 30,788,554	\$ 30,902,562
Plan fiduciary net position as a percentage of the total Pension liability	75.81%	74.10%	69.86%	69.36%	70.32%
Covered Payroll	\$ 8,406,315	\$ 8,487,940	\$ 9,198,318	\$ 9,024,370	\$ 9,576,157
Net Pension liability % of covered payroll	254.70%	273.44%	303.25%	341.17%	322.70%

Continued

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTIPLE EMPLOYER PLAN

Measurement Date	2019	2020	2021	2022	2023
Total Pension liability					
Service cost	\$ 1,771,368	\$ 1,930,090	\$ 2,062,486	\$ 2,264,169	\$ 2,092,786
Interest	7,381,846	7,729,269	7,943,404	8,142,881	8,437,589
Diff. between expected and actual exp.	1,082,289	1,465,653	(581,801)	(108,166)	631,264
Changes of assumptions	-	-	-	3,399,004	-
Changes of benefits	-	-	-	-	164,628
Benefit payments (including refunds)	(5,720,232)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)
Net change in Total Pension Liability	4,515,271	5,166,911	3,084,474	7,074,774	4,257,158
Total Pension Liability - beginning	104,134,737	108,650,008	113,816,919	116,901,393	123,976,167
Total Pension Liability - ending	\$ 108,650,008	\$ 113,816,919	\$ 116,901,393	\$ 123,976,167	\$ 128,233,325
Plan fiduciary net position					
Employer contributions	\$ 3,049,748	\$ 8,146,791	\$ 9,160,680	\$ 3,472,727	\$ 3,687,226
Employee contributions	846,125	834,145	889,649	871,063	916,606
Plan to plan resource movement	-	-	-	-	-
Projected investment earnings	-	-	-	-	-
Diff. between est. and actual earnings	-	-	-	-	-
Net investment income	4,759,034	3,913,294	19,606,360	(7,988,150)	5,876,311
Benefit payments (including refunds)	(5,720,232)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)
Administrative expense	(52,260)	(107,303)	(82,856)	(66,142)	(70,479)
Adjustments	170	-	-	-	-
Net change in plan fiduciary net position	2,882,585	6,828,826	23,234,218	(10,333,616)	3,340,555
Plan fiduciary net position - beginning	73,232,175	76,114,760	82,943,586	106,177,804	95,844,188
Plan fiduciary net position - ending	\$ 76,114,760	\$ 82,943,586	\$ 106,177,804	\$ 95,844,188	\$ 99,184,743
Net Pension liability (asset)	\$ 32,535,248	\$ 30,873,333	\$ 10,723,589	\$ 28,131,979	\$ 29,048,582
Plan fiduciary net position as a percentage of the total Pension liability	70.05%	72.87%	90.83%	77.31%	77.35%
Covered Payroll	\$ 10,211,967	\$ 11,188,927	\$ 12,082,520	\$ 12,305,265	\$ 11,404,827
Net Pension liability % of covered payroll	318.60%	275.93%	88.75%	228.62%	254.70% ¹

Concluded

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF OPEB CONTRIBUTIONS

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution (ADC)	\$ 2,129,000	\$ 2,108,000	\$ 2,172,000	\$ 1,859,000	\$ 1,860,000	\$ 1,372,000	\$ 1,427,000
Less: actual contribution in relation to ADC	(2,935,000)	(2,406,636)	(2,508,306)	(2,096,847)	(1,754,922)	(1,733,337)	(1,818,298)
Contribution deficiency (excess)	\$ (806,000)	\$ (298,636)	\$ (336,306)	\$ (237,847)	\$ 105,078	\$ (361,337)	\$ (391,298)
Covered payroll	\$ 16,192,060	\$ 17,338,201	\$ 17,406,541	\$ 17,982,237	\$ 16,987,042	\$ 17,809,965	\$ 18,255,214
Contrib. as a % of covered employee payroll	18.13%	13.88%	14.41%	11.66%	10.33%	9.73%	9.96%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	15 year fixed period for 2023/24
Asset Valuation Method:	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.25%
Healthcare Trend Rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in
Mortality	CalPERS 2000-2019 Experience Study
Retirement	CalPERS 2000-2019 Experience Study

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

In FY 2022, the discount rate was updated based on newer capital market assumptions

In FY 2022, decreased medical trend rate for Kaiser Senior Advantage

In FY 2022, demographic assumptions were updated to CalPERS 2000-2019 Experience Study

in FY 2022, the inflation rate decreased 25 basis points, decreasing discount rate, medical trend, and salary increases

in FY 2022, retiree and family participation rates at retirement updated

In FY 2022, the implicit subsidy was added for Tier 1 Medicare eligible

In FY 2022, the mortality improvement scale was updated to Scale MP-2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF CHANGES IN NET OPEB LIABILITY

Measurement Date	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 1,134,000	\$ 1,168,227	\$ 1,203,274	\$ 1,159,152	\$ 1,115,309	\$ 955,115	\$ 940,674
Interest	1,607,000	1,706,270	1,814,072	1,887,105	1,956,034	1,804,972	1,873,207
Differences between expected & actual exp.	-	-	(149,297)	-	(2,521,500)	-	153,933
Changes of assumptions	-	-	(392,681)	(533,825)	1,054,638	-	2,191,064
Benefit payments	(1,269,000)	(1,326,313)	(1,298,623)	(1,399,933)	(1,494,906)	(1,591,150)	(1,716,592)
Net change in Total OPEB Liability	1,472,000	1,548,184	1,176,745	1,112,499	109,575	1,168,937	3,442,286
Total OPEB Liability - beginning	23,301,000	24,773,000	26,321,184	27,497,929	28,610,428	28,720,003	29,888,940
Total OPEB Liability - ending	\$ 24,773,000	\$ 26,321,184	\$ 27,497,929	\$ 28,610,428	\$ 28,720,003	\$ 29,888,940	\$ 33,331,226
Plan fiduciary net position							
Employer contributions	\$ 3,878,000	\$ 2,935,313	\$ 2,406,636	\$ 2,508,306	\$ 2,096,847	\$ 1,754,922	\$ 1,733,337
Net investment income	1,049,000	1,082,977	1,009,315	652,656	5,529,824	(3,510,434)	1,468,115
Benefit payments	(1,269,000)	(1,326,313)	(1,298,623)	(1,399,933)	(1,494,906)	(1,591,150)	(1,716,592)
Administrative expense	(14,000)	(34,261)	(11,502)	(17,357)	(18,556)	(21,454)	(23,387)
Net change in plan fiduciary net position	3,644,000	2,657,716	2,105,826	1,743,672	6,113,209	(3,368,116)	1,461,473
Plan fiduciary net position - beginning	9,964,000	13,608,000	16,265,716	18,371,542	20,115,214	26,228,423	22,860,307
Plan fiduciary net position - ending	\$ 13,608,000	\$ 16,265,716	\$ 18,371,542	\$ 20,115,214	\$ 26,228,423	\$ 22,860,307	\$ 24,321,780
Net OPEB liability (asset)	\$ 11,165,000	\$ 10,055,468	\$ 9,126,387	\$ 8,495,214	\$ 2,491,580	\$ 7,028,633	\$ 9,009,446
Plan fiduciary net position as a percentage of the total OPEB liability	54.93%	61.80%	66.81%	70.31%	91.32%	76.48%	72.97%
Covered payroll	\$ 14,985,716	\$ 16,192,060	\$ 17,338,201	\$ 17,406,541	\$ 17,982,237	\$ 16,987,042	\$ 17,809,965
NOL as a % of cov. emp. payroll	74.50%	62.10%	52.64%	48.80%	13.86%	41.38%	50.59%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Supplementary Information

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

MAJOR GOVERNMENTAL FUND SCHEDULES
(OTHER THAN THE GENERAL FUND) AND
NONMAJOR GOVERNMENTAL FUNDS

Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP):

Appropriated Reserves Fund is used to account for resources provided for capital projects not fully funded from other sources.

Capital Projects Funds:

Storm Drain Basin Funds were established to account for fees paid in conjunction with the development in specified drainage areas.

Construction Tax Funds were established to account for tax levies on building additions or alterations including capital improvements, underground utilities and parks.

Gas Tax Fund was established to account for revenue and expenditures under the State of California Streets and Highways Code Sections 2106, 2107 and 2107.5. The revenues must be used for the maintenance and construction of streets.

Special Revenue Funds:

Community Development Block Grant Fund was established to account for grant funds received and expended under the Community Development Act of 1974.

Non-Point Source Maintenance Fund was established to comply with obligations under the National Pollutant Discharge Elimination system permit issued by the California Regional Water Quality Control Board.

Lighting and Landscape Fund was established to account for maintenance of trees, landscaping, irrigation systems and lighting within the boundaries of Tract No. 8439.

LG Theatre Fund was established to account for monies received from rents on donated property and related expenditures.

Library Trust Fund was established to provide for the servicing of donations and bequests to the Town's Library Program.

TOWN OF LOS GATOS
APPROPRIATED RESERVES FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Licenses & permits	\$ 110,000	\$ 110,000	\$ 157,535	\$ 47,535
Intergovernmental	3,188,473	2,994,500	3,362,026	367,526
Charges for services	951,800	904,869	1,137,659	232,790
Developer assessments	10,000	10,000	12,880	2,880
Interest	-	-	100,179	100,179
Use of Property	96,000	96,000	91,284	(4,716)
Other	-	-	-	-
Total Revenues	4,356,273	4,115,369	4,861,563	746,194
EXPENDITURES				
Capital outlay	7,993,617	10,192,475	10,193,353	(878)
Total Expenditures	7,993,617	10,192,475	10,193,353	(878)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(3,637,344)	(6,077,106)	(5,331,790)	745,316
OTHER FINANCING SOURCES (USES)				
Transfers in	2,253,273	3,119,554	3,101,325	(18,229)
Transfers (out)	(427,616)	(451,491)	(453,990)	(2,499)
Total Other Financing Sources (Uses)	1,825,657	2,668,063	2,647,335	(20,728)
CHANGE IN FUND BALANCE				
	\$ (1,811,687)	\$ (3,409,043)	(2,684,455)	\$ 724,588
BEGINNING FUND BALANCE				
			21,750,025	
ENDING FUND BALANCE				
			\$ 19,065,570	

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

ITEM NO. 14.

	CAPITAL PROJECTS FUNDS			
	Storm Drains	Construction Tax	Gas Tax	Total Capital Projects Funds
ASSETS				
Cash & investments	\$ 3,531,248	\$ 3,584,251	\$ 1,698,293	\$ 8,813,792
Restricted cash & investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental receivable	-	-	229,874	229,874
Leases receivable	-	-	-	-
Long term notes receivable	-	-	-	-
Total Assets	<u>\$ 3,531,248</u>	<u>\$ 3,584,251</u>	<u>\$ 1,928,167</u>	<u>\$ 9,043,666</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCE				
Restricted for:				
Library	-	-	-	-
Repairs and maintenance	-	-	-	-
Capital projects	3,531,248	3,584,251	1,928,167	9,043,666
Committed to:				
Special revenue funds	-	-	-	-
Total Fund Balances	<u>3,531,248</u>	<u>3,584,251</u>	<u>1,928,167</u>	<u>9,043,666</u>
Total Liabilities and Fund Balances	<u>\$ 3,531,248</u>	<u>\$ 3,584,251</u>	<u>\$ 1,928,167</u>	<u>\$ 9,043,666</u>

(Continued)

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

ITEM NO. 14.

SPECIAL REVENUE FUNDS

	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
ASSETS			
Cash & investments	\$ 94,412	\$ 711,648	\$ 187,092
Restricted cash & investments	58,344	-	-
Receivables:			
Accounts	-	46,938	-
Intergovernmental receivable	-	-	220
Leases receivable	-	-	-
Long term notes receivable	78,752	-	-
Total Assets	\$ 231,508	\$ 758,586	\$ 187,312
LIABILITIES			
Accounts payable	\$ 60	\$ 1,228	\$ 4,687
Accrued payroll and benefits	-	3,224	-
Unearned revenue	64,795	-	-
Total Liabilities	64,855	4,452	4,687
DEFERRED INFLOWS OF RESOURCES			
Leases	-	-	-
FUND BALANCE			
Restricted for:			
Library	-	-	-
Repairs and maintenance	-	-	182,625
Capital projects	-	-	-
Committed to:			
Special revenue funds	166,653	754,134	-
Total Fund Balances	166,653	754,134	182,625
Total Liabilities and Fund Balances	\$ 231,508	\$ 758,586	\$ 187,312

(Continued)

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

ITEM NO. 14.

SPECIAL REVENUE FUNDS				
	LG Theatre	Library Trust	Total Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash & investments	\$ 48,338	\$ 559,788	\$ 1,601,278	\$ 10,415,070
Restricted cash & investments	-	-	58,344	58,344
Receivables:				
Accounts	35,905	-	82,843	82,843
Intergovernmental receivable	-	-	220	230,094
Leases receivable	304,129	-	304,129	304,129
Long term notes receivable	-	-	78,752	78,752
Total Assets	\$ 388,372	\$ 559,788	\$ 2,125,566	\$ 11,169,232
LIABILITIES				
Accounts payable	\$ 15,085	\$ 2,940	\$ 24,000	\$ 24,000
Accrued payroll and benefits	-	-	3,224	3,224
Unearned revenue	-	-	64,795	64,795
Total Liabilities	15,085	2,940	92,019	92,019
DEFERRED INFLOWS OF RESOURCES				
Leases	202,252	-	202,252	202,252
FUND BALANCE				
Restricted for:				
Library	-	556,848	556,848	556,848
Repairs and maintenance	-	-	182,625	182,625
Capital projects	-	-	-	9,043,666
Committed to:				
Special revenue funds	171,035	-	1,091,822	1,091,822
Total Fund Balances	171,035	556,848	1,831,295	10,874,961
Total Liabilities and Fund Balances	\$ 388,372	\$ 559,788	\$ 2,125,566	\$ 11,169,232

(Concluded)

**TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<i>ITEM NO. 14.</i>

	CAPITAL PROJECTS FUNDS			
	Storm Drain	Construction Tax	Gas Tax	Total Capital Projects Funds
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	24,838	-	24,838
License and permits	196,604	-	-	196,604
Intergovernmental	-	-	1,781,448	1,781,448
Interest	116,313	120,417	46,074	282,804
Use of property	-	-	-	-
Other	-	-	-	-
Total Revenues	312,917	145,255	1,827,522	2,285,694
EXPENDITURES				
Current:				
Parks and public works	-	-	-	-
Library services	-	-	-	-
Sanitation and other	-	-	-	-
Capital Outlay	-	-	1,464,600	1,464,600
Total Expenditures	-	-	1,464,600	1,464,600
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	312,917	145,255	362,922	821,094
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(106,000)	(106,000)
Total Other Financing Sources (Uses)	-	-	(106,000)	(106,000)
Changes in Fund Balances	312,917	145,255	256,922	715,094
Fund Balances - Beginning of year	3,218,331	3,438,996	1,671,245	8,328,572
Fund Balances - End of year	\$ 3,531,248	\$ 3,584,251	\$ 1,928,167	\$ 9,043,666

(Continued)

**TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	SPECIAL REVENUE FUNDS		
	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
REVENUES			
Property Taxes	\$ -	\$ -	\$ 38,437
Other Taxes	-	-	-
License and permits	-	359,950	-
Intergovernmental	-	16,946	-
Interest	-	-	6,118
Use of property	-	-	-
Other	-	-	-
Total Revenues	-	376,896	44,555
EXPENDITURES			
Current:			
Parks and public works	-	-	33,976
Library services	-	-	-
Sanitation and other	-	252,605	-
Capital Outlay	-	-	-
Total Expenditures	-	252,605	33,976
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	124,291	10,579
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	(4,920)
Total Other Financing Sources (Uses)	-	-	(4,920)
Changes in Fund Balances	-	124,291	5,659
Fund Balances - Beginning of year	166,653	629,843	176,966
Fund Balances - End of year	\$ 166,653	\$ 754,134	\$ 182,625

(Continued)

**TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

SPECIAL REVENUE FUNDS				
	LG Theatre	Library Trust	Total Special Revenue Funds	Total
REVENUES				
Property Taxes	\$ -	\$ -	\$ 38,437	\$ 38,437
Other Taxes	-	-	-	24,838
License and permits	-	-	359,950	556,554
Intergovernmental	-	-	16,946	1,798,394
Interest	-	20,263	26,381	309,185
Use of property	171,495	-	171,495	171,495
Other	-	88,411	88,411	88,411
Total Revenues	171,495	108,674	701,620	2,987,314
EXPENDITURES				
Current:				
Parks and public works	75,451	-	109,427	109,427
Library services	-	82,000	82,000	82,000
Sanitation and other	-	-	252,605	252,605
Capital Outlay	-	-	-	1,464,600
Total Expenditures	75,451	82,000	444,032	1,908,632
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	96,044	26,674	257,588	1,078,682
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(4,920)	(110,920)
Total Other Financing Sources (Uses)	-	-	(4,920)	(110,920)
Changes in Fund Balances	96,044	26,674	252,668	967,762
Fund Balances - Beginning of year	74,991	530,174	1,578,627	9,907,199
Fund Balances - End of year	\$ 171,035	\$ 556,848	\$ 1,831,295	\$ 10,874,961

(Concluded)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	STORM DRAIN			CONSTRUCTION TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	30,000	24,838	(5,162)
License and permits	92,500	196,604	104,104	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	13,170	116,313	103,143	15,190	120,417	105,227
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	105,670	312,917	207,247	45,190	145,255	100,065
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	105,670	312,917	207,247	45,190	145,255	100,065
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	\$ 105,670	312,917	\$ 207,247	\$ 45,190	145,255	\$ 100,065
BEGINNING FUND BALANCE		<u>3,218,331</u>			<u>3,438,996</u>	
ENDING FUND BALANCE		<u>\$ 3,531,248</u>			<u>\$ 3,584,251</u>	

(Continued)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	GAS TAX			COMMUNITY DEVELOPMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	1,712,974	1,781,448	68,474	-	-	-
Interest	1,402	46,074	44,672	-	-	-
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	1,714,376	1,827,522	113,146	-	-	-
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	1,464,599	1,464,600	(1)	-	-	-
Total Expenditures	1,464,599	1,464,600	(1)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	249,777	362,922	113,145	-	-	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	(106,000)	(106,000)	-	-	-	-
Total Other Financing Sources (Uses)	(106,000)	(106,000)	-	-	-	-
CHANGE IN FUND BALANCE	\$ 143,777	256,922	\$ 113,145	\$ -	-	\$ -
BEGINNING FUND BALANCE		<u>1,671,245</u>			<u>166,653</u>	
ENDING FUND BALANCE		<u>\$ 1,928,167</u>			<u>\$ 166,653</u>	

(Continued)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	NON-POINT SOURCE MAINTENANCE			LIGHTING AND LANDSCAPING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 38,220	\$ 38,437	\$ 217
Other taxes	-	-	-	-	-	-
License and permits	359,950	359,950	-	-	-	-
Intergovernmental	-	16,946	16,946	-	-	-
Interest	-	-	-	1,010	6,118	5,108
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	359,950	376,896	16,946	39,230	44,555	5,325
EXPENDITURES						
Current:						
Parks and public works	-	-	-	42,764	33,976	8,788
Library services	-	-	-	-	-	-
Sanitation and other	274,587	252,605	21,982	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	274,587	252,605	21,982	42,764	33,976	8,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	85,363	124,291	38,928	(3,534)	10,579	14,113
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	(4,920)	(4,920)	-
Total Other Financing Sources (Uses)	-	-	-	(4,920)	(4,920)	-
CHANGE IN FUND BALANCE	\$ 85,363	124,291	\$ 38,928	\$ (8,454)	5,659	\$ 14,113
BEGINNING FUND BALANCE		<u>629,843</u>			<u>176,966</u>	
ENDING FUND BALANCE		<u>\$ 754,134</u>			<u>\$ 182,625</u>	

(Continued)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	LG Theatre			Library Trust		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	4,800	20,263	15,463
Use of property	119,845	171,495	51,650	-	-	-
Other	54,155	-	(54,155)	88,300	88,411	111
Total Revenues	174,000	171,495	(2,505)	93,100	108,674	15,574
EXPENDITURES						
Current:						
Parks and public works	117,364	75,451	41,913	-	-	-
Library services	-	-	-	79,800	82,000	(2,200)
Sanitation and other	-	-	-	-	-	-
Capital outlay	-	-	-	21,000	-	21,000
Total Expenditures	117,364	75,451	41,913	100,800	82,000	18,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,636	96,044	39,408	(7,700)	26,674	34,374
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	\$ 56,636	96,044	\$ 39,408	\$ (7,700)	26,674	\$ 34,374
BEGINNING FUND BALANCE		<u>74,991</u>			<u>530,174</u>	
ENDING FUND BALANCE		<u>\$ 171,035</u>			<u>\$ 556,848</u>	

(Continued)

TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ITEM NO. 14.

	TOTALS		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	\$ 38,220	\$ 38,437	\$ 217
Other taxes	30,000	24,838	(5,162)
License and permits	452,450	556,554	104,104
Intergovernmental	1,712,974	1,798,394	85,420
Interest	35,572	309,185	273,613
Use of property	119,845	171,495	51,650
Other	142,455	88,411	(54,044)
Total Revenues	2,531,516	2,987,314	455,798
EXPENDITURES			
Current:			
Parks and public works	160,128	109,427	50,701
Library services	79,800	82,000	-
Sanitation and other	274,587	252,605	21,982
Capital outlay	1,485,599	1,464,600	20,999
Total Expenditures	2,000,114	1,908,632	93,682
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	531,402	1,078,682	547,280
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	(110,920)	(110,920)	-
Total Other Financing Sources (Uses)	(110,920)	(110,920)	-
CHANGE IN FUND BALANCE	\$ 420,482	967,762	\$ 547,280
BEGINNING FUND BALANCE		9,907,199	
ENDING FUND BALANCE		\$ 10,874,961	

(Concluded)

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PROPRIETARY FUNDS
INTERNAL SERVICE FUNDS

Internal service funds are used to finance and account for special activities and service performed by a designed department for other departments in the Town on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they are used for internal activities only. In the Government-Wide Statement of Activities, the net revenues and expenses of the internal service funds are allocated to the Town departments or programs that generated them, thus eliminating internal service funds.

However, internal service funds are still presented separately in the fund financial statements and include the following funds:

Equipment Fund was established to account for the replacement of major Town equipment and all vehicle replacement.

Workers' Compensation Fund was established to account for future claims that may occur related to workers compensation injuries.

Self-Insurance Fund was established to account for future general liability claims against the Town.

Information Technology Fund was established to account for the replacement of management information computer systems and components.

Facilities Maintenance Fund was established to account for preventative maintenance and repair for all Town buildings.

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
ASSETS						
Cash & Investments	\$ 3,282,974	\$ 2,197,137	\$ 374,533	\$ 2,496,250	\$ 498,673	\$ 8,849,567
Restricted Cash & Investments	-	121,438	-	-	-	121,438
Receivables:						
Accounts	4,553	-	-	4,403	30,454	39,410
Leases receivable	-	-	-	-	1,407,683	1,407,683
Subscription assets, net	-	-	-	511,016	-	511,016
Total Assets	\$ 3,287,527	\$ 2,318,575	\$ 374,533	\$ 3,011,669	\$ 1,936,810	\$ 10,929,114 ¹
LIABILITIES						
Accounts Payable	\$ 975	\$ 16,731	\$ 22,261	\$ 22,596	\$ 154,954	\$ 217,517
Due to Other Governments	-	-	-	-	59	59
Interest payable	-	-	-	19,943	-	19,943
Claims Payable	-	1,715,597	174,395	-	-	1,889,992
Subscription liabilities	-	-	-	445,781	-	445,781
Total Liabilities	\$ 975	\$ 1,732,328	\$ 196,656	\$ 488,320	\$ 155,013	\$ 2,573,292
Deferred Inflows of Resources						
Leases	\$ -	\$ -	\$ -	\$ -	\$ 821,272	\$ 821,272
NET POSITION						
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 65,235	\$ -	\$ 65,235
Restricted for:						
Wokers compensation claims	-	121,438	-	-	-	121,438
Unrestricted	3,286,552	464,809	177,877	2,458,114	960,525	7,347,877
Total Net Position	\$ 3,286,552	\$ 586,247	\$ 177,877	\$ 2,523,349	\$ 960,525	\$ 7,534,550 ¹

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services	\$ 1,026,738	\$ 1,011,814	\$ 662,039	\$ 781,902	\$ 916,324	\$ 4,398,817
Use of money and property	1,100	-	-	-	165,273	166,373
Other local taxes	-	-	-	-	24,838	24,838
Other revenue & reimbursements	32,317	392,312	5,000	(1,253)	57,889	486,265
Total Operating Revenues	1,060,155	1,404,126	667,039	780,649	1,164,324	5,076,293
OPERATING EXPENSES						
Insurance expenses	-	1,332,697	1,131,184	-	-	2,463,881
Services and supplies	187,323	-	-	507,075	1,374,009	2,068,407
Depreciation/amortization expense	-	-	-	202,422	-	202,422
Total Operating Expenses	187,323	1,332,697	1,131,184	709,497	1,374,009	4,734,710
Operating Income (loss)	872,832	71,429	(464,145)	71,152	(209,685)	341,583
NONOPERATING REVENUE (EXPENSES)						
Investment earnings	-	5	-	-	21,511	21,516
Interest expense	-	-	-	(22,421)	-	(22,421)
Income (loss) before transfers	872,832	71,434	(464,145)	48,731	(188,174)	340,678
Transfers in	-	-	430,000	-	221,000	651,000
Transfers out	-	-	-	-	-	-
Net Transfers	-	-	430,000	-	221,000	651,000
Change in Net Position	872,832	71,434	(34,145)	48,731	32,826	991,678
BEGINNING NET POSITION	2,413,720	514,813	212,022	2,474,618	927,699	6,542,872
ENDING NET POSITION	\$ 3,286,552	\$ 586,247	\$ 177,877	\$ 2,523,349	\$ 960,525	\$ 7,534,550

**TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 1,086,133	\$ 1,013,814	\$ 662,039	\$ 794,300	\$ 1,202,972	\$ 4,759,258
Payments to suppliers and providers	(204,320)	(1,321,360)	(1,001,301)	(580,860)	(1,325,830)	(4,433,671)
Insurance reimbursements	-	392,312	5,000	-	-	397,312
Claims paid	-	(253,382)	(107,859)	-	-	(361,241)
Net Cash Provided (Used) by Operating Activities	881,813	(168,616)	(442,121)	213,440	(122,858)	361,658
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	430,000	-	221,000	651,000
Transfers out	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	430,000	-	221,000	651,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest paid	-	-	-	(30,393)	-	(30,393)
Principal paid	-	-	-	(149,154)	-	(149,154)
Acquisition of subscription assets	-	-	-	-	-	-
Net Cash Used by Capital and Related Financing Activities	-	-	-	(179,547)	-	(179,547)
CASH FLOWS FROM INVESTING ACTIVITIES						
Collections from investment earnings	-	5	-	-	21,511	21,516
Net Cash Provided by Investing Activities	-	5	-	-	21,511	21,516
Net Increase(Decrease) in Cash and Investments	881,813	(168,611)	(12,121)	33,893	119,653	854,627
Cash and investments - beginning of year	2,401,161	2,487,186	386,654	2,462,357	379,020	8,116,378
Cash and investments - end of year	\$ 3,282,974	\$ 2,318,575	\$ 374,533	\$ 2,496,250	\$ 498,673	\$ 8,971,005
Reconciliation of Operating Income to Cash						
Flows from Operating Activities:						
Operating Income	\$ 872,832	\$ 71,429	\$ (464,145)	\$ 71,152	\$ (209,685)	\$ 341,583
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation/amortization	-	-	-	202,422	-	202,422
Change in assets and liabilities:						
Accounts receivable	25,978	2,000	-	13,651	(5,601)	36,028
Leases receivable	-	-	-	-	(59,528)	(59,528)
Deferred inflows of resources	-	-	-	-	103,777	103,777
Accounts payable	(16,997)	11,337	5,358	(73,785)	48,179	(25,908)
Claims payable	-	(253,382)	16,666	-	-	(236,716)
Cash Flows From Operating Activities	\$ 881,813	\$ (168,616)	\$ (442,121)	\$ 213,440	\$ (122,858)	\$ 361,658

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Statistical Section

STATISTICAL (UNAUDITED)

This part of the Town of Los Gatos Annual Comprehensive Financial Report (“ACFR”) presents the detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how Town’s financial performance and well-being have changed over time. (Schedule 1, Schedule 2, Schedule 3, and Schedule 4).

Revenue Capacity

These schedules contain information to help the reader assess one of the Town’s most significant local revenue source, the property tax (Schedule 5, Schedule 6, Schedule 7, and Schedule 8).

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and its ability to issue additional debt in the future (Schedule 9, Schedule 10, and Schedule 11)

Demographic and Economic Information

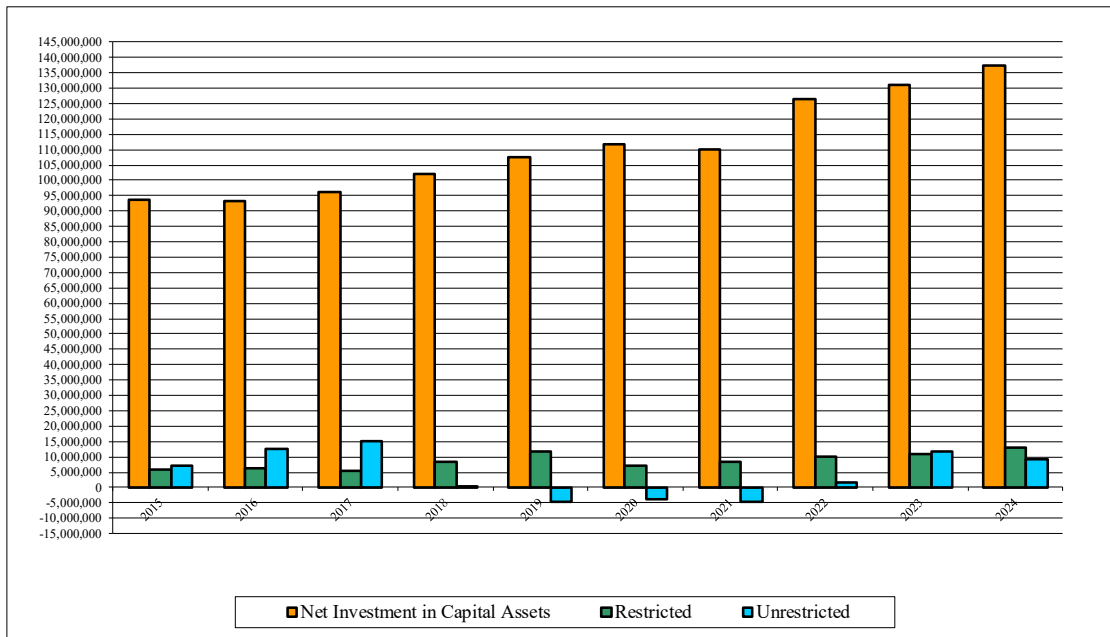
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place (Schedule 12, Schedule 13, and schedule 14).

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s ACFR relates to the services the Town provides and activities it performs (Schedule 15 and Schedule 16).

Town of Los Gatos
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Schedule 1



Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2015	93,687,029	5,663,182	7,180,919	106,531,130
2016	93,383,855	6,386,014	12,744,637	112,514,506
2017	96,265,652	5,627,707	15,134,420	117,027,779
2018	102,098,729	8,199,598	170,590	110,468,917 (1)
2019	107,542,588	11,918,688	-4,642,167	114,819,109 (2)
2020	111,700,225	7,117,984	-3,967,178	114,851,031
2021	109,894,936	8,358,267	-4,735,103	113,518,100
2022	126,418,275	10,203,412	1,785,294	138,406,981
2023	130,888,581	11,091,020	11,542,661	153,522,262
2024	137,253,582	13,015,461	9,137,174	159,406,217

(1) Net position was restated for FY 2018 for amounts placed into fiduciary funds, reclassified to General Fund Restricted Asset.

(2) The decrease in unrestricted net position resulted largely from the use of approximately \$8.0 million in unrestricted cash balances in the Town's GFAR fund during the year to invest in the Town's infrastructure and equipment.

Town of Los Gatos
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2018/19
Expenses					
Governmental Activities:					
General Government	\$ 6,465,852	\$ 6,993,661	\$ 6,771,628	\$ 7,948,918	\$ 8,163,991
Public Safety	12,644,221	12,825,688	14,587,597	15,545,521	16,635,726
Parks and Public Works	8,069,352	8,320,623	9,502,707	10,047,003	10,627,716
Community Development	4,047,738	3,227,224	5,093,459	4,667,609	5,064,637
Library Services	2,553,414	2,522,142	2,868,748	3,087,684	3,059,294
Sanitation	491,359	528,580	466,762	536,296	684,673
Interest and Fees	-	-	-	-	-
Total Governmental Activities	34,271,936	34,417,918	39,290,901	41,833,031	44,236,037
Program Revenues					
Charges for Services:					
General Government	1,888,213	1,517,012	1,669,020	1,701,146	1,562,683
Public Safety	3,529,166	3,278,585	2,076,688	1,888,359	1,745,889
Parks and Public Works	2,206,765	1,516,108	2,155,841	4,150,068	2,910,936
Community Development	5,027,497	4,359,146	3,803,626	3,456,390	4,155,231
Library Services	53,123	46,192	46,746	14,702	9,476
Sanitation	328,868	368,813	410,626	771,442	966,130
Operating Grants and Contributions:					
General Government	-	15,291	-	-	-
Public Safety	24,838	98,138	837,329	895,730	826,643
Parks and Public Works	907,745	749,300	665,779	953,294	1,301,152
Community Development	-	-	-	-	-
Library Services	4,062	12,228	-	57,200	47,482
Capital Grants and Contributions:					
General Government	176,705	-	-	-	-
Public Safety	-	-	-	-	-
Parks and Public Works	2,338,154	1,610,657	770,600	348,437	146,792
Community Development	-	-	9,280	-	-
Total Program Revenues	16,485,136	13,571,470	12,445,535	14,236,768	13,672,414
General Revenues and Special Items:					
Property Taxes	12,931,603	13,763,458	14,756,214	15,958,406	17,321,347
Sales Taxes	8,202,678	7,501,175	8,925,276	7,466,253	8,158,152
Franchise Taxes	2,215,430	2,258,892	2,366,908	2,474,814	2,475,916
Other Taxes	2,062,893	1,997,497	2,351,223	2,667,840	2,726,743
Motor Vehicle in Lieu	-	12,308	14,056	16,483	14,689
Developer Assessments	-	-	-	-	-
Investment Earnings	428,772	698,324	192,260	333,120	1,809,128
Sale of Property	-	-	-	-	-
Miscellaneous	813,324	598,170	528,946	622,105	2,407,840
Insurance recoveries	-	-	-	-	-
Total General Revenues and Special Items	26,654,700	26,829,824	29,134,883	29,539,021	34,913,815
Change in Net Position	\$ 8,867,900	\$ 5,983,376	\$ 2,289,517	\$ 1,942,758	\$ 4,350,192

Continued

Town of Los Gatos
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24 ¹
Expenses					
Governmental Activities:					
General Government	\$ 7,405,368	\$ 7,086,377	\$ 15,681,345	\$ 10,522,568	\$ 11,113,238
Public Safety	20,446,188	19,808,230	15,093,308	17,428,923	23,783,313
Parks and Public Works	11,803,005	13,141,034	12,969,615	12,258,626	14,075,171
Community Development	5,001,958	6,846,834	5,827,001	5,215,961	5,481,765
Library Services	3,347,523	3,496,153	2,969,954	3,653,642	3,853,748
Sanitation	3,041	185,981	178,575	208,262	263,706
Interest and Fees	-	-	-	29,221	26,137
Total Governmental Activities	48,007,083	50,564,609	52,719,798	49,317,203	58,597,078
Program Revenues					
Charges for Services:					
General Government ¹	1,470,324	1,894,080	1,725,857	2,635,527	2,694,162
Public Safety	1,549,207	1,288,358	1,596,313	1,846,312	1,980,431
Parks and Public Works	3,674,222	4,209,048	5,090,014	3,590,936	4,211,420
Community Development	3,351,753	4,063,776	4,129,718	3,971,336	4,247,279
Library Services	11,522	-	521	2,039	2,514
Sanitation	231,323	299,478	231,323	359,950	359,950
Operating Grants and Contributions:					
General Government	12,290	-	2,766,833	-	63,088
Public Safety	952,045	1,061,344	1,144,226	4,622,373	917,317
Parks and Public Works	2,824,638	1,547,102	1,482,896	1,735,608	1,828,050
Community Development	15,864	223,129	670,929	616,937	692,151
Library Services	49,351	55,181	114,958	174,663	167,303
Capital Grants and Contributions:					
General Government	8,258	2,365	12,205,050	-	-
Public Safety	9,100	-	-	-	-
Parks and Public Works	832,755	843,980	10,021,156	3,915,175	5,668,252
Community Development	-	-	-	-	-
Total Program Revenues	14,992,652	15,487,841	41,179,794	23,470,856	22,831,917
General Revenues and Special Items:					
Property Taxes	18,330,426	19,878,835	21,132,098	22,746,842	24,224,142
Sales Taxes	7,531,425	7,933,604	8,483,673	8,806,477	8,071,735
Franchise Taxes ¹	2,495,792	2,499,463	2,822,515	3,074,624	2,547,011
Other Taxes	1,911,774	1,126,887	2,042,580	2,292,008	2,422,849
Motor Vehicle in Lieu	24,526	23,058	35,624	34,406	41,461
Developer Fees	-	-	1,735,571	614,820	12,880
Investment Earnings	2,428,470	227,136	(1,278,978)	797,587	3,129,616
Sale of Property	-	-	-	-	-
Miscellaneous	323,940	1,528,039	755,400	1,029,864	1,199,422
Insurance recoveries	-	-	-	1,565,000	-
Total General Revenues and Special Items	33,046,353	33,217,022	35,728,483	40,961,628	41,649,116
Change in Net Position	\$ 31,922	\$ (1,859,746)	\$ 24,188,479	\$ 15,115,281	\$ 5,883,955

Concluded

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as encroachment fees under Charges for Services. The total amount classified in Licenses & Permits in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,33 in FY 2022/23 and \$1,493,184 in FY 2023/24.

Town of Los Gatos
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2018/19
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	1,206,851	5,015,316
Committed	-	20,019,187	15,129,925	12,953,399	15,070,944
Assigned	24,121,256	9,555,085	14,050,699	17,475,285	18,256,895
Unassigned	-	-	-	-	-
Total General Fund	24,121,256	29,574,272	29,180,624	31,635,535	38,343,155
All Other Governmental Funds					
Restricted	5,663,182	6,386,014	5,627,707	6,992,747	6,903,372
Committed	-	3,696,000	10,354,584	5,571,087	2,579,997
Assigned	15,346,558	11,099,076	7,928,994	6,361,403	6,180,930
Unassigned	206,875	-	-	-	-
Total All Other Governmental Funds	21,216,615	21,181,090	23,911,285	18,925,237	15,664,299
Total Fund Balances	\$ 45,337,871	\$ 50,755,362	\$ 53,091,909	\$ 50,560,772	\$ 54,007,454

Continued

Town of Los Gatos
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24
General Fund					
Nonspendable	\$ -	\$ 159,000	\$ 159,000	\$ 159,000	\$ 159,000
Restricted	669,978	-	690,000	1,444,501	2,532,997
Committed	15,387,706	11,220,970	12,283,132	13,150,130	14,364,143
Assigned	13,277,813	12,534,648	13,764,657	14,774,673	14,005,932
Unassigned	-	-	-	-	-
Total General Fund	29,335,497	23,914,618	26,896,789	29,528,304	31,062,072
All Other Governmental Funds					
Restricted	6,448,006	8,562,653	9,383,483	9,530,538	10,361,026
Committed	-	-	637,711	2,590,257	2,664,441
Assigned	14,181,679	15,360,481	13,944,155	19,536,429	16,915,064
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	20,629,685	23,923,134	23,965,349	31,657,224	29,940,531
Total Fund Balances	\$ 49,965,182	\$ 47,837,752	\$ 50,862,138	\$ 61,185,528	\$ 61,002,603

Concluded

Town of Los Gatos
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Schedule 4

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2018/19
Revenues:					
Taxes	\$ 23,208,820	\$ 23,269,892	\$ 25,945,129	\$ 26,253,026	\$ 28,244,329
Licenses & Permits	6,467,771	5,442,133	5,075,503	5,937,044	5,173,876
Intergovernmental	2,921,002	2,573,475	1,715,580	2,124,903	2,310,655
Charges for Services	5,794,386	4,773,001	4,210,174	5,395,057	5,584,504
Fines and Forfeitures	868,564	879,277	917,105	676,212	510,266
Franchise Fees	2,215,430	2,258,892	2,366,908	2,474,814	2,475,916
Developer Fees	-	-	-	-	-
Investment Income	428,735	698,308	192,978	332,938	1,809,164
Use of Property	32,209	31,723	32,096	32,206	32,960
Other	3,130,975	2,396,992	1,011,939	640,844	579,755
Total Revenues	45,067,892	42,323,693	41,467,412	43,867,044	46,721,425
Expenditures:					
Current					
General Government	8,647,451	9,144,797	8,390,959	8,770,082	8,004,254
Public Safety	13,747,198	13,763,316	13,251,288	14,423,554	14,945,407
Parks and Public Works	5,840,097	6,307,266	6,633,748	7,125,686	7,962,135
Community Development	4,218,500	3,695,504	3,793,930	4,192,165	4,577,495
Library Services	2,268,844	2,332,268	2,508,677	2,529,017	2,493,617
Sanitation & Other	411,863	452,726	466,762	521,147	628,240
Capital Outlay	3,800,478	3,241,657	6,867,034	9,778,058	7,888,914
Debt Service					
Principal Repayment	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	38,934,431	38,937,534	41,912,398	47,339,709	46,500,062
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	6,133,461	3,386,159	(444,986)	(3,472,665)	221,363
Other Financing Sources(Uses):					
Transfers In	8,977,220	3,315,846	7,907,692	3,176,760	4,264,131
Transfers Out	(7,788,049)	(1,284,514)	(7,612,012)	(3,880,131)	(3,323,756)
Gain from Sale of Property	-	-	-	378,219	1,912,316
Insurance Recoveries	-	-	-	-	-
Issuance of Debt	-	-	4,435	-	-
Total Other Financing Sources(Uses)	1,189,171	2,031,332	300,115	(325,152)	2,852,691
Special Item:					
Extraordinary Gain (Loss) RDA Dissolution	-	-	-	-	-
Prepayment of Pension Obligations	-	-	-	-	-
Net Change in Fund Balances	\$ 7,322,632	\$ 5,417,491	\$ (144,871)	\$ (3,797,817)	\$ 3,074,054
Capitalized Capital Outlay	\$ 3,800,478	\$ 3,241,657	\$ 6,867,034	\$ 9,778,058	\$ 7,861,972
Debt Service as a Percentage of Non Capital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Continued

Town of Los Gatos
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

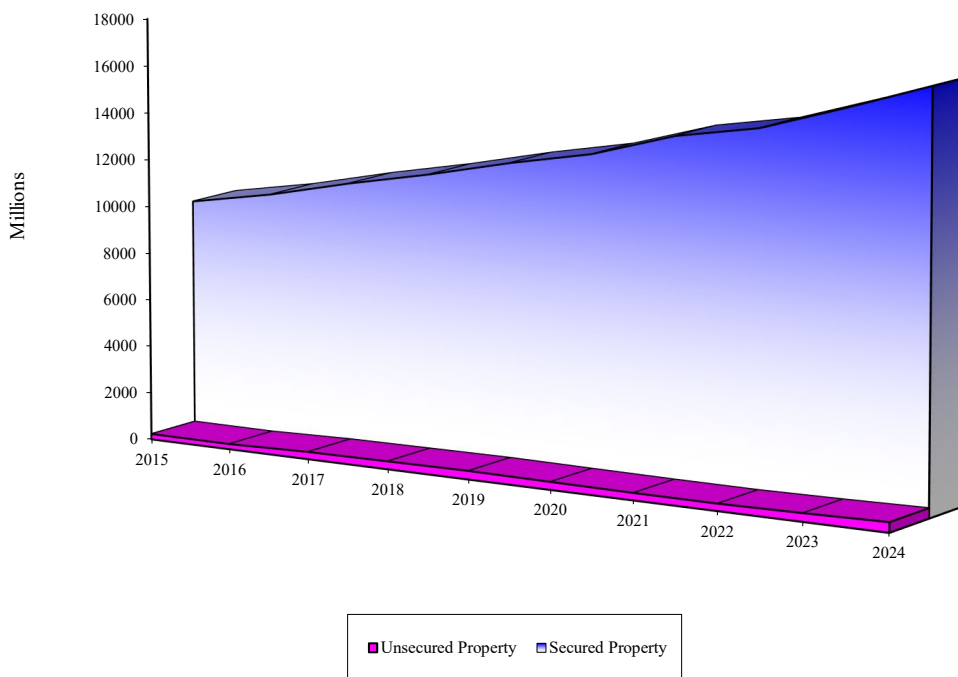
Schedule 4

	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24 ¹
Revenues:					
Taxes	\$ 27,811,665	\$ 28,977,919	\$ 31,627,593	\$ 33,851,411	\$ 34,735,349
Licenses & Permits ¹	4,818,671	5,212,831	6,055,040	6,333,675	6,227,298
Intergovernmental	4,498,153	3,746,587	15,492,982	10,145,820	6,317,644
Charges for Services	5,309,470	6,035,659	6,925,359	5,718,714	7,051,179
Fines and Forfeitures	271,117	103,468	319,170	416,950	480,634
Franchise Fees ¹	2,495,792	2,499,463	2,822,515	3,074,624	2,547,011
Developer Fees	-	-	1,735,571	614,820	12,880
Investment Income	2,428,453	227,940	(1,278,983)	797,582	3,108,100
Use of Property	31,039	40,372	144,901	237,647	297,501
Other	376,922	423,115	349,145	985,188	604,493
Total Revenues	48,041,282	47,267,354	64,193,293	62,176,431	61,382,089
Expenditures:					
Current					
General Government	13,024,146	14,040,134	15,953,968	8,828,779	9,573,022
Public Safety	15,793,815	16,570,836	16,451,190	18,446,048	20,718,781
Parks and Public Works	8,168,599	8,229,944	8,639,128	9,084,406	9,899,083
Community Development	4,473,790	5,195,302	6,313,511	5,065,412	5,246,729
Library Services	2,700,802	2,847,988	2,827,210	3,208,027	3,335,389
Sanitation & Other	162,837	166,173	194,969	204,097	252,605
Capital Outlay	7,861,972	5,707,439	10,478,670	8,917,075	12,366,255
Debt Service					
Principal Repayment	-	39,008	156,034	156,034	225,370
Interest and Fiscal Charges	-	-	-	-	3,716
Total Expenditures	52,185,961	52,796,824	61,014,680	53,909,878	61,620,950
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(4,144,679)	(5,529,470)	3,178,613	8,266,553	(238,861)
Other Financing Sources (Uses):					
Transfers In	8,935,260	4,053,535	8,154,307	11,886,022	3,666,235
Transfers Out	(8,628,719)	(3,940,015)	(8,310,685)	(11,396,347)	(4,317,235)
Gain from Sale of Property	1,566	1,201,369	2,151	2,162	223
Insurance Recoveries	-	-	-	1,565,000	-
Issuance of Debt	-	1,560,336	-	-	706,713
Total Other Financing Sources (Uses)	308,107	2,875,225	(154,227)	2,056,837	55,936
Special Item:					
Extraordinary Gain (Loss) RDA Dissolution	-	-	-	-	-
Prepayment of Pension Obligations	-	-	-	-	-
Net Change in Fund Balances	\$ (3,836,572)	\$ (2,654,245)	\$ 3,024,386	\$ 10,323,390	\$ (182,925)
Capitalized Capital Outlay	\$ 7,861,972	\$ 5,707,439	\$ 9,180,716	\$ 8,598,811	\$ 12,016,644
Debt Service as a Percentage of Non Capital Expenditures	0.00%	0.08%	0.30%	0.35%	0.46%

Concluded

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses & Permits under Charges for Services. The total amount classified in Licenses & Permits in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,33 in FY 2022/23 and \$1,493,184 in FY 2023/24.

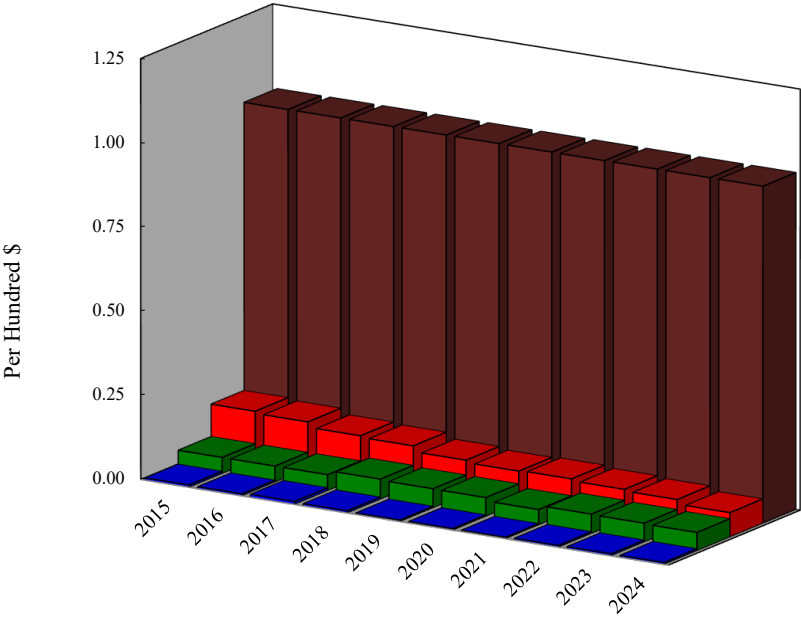
Town of Los Gatos
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years



Fiscal Year	Utility and Unsecured Property	Percent Change	Secured Property	Percent Change	Total Assessed	Estimated Full Market	Total Direct Tax Rate
2015	\$ 227,331,042	1.45%	\$ 9,767,782,505	5.73%	\$ 9,995,113,547	\$ 39,071,130,020	1.0544
2016	217,035,545	-4.53%	10,417,804,357	6.65%	10,634,839,902	41,671,217,428	1.0533
2017	304,443,013	40.27%	11,240,554,198	7.90%	11,544,997,211	44,962,216,792	1.0560
2018	330,504,877	8.56%	11,969,049,272	6.48%	12,299,554,149	47,876,197,088	1.0659
2019	359,276,665	8.71%	12,795,393,103	6.90%	13,154,669,768	51,181,572,412	1.0607
2020	331,517,212	-7.73%	13,510,676,336	5.59%	13,842,193,548	54,042,705,344	1.0494
2021	308,749,655	-6.87%	14,599,669,332	8.06%	14,908,418,987	58,398,677,328	1.0627
2022	304,460,199	-1.39%	15,255,884,284	4.49%	15,560,344,483	61,023,537,136	1.0616
2023	357,370,065	17.38%	16,404,930,826	7.53%	16,762,300,891	65,619,723,304	1.0591
2024	432,381,651	20.99%	17,623,641,576	7.43%	18,056,023,227	70,494,566,304	1.0591

Source: Santa Clara County Assessed Value Report

Town of Los Gatos
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years



Santa Clara Valey Water District County
 County Bonds and Levies
 School District Bonds and Loans
 Basic County Wide Levy

Fiscal Year	Basic County Wide Levy	County Bonds and Levies	Santa Clara Special Districts	School District Bonds and Loans	Total
2015	1.0000	0.0479	0.0065	0.1442	1.1986
2016	1.0000	0.0476	0.0057	0.1381	1.1914
2017	1.0000	0.0474	0.0086	0.1223	1.1783
2018	1.0000	0.0597	0.0062	0.1177	1.1836
2019	1.0000	0.0565	0.0042	0.1006	1.1613
2020	1.0000	0.0557	0.0041	0.0935	1.1533
2021	1.0000	0.0457	0.0037	0.0959	1.1453
2022	1.0000	0.0576	0.0051	0.0902	1.1529
2023	1.0000	0.0559	0.0057	0.0854	1.1470
2024	1.0000	0.0538	0.0053	0.0720	1.1311

Source: Santa Clara County Book of Tax Rates

Town of Los Gatos
Principle Property Tax Payers
Last Ten Fiscal Years *

ASSEESSEE NAME	2014/15		2015/16		2016/17		2017/18		2018/19	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
750 University LLC	\$ 19,000,000	0.17%	\$ 19,379,620	0.19%	\$ 19,675,159	0.18%	\$ 25,241,863	0.21%	\$ 25,746,699	0.20%
980 JR LLC									19,277,879	0.15%
140 Toll House Hotel LLC										
17443 Farley Rd LLC										
Alberto Way Holdings LLC	23,715,141	0.21%	24,188,966	0.23%	24,557,845	0.22%	25,048,998	0.21%	25,549,975	0.20%
A W Los Gatos LLC										
Boccardo Corporation	38,772,905	0.34%	21,617,318	0.21%	21,918,921	0.20%	22,211,650	0.19%	22,651,732	0.18%
D&K Los Gatos LLC	15,974,003	0.14%	16,293,163	0.16%						
David A. and Shari Flick Trustee	15,388,884	0.14%								
Donahue Schriber Realty Group LP							53,872,083	0.45%	56,370,186	0.44%
DS Downing Los Gatos LLC	20,006,861	0.18%	21,980,568	0.21%	22,315,770	0.20%				
DS Village Square					22,799,599	0.20%				
El Camino Hospital	20,803,609	0.19%	26,477,160	0.25%	26,880,933	0.24%	23,353,576	0.20%	28,596,104	0.22%
El Gato 15 LLC										
Equestrian 3 Investments LLC							29,584,251	0.25%	28,563,864	0.22%
Fox Creek Fund LLC									21,558,664	0.17%
Good Samaritan Hospital LP	19,602,594	0.17%	19,880,366	0.19%	22,402,756	0.20%	22,516,823	0.19%	22,934,274	0.18%
Grade Way Associations VI	15,163,152	0.13%								
Grosvenor USA Ltd.	22,990,624	0.20%	23,449,975	0.23%						
Health Care REIT Inc.	20,765,810	0.18%	20,089,903	0.19%	20,396,274	0.18%				
International Hotel							30,144,617	0.25%	30,747,509	0.24%
Kay K. & Go Sasaki Sr., Trustee			24,744,983	0.24%	25,122,131	0.22%	25,624,027	0.21%	26,135,962	0.20%
Knowles Los Gatos LLC	48,204,708	0.43%	49,167,836	0.47%	49,917,644	0.44%	50,915,995	0.43%	51,934,313	0.41%
KSL Capital Partners	43,580,326	0.39%	30,134,614	0.29%	30,105,945	0.27%	25,893,946	0.22%	26,411,820	0.21%
Leland E Lester, Trustee					29,004,169	0.26%				
LG Business Park Bldg 3 LLC			61,947,284	0.59%			53,465,724	0.45%		
LG Business Park Bldg 4 LLC							43,937,857	0.37%		
LG Business Park LLC	39,347,485	0.35%	17,507,261	0.17%	31,070,572	0.28%				
LG Hotel LLC	15,448,057	0.14%	15,497,395	0.15%						
Los Gatos Hotel Corp.	15,573,314	0.14%	15,676,113	0.15%						
Preylock Los Gatos LLC										
Safeway Inc.							24,394,468	0.20%		
San Jose Water Works	36,693,453	0.33%	37,081,049	0.36%	38,710,728	0.34%	41,202,805	0.34%	46,150,577	0.36%
Serramonte Corporate Center LLC									200,844,610	1.57%
SF Los Gatos LLC										
SHP Newark LLC										
Si 32 LLC	150,563,119	1.34%	141,348,894	1.36%	143,442,269	1.28%	146,317,944	1.22%	149,208,182	1.17%
Sobrato Interests IV LLC	20,869,338	0.19%	44,930,482	0.43%	42,240,994	0.38%	43,071,837	0.36%	43,919,879	0.34%
SRI Old Town LLC	31,122,427	0.28%	31,744,252	0.30%	32,228,351	0.29%	32,872,917	0.27%	33,530,374	0.26%
Summerhill N40 LLC										
Summerhill Prospect Avenue LLC					18,274,508	0.16%				
Wealthcap Los Gatos 121					109,100,000	0.97%	111,282,000	0.93%	113,507,640	0.89%
Wealthcap Los Gatos 31					84,000,000	0.75%	85,680,000	0.72%	87,393,600	0.68%
Total - Principal taxpayers	\$ 633,585,810	6.49%	\$ 663,137,202	6.37%	\$ 814,164,568	7.24%	\$ 916,633,381	7.66%	\$ 1,061,033,843	8.29%
Total - All real properties assessed by the Town (1)	\$ 9,766,765,025		\$ 10,416,786,877		\$ 11,239,536,718		\$ 11,968,031,792		\$ 12,793,751,423	

(1) Assessed value includes only net secured real properties.

(2) Excludes the value of tax-exempt properties

Source Data: California Municipal Statistics, Inc.

Continued

Town of Los Gatos
Principle Property Tax Payers
Last Ten Fiscal Years *

ASSEESSEE NAME	2019/20		2020/21		2021/22		2022/23		2023/24	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
750 University LLC	\$ 26,261,632	0.19%	\$ 26,786,863	0.18%	\$ 27,064,374	0.19%	\$ 27,605,660	0.17%	\$ 28,157,772	0.16%
980 JR LLC										
140 Toll House Hotel LLC			35,043,180	0.24%	35,499,104	0.24%	34,808,066	0.21%	35,490,590	0.20%
17443 Farley Rd LLC									29,000,000	0.16%
Alberto Way Holdings LLC	24,158,350	0.18%	24,641,514	0.17%	24,896,799	0.17%				
A W Los Gatos LLC							26,749,500	0.16%		
Boccardo Corporation	23,099,314	0.17%					24,268,078	0.15%		
D&K Los Gatos LLC										
David A. and Shari Flick Trustee										
Donahue Schriber Realty Group LP	57,497,587	0.43%	58,647,535	0.40%	59,255,121	0.41%	60,440,222	0.37%	61,649,025	0.35%
DS Downing Los Gatos LLC										
DS Village Square										
El Camino Hospital	30,789,155	0.23%	42,611,768	0.29%	50,456,560	0.35%	43,379,731	0.26%	42,156,737	0.24%
Equestrian 3 Investments LLC	25,525,880	0.19%	26,036,395	0.18%	26,306,130	0.18%	26,832,251	0.16%	36,719,999	0.21%
Fox Creek Fund LLC					27,231,335	0.19%	27,078,255	0.17%	28,331,465	0.16%
Good Samaritan Hospital LP	23,391,289	0.17%	23,846,402	0.16%	24,111,608	0.17%	24,569,780	0.15%		
Grade Way Associations VI										
Grosvenor USA Ltd.										
Health Care REIT Inc.										
International Hotel	31,362,458	0.23%	31,989,706	0.22%						
Kay K. & Go Sasaki Sr., Trustee	28,864,942	0.21%	27,190,951	0.19%	27,471,495	0.19%	28,020,326	0.17%	28,585,258	0.16%
Knowles Los Gatos LLC	52,972,998	0.39%	54,032,455	0.37%	54,592,229	0.37%	55,684,072	0.34%	56,797,751	0.32%
KSL Capital Partners	33,069,058	0.24%	33,118,759	0.23%	33,037,818	0.23%	32,098,542	0.20%	31,484,883	0.18%
Leland E Lester, Trustee										
LG Business Park Bldg 3 LLC										
LG Business Park Bldg 4 LLC										
LG Business Park LLC										
LG Hotel LLC										
Los Gatos Hotel Corp.										
Preylock Los Gatos LLC	89,141,472	0.66%	95,880,000	0.66%	96,873,316	0.66%	98,810,782	0.60%	96,498,189	0.55%
Safeway Inc.	25,752,231	0.19%	25,577,034	0.18%						
San Jose Water Works	47,777,432	0.35%	49,649,154	0.34%	53,320,614	0.37%	51,657,625	0.31%	52,511,158	0.30%
Serramonte Corporate Center LLC	204,861,501	1.52%	208,958,729	1.43%	211,123,540	1.45%	215,346,008	1.31%	219,652,926	1.25%
SF Los Gatos LLC					33,214,527	0.23%				
Si 32 LLC	152,166,578	1.13%	155,181,793	1.06%	158,132,236	1.08%	159,929,209	0.97%	31,799,550	0.18%
Sobrato Interests IV LLC	44,781,377	0.33%	45,682,006	0.31%	46,155,127	0.32%	47,067,863	0.29%	163,243,322	0.93%
SRI Old Town LLC	34,200,980	0.25%	34,884,999	0.24%	35,246,406	0.24%	35,951,333	0.22%	48,004,098	0.27%
Summerhill N40 LLC	56,244,782	0.42%	57,369,661	0.39%	59,462,462	0.41%	71,006,795	0.43%	36,670,359	0.21%
Summerhill Prospect Avenue LLC									42,705,086	0.24%
Wealthcap Los Gatos 121	115,777,792	0.86%	118,093,347	0.81%	119,316,793	0.82%	121,703,128	0.74%	124,137,190	0.70%
Wealthcap Los Gatos 31										
Total - Principal taxpayers	\$ 1,127,696,808	8.35%	\$ 1,175,222,251	8.05%	\$ 1,202,767,594	8.24%	\$ 1,244,806,776	7.39%	\$ 1,220,964,252	6.93%
Total - All real properties assessed by the Town (1)	\$ 13,509,034,656		\$ 14,598,027,652		\$ 15,254,242,604		\$ 16,403,289,146		\$ 17,621,748,976	

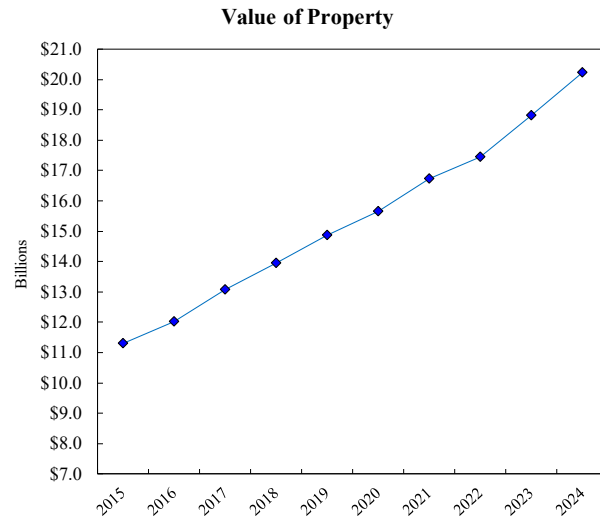
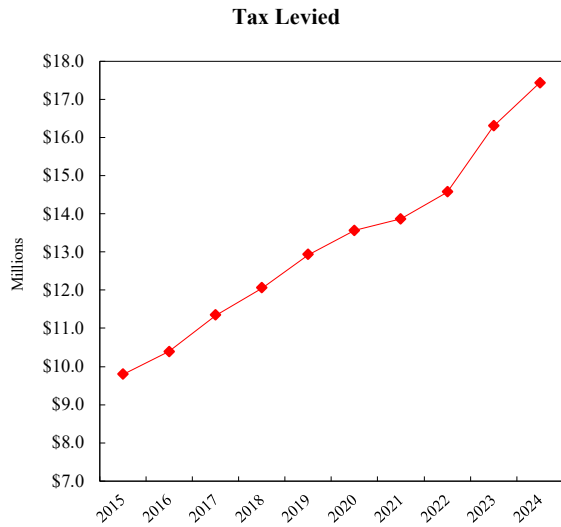
(1) Assessed value includes only net secured real properties.

(2) Excludes the value of tax-exempt properties

Source Data: California Municipal Statistics, Inc.

Concluded

Town of Los Gatos
 Property Tax Levies and Collections
 Last Ten Fiscal Years



Fiscal Year	Town Property Tax Levied and Collected	Redevelopment Property Tax Levied and Collected	Total Property Tax Levied and Collected	Value of Town Property subject to Local Tax Rate	Value of Redevelopment Agency Property Subject to Local Tax Rate	Value of Property Subject to Local Tax Rate
2015	\$ 9,787,519	\$ -	\$ 9,787,519	\$ 9,995,113,547	\$ 1,318,214,863	\$ 11,313,328,410
2016	10,388,424	-	10,388,424	10,634,839,902	1,395,509,489	12,030,349,391
2017	11,345,588	-	11,345,588	11,544,997,211	1,537,577,241	13,082,574,452
2018	12,060,228	-	12,060,228	12,299,554,149	1,650,746,473	13,950,300,622
2019	12,924,592	-	12,924,592	13,154,669,768	1,717,358,555	14,872,028,323
2020	13,559,587	-	13,559,587	13,842,193,548	1,715,982,555	15,651,922,606
2021	13,864,271	-	13,864,271	14,908,418,987	1,809,729,058	16,718,148,045
2022	14,566,808	-	14,566,808	15,560,344,483	1,891,297,788	17,451,642,271
2023	16,300,797	-	16,300,797	16,762,300,891	2,047,530,717	18,809,831,608
2024	17,431,668	-	17,431,668	18,056,023,227	2,162,668,731	20,218,691,958

Sources: Santa Clara County Auditor-Controller Office and the Town of Los Gatos

Town of Los Gatos
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 9

Governmental Activities

Fiscal Year	PG&E Loan	SBITA's	Total Governmental Activities	Total Primary Government	Percentage of Personal Income	Per Capita
2015	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2016	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2017	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2018	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2019	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2020	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2021	\$ 1,508,325	\$ -	\$ 1,508,325	\$ 1,508,325	96.4%	48.91
2022	\$ 1,352,291	\$ -	\$ 1,352,291	\$ 1,352,291	95.5%	40.90
2023	\$ 1,196,257	\$ 594,934	\$ 1,791,191	\$ 1,791,191	118.7%	36.14
2024	\$ 1,040,224	\$ 1,083,858	\$ 2,124,082	\$ 2,124,082	108.9%	31.30

Debt was transferred to the Successor Agency Trust Fund as a part of the RDA dissolution in FY 2011

Town of Los Gatos
Direct and Overlapping Governmental Activities Debt
June 30, 2024

2023/24 Assessed Valuation:	\$18,056,023,227		Estimated Share of Direct and Overlapping Debt at June 30, 2024
DIRECT AND OVERLAPPING BONDED DEBT:	% Applicable ⁽¹⁾	Total Debt at June 30, 2024	
Overlapping Tax & Assessment Debt			
Santa Clara County	2.735%	\$ 1,041,125,000	\$ 26,167,660
West Valley-Mission Community College District	9.553%	\$ 694,320,000	\$ 63,340,211
Campbell Union High School District	7.894%	\$ 354,085,000	\$ 26,538,444
Los Gatos-Saratoga Joint Union High School District	36.786%	\$ 81,235,000	\$ 28,759,295
Cambrian School District	0.757%	\$ 96,314,944	\$ 678,423
Campbell Union School District	7.886%	\$ 205,899,324	\$ 19,739,393
Los Gatos Union School District	74.219%	\$ 62,020,000	\$ 42,364,205
Saratoga Union School District	0.049%	\$ 15,206,197	\$ 5,778
Union School District	20.070%	\$ 144,497,533	\$ 28,183,190
Midpeninsula Regional Open Space District	4.444%	\$ 82,680,000	\$ 3,586,308
Santa Clara Valley Water District Benefit Assessment District	2.735%	\$ 38,900,000	\$ 799,577
Total Overlapping Tax and Assessment Debt			\$ 240,162,484
Overlapping General Fund Debt			
Santa Clara County General Fund Obligations	2.735%	\$ 1,057,709,440	\$ 28,928,353
Santa Clara County Pension Obligation Bonds	2.735%	\$ 323,733,582	\$ 8,854,113
Santa Clara County Board of Education Certificates of Participation	2.735%	\$ 12,073,098	\$ 330,199
West Valley-Mission Community College District General Fund Obligations	9.553%	\$ 2,520,000	\$ 240,736
Campbell Union High School District General Fund Obligations	7.894%	\$ 13,500,000	\$ 1,065,690
Campbell Union School District General Fund Obligations	7.886%	\$ 1,230,000	\$ 96,998
Saratoga Union School District Certificates of Participation	0.049%	\$ 1,455,000	\$ 713
Town of Los Gatos	100.000%	\$ -	\$ 2,123,381
Santa Clara County Vector Control District Certificates of Participation	2.735%	\$ 945,000	\$ 25,846
Santa Clara County Central Fire Protection District Certificates of Participation	26.139%	\$ 27,130,000	\$ 7,091,511
Midpeninsula Regional Open Space Park District General Fund Obligations	4.444%	\$ 79,795,600	\$ 3,546,116
Total Gross Overlapping General Fund Debt			\$ 52,303,656
Less: Santa Clara County Supported Obligations			\$ 72,751
Total Overlapping General Fund Debt			\$ 52,230,905
Overlapping Tax Increment Debt (Successor Agency)			
Town of Los Gatos Certificated of Participations			\$ 10,015,000
Total of Overlapping Tax Increment Debt			\$ 10,015,000
Total Direct Debt			
Total Gross Overlapping Debt			\$ 302,481,140
Total Net Overlapping Debt			\$ 302,408,389
Gross Combined Total Debt			\$ 302,481,140 ⁽²⁾
Net Combined Total Debt			\$ 302,408,389

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2023/24 Assessed Valuation:

Total Overlapping Tax and Assessment Debt: 1.33%
Total Direct Debt: 0.00%
Gross Combined Total Debt: 1.66%
Net Combined Total Debt: 1.66%

Ratios to Redevelopment Incremental Valuation (\$1,916,471,918):

Overlapping Tax Increment Debt: 0.52%

Town of Los Gatos
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (In Thousands of Dollars)

Legal Debt Margin Calculation
 for Fiscal Year 2023/24

Assessed Value	\$	18,056,023,227
Debt Limit		2,708,403,484
Debt Applicable to Limit:		
Legal Debt Margin	\$	2,708,403,484

	Fiscal Year									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Debt Limit	\$1,379,254	\$1,444,943	\$1,556,252	\$1,679,736	\$1,789,097	\$2,076,329	\$2,236,263	\$2,334,052	\$2,514,345	\$2,708,403
Debt Applicable to Limit	-	-	-	-	-	-	-	1,352	1,196	1,040
Legal Debt Margin	\$1,379,254	\$1,444,943	\$1,556,252	\$1,679,736	\$1,789,097	\$2,076,329	\$2,236,263	\$2,332,700	\$2,332,699	\$2,707,363
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.05%	0.04%

Notes:

- (1) The Town of Los Gatos is a general law city and has a debt limit of 15%.
- (2) Excludes RDA assessed valuation and debt transferred to the Successor Agency trust as a part of the RDA dissolution.

Town of Los Gatos
Demographic and Economic Statistics
Last Ten Fiscal Years

Schedule 12

Fiscal Year Ended	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (5)	County Unemployment Rate (6)
2015	30,505	\$ 2,197,885	72,050	46.10	6,622	3.8%
2016	31,376	\$ 2,286,087	72,861	46.30	6,646	3.5%
2017	31,314	\$ 2,281,569	72,861	46.50	6,631	3.8%
2018	30,601	\$ 2,290,638	74,855	46.81	6,588	2.6%
2019	30,998	\$ 2,365,178	76,301	46.72	6,544	2.6%
2020	31,439	\$ 2,546,748	81,006	46.83	6,520	10.7%
2021	30,836	\$ 2,686,155	87,111	46.83	6,180	5.2%
2022	33,062	\$ 3,055,987	92,432	46.67	6,000	2.2%
2023	33,102	\$ 3,443,767	104,035	46.76	5,895	3.7%
2024	33,230	\$ 4,006,242	120,561	47.03	5,856	4.1%

Source:

- (1) California State Dept. of Finance - Population Research Unit (January 2023)
- (2) California State Dept. of Finance - Estimate equals county per capita average times population
- (3) US Census Bureau - QuickFacts
- (4) Claritas demographic snapshot report
- (5) Los Gatos Saratoga Joint Union and Los Gatos Union Elementary School Districts
- (6) State of California, Employment Development Dept., Labor Market Info. Div.

Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

Principal Employers	2014/15		2015/16		2016/17		2017/18		2018/19	
	Percentage of Total Town		Percentage of Total Town		Percentage of Total Town		Percentage of Total Town		Percentage of Total Town	
	Emp.	Employment	Emp.	Employment	Emp.	Employment	Emp.	Employment	Emp.	Employment
Columbia Health Care Assoc/Mission Oaks Hospital	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
El Camino Hospital, Los Gatos	560	3.73%	560	3.53%	560	3.49%	560	3.43%	560	3.49%
Los Gatos Union School District	273	1.82%	280	1.76%	274	1.71%	267	1.64%	281	1.75%
Los Gatos-Saratoga High School District	157	1.05%	157	0.99%	370	2.30%	367	2.25%	367	2.28%
Netflix	1,530	10.19%	1,976	12.45%	1,864	11.61%	2,117	12.98%	2,314	14.41%
Safeway	314	2.09%	314	1.98%	314	1.95%	314	1.92%	314	1.95%
Alain Pinel Realtors	156	1.04%	146	0.92%	148	0.92%	131	0.80%	131	0.82%
Courtside Tennis Club	440	2.93%	440	2.77%	468	2.91%	542	3.32%	542	3.37%
Town of Los Gatos	157	1.05%	158	1.00%	160	1.00%	159	0.97%	160	1.00%
Whole Foods	179	1.19%	179	1.13%	179	1.11%	179	1.10%	125	0.78%
Vasona Creek Health Care Center	233	1.55%	233	1.47%	233	1.45%	233	1.43%	233	1.45%
Good Samaritan Regional Cancer Center	200	1.33%	200	1.26%	200	1.25%	200	1.23%	200	1.25%
Roku	-	0.00%	487	3.07%	554	3.45%	664	4.07%	516	3.21%
Terraces of Los Gatos	-	0.00%	228	1.44%	228	1.42%	228	1.40%	228	1.42%

Source: Town of Los Gatos, Finance
Department and Muniservices

Continued

Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

Principal Employers	2019/20		2020/21		2021/22		2022/23		2023/24	
	Percentage of Total Town		Percentage of Total Town		Percentage of Total Town		Percentage of Total Town		Percentage of Total Town	
	Emp.	Employment	Emp.	Employment	Emp.	Employment	Emp.	Employment	Emp.	Employment
Columbia Health Care Assoc/Mission Oaks Hospital	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
El Camino Hospital, Los Gatos	560	3.49%	560	3.35%	517	3.09%	509	3.04%	548	3.45%
Los Gatos Union School District	281	1.75%	281	1.68%	281	1.68%	281	1.68%	287	1.81%
Los Gatos-Saratoga High School District	367	2.28%	320	1.92%	320	1.91%	320	1.91%	320	2.01%
Netflix	2,314	14.41%	2,524	15.11%	2,278	13.62%	2,263	13.53%	2,444	15.39%
Safeway	314	1.95%	314	1.88%	314	1.88%	314	1.88%	314	1.98%
Alain Pinel Realtors	131	0.82%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Courtside Tennis Club	542	3.37%	542	3.24%	542	3.24%	542	3.24%	342	2.15%
Town of Los Gatos	160	1.00%	161	0.96%	165	0.99%	163	0.97%	165	1.04%
Whole Foods	125	0.78%	125	0.75%	180	1.08%	132	0.79%	133	0.84%
Vasona Creek Health Care Center	233	1.45%	250	1.50%	250	1.49%	250	1.49%	250	1.57%
Good Samaritan Regional Cancer Center	200	1.25%	200	1.20%	200	1.20%	200	1.20%	111	0.70%
Roku	516	3.21%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Terraces of Los Gatos	228	1.42%	228	1.36%	200	1.20%	200	1.20%	230	1.45%

Source: Town of Los Gatos, Finance
Department and Muniservices

Concluded

Town of Los Gatos
 Full-time-Equivalent Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
General Government	20.97	20.97	21.35	21.97	22.16	21.80	21.80	22.06	22.05	22.06
Police	60.00	59.00	59.00	59.00	59.00	60.00	60.00	60.00	60.00	60.00
Economic Development	0.63	0.63	0.63	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Library	10.80	11.00	12.25	12.25	12.50	12.50	12.50	12.50	13.50	13.50
Planning	19.50	19.00	19.26	19.63	20.08	20.08	20.20	20.20	20.20	20.45
Public Works	32.00	33.50	33.50	34.50	34.50	34.50	34.75	34.75	36.75	35.75
Total	143.90	144.10	145.98	148.10	148.99	149.63	150.00	150.26	153.25	152.51

Full-time equivalent employment is calculated as one or more employee positions totaling one full year of service or approximately 2,080 hours a year.

Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

FUNCTION/PROGRAM

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2017/18
General government					
Building Permits Issued					
Residential Permits Issued	805	899	744	849	814
Residential Permits Value	76,896,111	85,000,754	53,625,891	63,083,249	80,030,846
Commercial Permits Issued	133	147	135	105	122
Commercial Permits Value	178,195,997	20,185,884	50,024,177	16,626,196	13,295,999
Publically Owned Permits Issued	-	-	-	-	-
Publically Owned Permits Value	-	-	-	-	-
Residential Parking Permits					
Number of Special Event Permits Issued	127	107	118	113	78
Number of Annual Permits Issued	1,570	1,363	1,251	1,342	1,395
City Clerk					
Number of Council Resolutions Passed	72	61	69	69	59
Number of Ordinances Passed	9	11	5	17	11
Number of Contracts Passed	222	283	240	262	245
General Services					
Number of Purchase Orders Issued	277	334	331	322	343
Police					
Physical Arrests	695	987	1,030	1,164	1,138
Parking Violations	13,321	13,975	12,863	11,784	6,817
Traffic Violations	4,633	5,400	4,634	4,757	2,877
DUI Arrests	48	58	60	51	70
Library					
Number of Library Visits	-	-	-	-	-
Annual Circulation	-	-	-	-	-
Number of Library Card holders	-	-	-	-	-
Circulated e-audiobooks	5,867	7,761	10,006	8,844	12,130
Other Public Works					
Street Resurfacing/Overlay/Reconstruction (miles)	1.8	8.0	10.0	2.6	5.8
ADA Compliance: Curb Ramps	23	11	30	68	49
Traffic Circles	1	1	1	1	1
Street Poles	1,609	1,609	1,609	1,762	1,830
Planning and Development Department					
Building & Safety Inspections Performed	11,652	8,655	14,722	13,918	13,966
Redevelopment: Number of active projects	-	-	-	-	-

Source: Town of Los Gatos, Finance Department

Continued

Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

FUNCTION/PROGRAM

	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24
General government					
Building Permits Issued					
Residential Permits Issued	898	1,128	1,144	1,118	957
Residential Permits Value	47,961,529	111,242,724	132,784,439	73,432,645	63,352,925
Commercial Permits Issued	92	68	117	84	62
Commercial Permits Value	12,389,688	37,285,259	23,442,964	19,422,918	31,245,689
Publically Owned Permits Issued	-	-	-	-	-
Publically Owned Permits Value	-	-	-	-	-
Residential Parking Permits					
Number of Special Event Permits Issued	-	-	-	-	- (1)
Number of Annual Permits Issued	1,400	1,568	1,958	1,827	1,847
City Clerk					
Number of Council Resolutions Passed	57	50	64	71	69
Number of Ordinances Passed	24	9	14	10	14
Number of Contracts Passed	242	205	296	275	322
General Services					
Number of Purchase Orders Issued	359	376	306	296	302
Police					
Physical Arrests	616	360	504	522	642
Parking Violations	4,023	1,584	4,678	8,569	8,644
Traffic Violations	1,225	764	1,245	1,427	1,787
DUI Arrests	64	23	49	42	51
Library					
Number of Library Visits	-	-	150,198	206,874	249,120 (3)
Annual Circulation	-	-	432,707	397,517	422,733 (3)
Number of Library Card holders	-	-	29,322	29,815	33,551 (3)
Circulated e-audiobooks	57,839	54,614	-	-	- (2)
Other Public Works					
Street Resurfacing/Overlay/Reconstruction (miles)	16.2	10.0	9.9	10.9	10.1
ADA Compliance: Curb Ramps	68	91	59	50	69
Traffic Circles	1	1	1	1	1
Street Poles	1,830	2,113	2,113	2,113	2,113
Planning and Development Department					
Building & Safety Inspections Performed	13,633	13,806	16,906	16,641	14,696
Redevelopment: Number of active projects	-	-	-	-	-

(1) The Town streamlined the special event application where multiple events require only one permit.

(2) Changed operating indicators to fully reflect Department's efficiency metrics starting FY 2021/22.

(3) New metrics being presented in FY 2021/22.

Source: Town of Los Gatos, Finance Department

Concluded

Town of Los Gatos
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Police										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	14	14	14	14	14	14	14	14	14	14
Parking Enforcement Vehicles	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	132	132	132	132	132	132	132	132	112	112 ⁽¹⁾
Streetlights	1,609	1,609	1,609	1,762	1,830	1,830	2,113	2,113	2,113	2,113
Traffic Signals	29	30	30	30	31	31	31	31	31	31
Parks and Recreation										
Number of Parks	12	12	12	12	N/A	N/A	N/A	N/A	N/A	N/A
Number of Community Centers	1	1	1	1	1	1	1	1	1	1
Number of Parks & Open Spaces	N/A	N/A	N/A	N/A	17	17	17	17	17	17
Parking										
Number of Parking Garages	1	1	1	1	1	1	1	1	1	1
Number of Parking Lots	22	22	22	22	22	22	22	22	22	22
Number of Off Street Parking Garage Spaces	1,126	1,126	1,126	1,126	N/A	N/A	N/A	N/A	N/A	N/A
Number of Downtown Off-Street Parking Spaces	N/A	N/A	N/A	N/A	1,269	1,269	1,269	1,269	1,269	1,269

(1) Based on Metropolitan Transportation Commission (MTC) funded Pavement Technical Assistance Program (P-TAP) inventory for year 2022.

Source: Town of Los Gatos, Finance Department

Other Independent Auditor's Reports



Chavan and Associates, llp
Certified Public Accountants

**INDEPENDENT AUDITOR’S 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***

To the Honorable Mayor and Members of the
Town Council of the Town of Los Gatos
Los Gatos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Los Gatos (the “Town”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated November 11, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



Chavan and Associates, llp
Certified Public Accountants

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

Morgan Hill, California
November 11, 202



DRAFT RESOLUTION 2024-**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
APPROVING COMMITMENTS OF FUND BALANCE UNDER GASB 54**

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued its Statement No. 54, Fund Balance and Governmental Fund Type Definitions with the intent of improving financial reporting by providing fund balance categories that will be more easily understood and to improve the comparability of governmental fund financial statements; and

WHEREAS, GASB 54 provides that the Town Council of the Town of Los Gatos classify governmental fund balances as restricted, assigned, or committed fund balances; and

WHEREAS, GASB 54 provides that restricted reserves are funds that are restricted for externally imposed constraints such as legal contracts or state law, assigned amounts are constrained by the Town's intent to use them for specific purposes, and committed amounts are dedicated for specific purposes under constraints and formal action taken by the Town Council and these committed amounts cannot be used for any other purposes unless the Town Council of the Town of Los Gatos removes or changes the specific use through the same formal action to establish the commitment; and

WHEREAS, there exists a Nonspendable Reserve that is not readily available for expenditure as it represents the outstanding balance of long term notes receivable; and

WHEREAS, there exists a balance of \$159,000 as of June 30, 2024 in the Nonspendable Reserve; and

WHEREAS, there exists a balance of \$344,338 as of June 30, 2024 Land held for resale for Below Market Housing Program property in the Restricted Reserve; and

WHEREAS, there exists a balance of \$2,188,659 as of June 30, 2024 in the Restricted Pension Trust Reserve; and

WHEREAS, the Town Council of the Town of Los Gatos has established a General Fund Reserve Policy providing for minimum fund balance dollar target amounts for Budget Stabilization and Catastrophic fund balances and outlines policies and procedures for use and restoration of these balances; and

WHEREAS, the Budget Stabilization and Catastrophic Reserve should be maintained at the required minimum 12.5% of Fiscal Year (FY) 2024/25 general fund budgeted operating expenditures of \$6,736,781 as specified in the Town Council General Fund Reserve Policy. This would increase both Budget Stabilization and Catastrophic Reserves from \$6,736,781 by \$607,007 from available Capital/Special Projects Reserve; and

WHEREAS, in June 2016, the Town Council established the committed Pension/ Other Post-Employment Benefits (OPEB) Reserve to provide additional funding toward pension and OPEB unfunded obligations by placing discretionary amounts to the reserve with formal Council action and transferring available year-end surpluses based on the General Fund Reserve Policy; and

WHEREAS, per Town Council General Fund Reserve Policy, \$300,000 will be placed to the CalPERS/OPEB Reserve from available year-end savings; and

WHEREAS, there exists a balance of \$300,000 as of June 30, 2024 in the committed CalPERS/OPEB Reserve; and

WHEREAS, there exists a committed Measure G 2018 District Sales Tax Reserve to track receipt and use of the 1/8 cent district tax funds collected by the Town; and

WHEREAS, the Town Council has determined the use of Measure G accumulated and future proceeds to be allocated 50% for operating expenditures and 50% for capital purposes; and

WHEREAS, 50% of the current Measure G proceeds dedicated for Capital Purposes was receipted in the General Fund Appropriated Reserve for capital purposes; and

WHEREAS, there is anticipated to be an excess balance of \$590,581 as of June 30, 2024 and should be used for operating expenses in FY 2024/25; and

WHEREAS, the Town Council established the assigned Open Space reserve in the FY 1998/99 to be used for the preservation of open space, connection of open space trails, the definition of the southern boundary of the Town with passive open space, and protection of unique natural features; and

WHEREAS, there exists an excess balance of \$410,000 as of June 30, 2024 in the assigned Open Space Reserve; and

WHEREAS, the Town Council established the assigned Sustainability Reserve in FY 2008/09 by closing the Solid Waste Management fund and placing the initial residual balance dedicated for conservation, recycling, and sustainability; and

WHEREAS, there exists an excess balance of \$140,553 as of June 30, 2024 in the assigned Sustainability Reserve; and

WHEREAS, there exists an assigned Market Fluctuation Reserve that represents fund balance amounts for unrealized investment gains that have been recorded as investment income in the financial statements in accordance with the requirements of GASB 31; and

WHEREAS, there exist a current balance of \$1,712,246 as of June 30, 2024 in the assigned Market Fluctuation Reserve; and

WHEREAS, there exists an assigned Carryover Encumbrances Reserve for material and services on purchase orders and contract which are unperformed in the amount of \$85,861; and

WHEREAS, with the adoption of the Fiscal Year 2023/24 Budget, the Council established an assigned Council Priorities – Economic Recovery Reserve to track General Fund revenues freed up from recognizing all American Rescue Plan Act (ARPA) “replacement” revenues to the General Fund for essential government services, for economic recovery and business support, enhanced senior services, capital program augmentations, and other one-time uses; and

WHEREAS, there exists an excess balance of \$20,864 as of June 30, 2024 in the assigned Council Priorities – Economic Recovery Reserve; and

WHEREAS, the Council has established an assigned Educational Revenue Augmentation Fund (ERAF) Risk Reserve, reserving the 30% of the anticipated ERAF proceeds from FY 2022/23 until a lawsuit between the State and the School Districts concludes; and

WHEREAS, there exists an excess balance of \$1,430,054 as of June 30, 2024 in the assigned ERAF Risk Reserve; and

WHEREAS, there exists an assigned General Fund Compensated Absences Reserve allocated to fund 50% of all vested hours of sick leave, compensation, and vacation time with the actual reserve amount of \$1,555,478; and

WHEREAS, there exists an assigned Capital/Special Projects Reserve to fund Council priorities, and key infrastructure and capital/special projects as identified in the Town’s five-year Capital Improvement Plan; and

WHEREAS, the remainder of the available year-end savings will be placed in the Capital/Special Project Reserve according to the Town Council Reserve Policy; and

WHEREAS, there exists an assigned Capital/Special Project Reserve in the amount of \$8,651,065; and

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE that the following fund balances as of June 30, 2024 as restricted, assigned, or formally committed as follows:

	General Fund	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance				
Nonspendable				
Loans Receivable	\$ 159,000	\$ -	\$ -	\$ 159,000
Restricted for:				
Library	-	-	556,848	556,848
Capital Projects	-	-	9,043,666	9,043,666
Lands Held for Resale	344,338	-	-	344,338
Repairs and Maintenance	-	-	182,625	182,625
Pension	2,188,659	-	-	2,188,659
VTA	-	577,887	-	577,887
Committed to:				
Budget Stabilization	6,736,781	-	-	6,736,781
Catastrophic	6,736,781	-	-	6,736,781
CalPERS/OPEB	300,000	-	-	300,000
Measure G 2018 District Sales Tax	590,581	1,572,619	-	2,163,200
Special Revenue Fund	-	-	1,091,822	1,091,822
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	292,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special Projects	8,651,056	16,421,064	-	25,072,120
Comcast PEG	-	50,000	-	50,000
ERAF Risk	1,430,054	-	-	1,430,054
Economic Recovery	20,684	-	-	20,684
Carryover Encumbrances	85,861	-	-	85,861
Compensated Absences	1,555,478	-	-	1,555,478
Market Fluctuation	1,712,246	-	-	1,712,246
Total Fund Balances	\$ 31,062,072	\$ 19,065,570	\$ 10,874,961	\$ 61,002,603

PASSED AND ADOPTED at a regular meeting of the Town Council held on the ____ day of _____, 2024, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

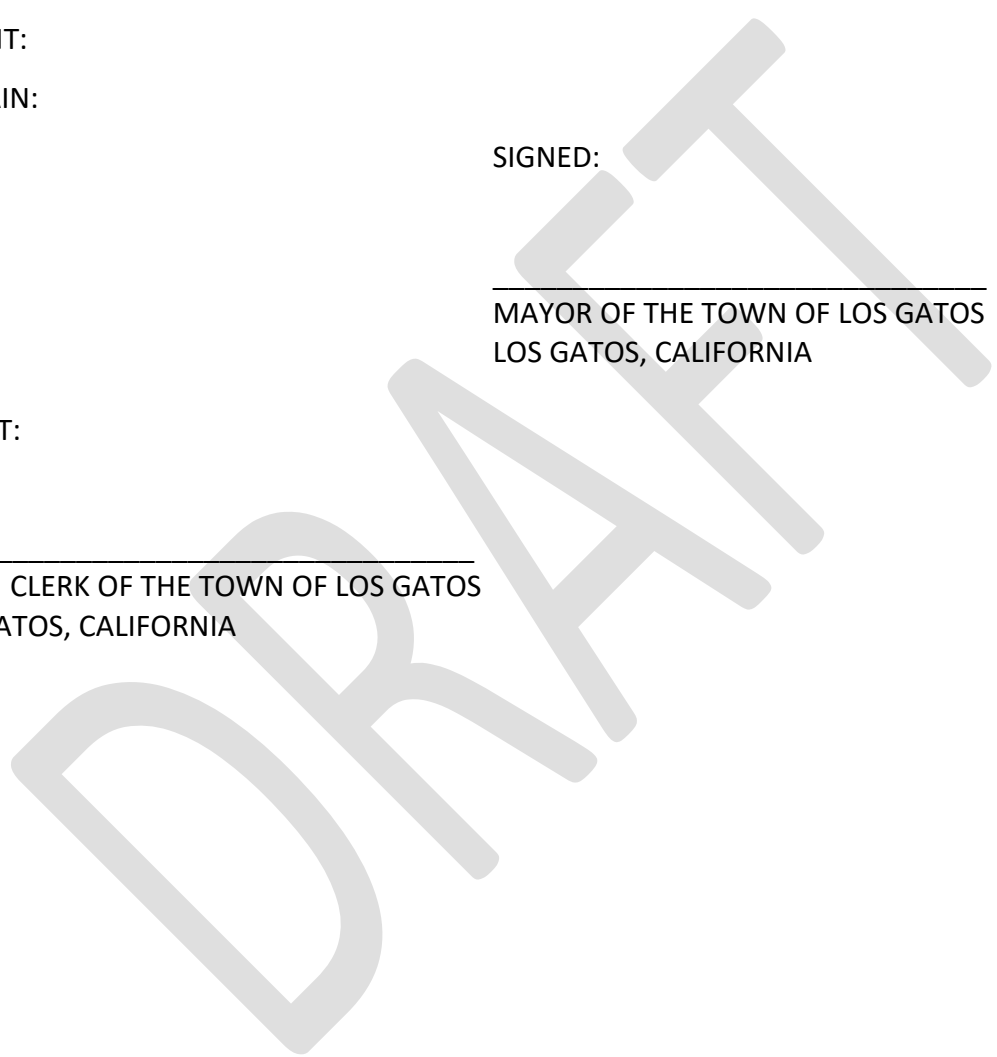
ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA





TOWN OF LOS GATOS CALIFORNIA



DRAFT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2024

COVERPHOTOS: NANCY BARRERRA, JEFF JANOFF, JULIAN, KARLAK, AND HUNTER

DRAFT

**TOWN OF LOS GATOS
CALIFORNIA**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

DRAFT

**PREPARED BY THE
OFFICE OF THE TOWN MANAGER**

TOWN HISTORY

Los Gatos is located at the base of the Santa Cruz Mountains at the southwest edge of Santa Clara County and approximately 50 miles south of San Francisco. The natural landscape includes picturesque hillsides, creeks, and valley flatlands. Los Gatos is in an area once occupied by Indigenous People, who lived sustainably in the area rich with fertile soils, abundant wildlife, and other natural resources.

The name Los Gatos comes from “El Rancho de Los Gatos,” a ranch established in 1839 by a Mexican land grant and so named because of the large number of mountain lions in the area. In 1854, James Alexander Forbes purchased some of this land and built a flour mill. In 1860, the first hotel was opened to provide a stage stop on the toll road which had been built between San Jose and Santa Cruz.

Wheat production gave way to orchards, and rapid growth ensued when the railroad reached Los Gatos in 1878. The residential subdivisions of Broadway, Bayview, Fairview, and Almond Grove were built in the 1880's. By 1887, the population had grown to 1,500 and the Los Gatos community voted to incorporate.

Fruit industries faded slowly during the Depression and World War II, but the postwar period brought an influx of people, producing residential and commercial development. Highway 17 was constructed through the center of town, opening in 1940. Growth leveled off in the early 1970's, leaving Los Gatos with its small-town atmosphere and pedestrian-oriented downtown.

Because of its distance from other centers of population, Los Gatos developed as a complete community including residential, business, and industrial elements. Preserving Los Gatos as a complete and well-balanced community has been and remains a prominent goal of residents. From the first 100-acre town site in 1890 with a population of 1,000, Los Gatos grew slowly so that by 1963 the area was 6.3 square miles, with a population of 17,000. Today Los Gatos covers nearly 15 square miles and has a population of about 33,230. This growth over the first 80 years resulted in a human scale community with narrow streets and small buildings.

As it exists now, Los Gatos' boundaries encompass a wide variety of terrain, ranging from level land to steep and densely wooded hillsides. The sharp visual contrasts among these features and charming architecture create the picturesque setting of the Town. In the midst of the growth of Silicon Valley, Los Gatos attracts people with a preference for the Town's distinctive, high quality natural and urban environment.

TOWN VISION STATEMENT

The Town of Los Gatos's Vision Statement articulates the future Los Gatos and reflects the high ideals identified by the community:

Residents are united in their desire to maintain a high quality of life and preserve the character of the Town. The overall community consensus is that Los Gatos be a full-service community that is also environmentally sensitive; that Los Gatos maintains a balanced, well-designed mix of residential, commercial, service and open space uses, fostering a pedestrian-oriented community with a small town, village-like character; that Los Gatos supports an active business community that provides a wide variety of goods and services and a broad range of employment opportunities, eliminating the need to travel to other communities; and that Los Gatos provide a well-run, efficient municipal government that is fiscally healthy, with high levels of public safety, recreational, art and cultural amenities and is connected to high quality education.

DRAFT

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

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TOWN OF LOS GATOS

OFFICE OF THE TOWN MANAGER

Phone: (408) 354-6832

FAX: (408) 399-5786

November 23, 2024

Honorable Mayor and Town Council and Residents of Los Gatos,

I am pleased to submit the Town's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024. In coordination with the Town Manager's office, this report was prepared by the Finance Department, which assumes responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures. The information in this report presents the reader with a comprehensive view of the Town's financial position and the results of its operations for the fiscal year ending June 30, 2024, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the Town's financial activities.

This report was prepared as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). This GASB Statement requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

This Annual Comprehensive Financial Report is organized into three sections:

- I. The Introductory Section includes the table of contents, letter of transmittal, listing of elected officials, Town administrative personnel, and an organization chart delineating organizational structure.
- II. The Financial Section includes the Independent Auditor's opinion, the MD&A, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and required supplemental information.
- III. The Statistical Section includes both financial and non-financial data about the Town.

The Annual Comprehensive Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting

Standards Board (GASB) and includes the audit report of Chavan & Associates, the Town’s independent certified public accountants.

This Annual Comprehensive Financial Report was developed in accordance with best practices of the Government Finance Officers Association and will be submitted for consideration of its Achievement of Excellence Award in financial reporting certification. This award is granted only to entities whose reports meet the highest standards of municipal financial reporting.

AWARDS

The Town’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, was awarded a Certificate of Achievement for Excellence in Financial Reporting by the national Government Finance Officers Association. This is the 29th consecutive year that the Town has received the award. This prestigious award recognizes the report’s conformance with strict accounting and reporting standards established by the Government Accounting Standards Board and government finance organizations. This award is annual in nature and valid for one year only. This year’s report will be submitted for award consideration by this organization, as we believe it continues to meet these standards.

THE REPORTING ENTITY AND ITS SERVICES

Los Gatos is a general law Town, incorporated under the legal framework of California in 1887. The Town is located in the foothills and level terrain of southwestern Santa Clara Valley, referred to internationally as “Silicon Valley.” From the first 100-acre Town site and an 1890 population of 1,652, Los Gatos grew slowly so that by 1960, the area was 6.3 square miles with a population of 11,750. Today, Los Gatos covers approximately 15 square miles with a population of 33,230 (California Department of Finance, January 2024). The growth over the last 80 years resulted in a community with vibrant business districts, well-maintained neighborhoods, and lovely parks and open spaces. Preserving the unique charm of Los Gatos as a complete and well-balanced community while meeting its economic and housing needs has been, and remains a key goal for the Town.

The Town maintains a Council-Manager form of government which combines the strong political leadership of elected officials with the strong managerial experience of an appointed Town Manager. Five Council members are elected at large for staggered four-year terms to govern the Town. The Mayor and Vice Mayor are appointed by the Council from its own ranks and serve one-year terms. The Town Manager and Town Attorney are appointed and supervised directly by the Council. The Town Manager oversees all municipal services such as Public Safety, Parks and Public Works, Community Development, Library, and Town Administration including Human Resources, Information Technology, and Finance.

ECONOMIC CONDITIONS AND OUTLOOK

This past year, the Town continued to see increases to economically sensitive revenues, however sales tax collections are decreasing. The Town General Fund closed FY 2023/24 with \$4 million revenue over expenditure. The excess revenue includes \$1.7 million unrealized gain in the Town investment portfolio. The General Fund Balance increased \$1.5 million.

General Fund revenues (not including transfers in other financing sources) increased 5.8% from the prior year. Property tax revenues remain the largest and most consistent source of support for General Fund operations, comprising approximately 45.3% of General Fund revenues in FY 2023/24. For FY 2023/24, property tax receipts of \$24.2 million were \$1.5 million higher than the prior year's collection, reflecting the continued desirability of the Town, its environment, culture, and educational opportunities

The Town also relies heavily on sales tax revenues to support General Fund operations, comprising approximately 15.1% of General Fund revenues in FY 2023/24. For FY 2023/24, sales tax receipts of \$8.1 million were \$0.7 million lower than the prior year's collection. Increased interest rates impacted business to business activities, while increased mortgage rates left customers with less disposable income. In addition, gas service stations have decreased activity due to the popularity of electric vehicles.

As with most municipalities, services are provided directly by employees to the Town's residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the Town's expenditures. Salaries are largely dictated by regional market forces as evidenced by fierce competition for talent in the San Francisco Bay Area, and inflationary pressures nationwide. During the Summer 2023, the Town successfully completed negotiations with all bargaining units. While important for the consistent delivery of high quality services for the Town, these actions impact the balance between revenues and expenditures.

The Town also continues to adjust and prepare for pension employer costs to continue to be a primary expense in conjunction with salaries. The Town's pension plans over the past several decades, like all other CalPERS participants, have experienced changes in actuarial assumptions, demographic changes, and volatile investment returns which have outweighed any positive plan experiences. The outcome of these unfavorable economic and demographic conditions is the creation of unfunded pension and Other Post-Employment Benefits (OPEB) obligations for the Town. According to the 2023 CalPERS actuarial valuations, the unfunded actuarial liability for pensions was \$63.0 million and \$9.0 million for OPEB as determined by an actuarial valuation as of June 30, 2022.

To address the escalation in pension costs, current and previous Councils have allocated additional discretionary pension funding totaling \$10.4 million. These additional discretionary payments will ultimately yield an approximate \$12.7 million in pension contribution savings. In addition to the management of the Town's pension obligations, prior Councils have worked to curb cost escalation in Other-Post Employment Benefits (OPEB). In 2009, the Town initiated prefunding of retiree healthcare benefits and has since established approximately \$24.3 million in OPEB assets from zero in 2009.

It should be noted that the net pension obligation varies annually depending upon the plan’s actual investment earnings compared to the assumed rate of return during the plan’s measurement periods. The Net Pension Obligation (NPO) reported in the Town’s ACFRs has experienced a high degree of variability in recent years, with Net Pension Obligation reported in the June 30, 2017 ACFR in the amount of \$33.4 million rising to \$58.02 million in fiscal year 2020/21, and decreasing to \$27.48 million in FY 2021/22. The NPO reported in this year’s financial statements (ACFR 2023/24) has increased 5.3% from \$59.9 million to the current NPO of \$63.0 million. Due to CalPERS preliminary returns of 9.3%, staff expects the NPO to decrease in the next fiscal year reporting period.

Readers are cautioned that in considering the amount of the pension and OPEB liabilities and other actuarial data as reported by CalPERS and the Town’s actuary, this is “forward looking” information. Such “forward looking” information reflects the judgment of the Board of Administration of CalPERS, its actuaries, and the Town’s actuary as to the amount of assets which the pension and OPEB plans will be required to accumulate to fund future benefits. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or that may change with the future experience of the pension and OPEB plans. The actuarial methods and assumptions could be changed by CalPERS and the Town’s actuary at any time based on their professional judgement. Such changes could cause the Town’s obligations to the pension and OPEB plans to be higher or lower in any particular year. This sensitivity to changes in actuarial assumptions is especially evident in changes to the Discount Rate as illustrated in Note 11 and changes to Healthcare Trend and Discount rates as illustrated in Note 12.

For detailed information about the Town employees’ retirement plan please refer to Note 11 of the Notes to Basic Financial Statements Section. For detailed information about the Town OPEB obligations please refer to Note 12 of the Notes to Basic Financial Statements Section. In addition, the Town provides extensive information on pension and OPEB information on the Town’s website.

Despite revenue constraints and increasing costs associated with unfunded federal and state mandates, the Town has managed to maintain high service levels and balanced budget through prudent fiscal management. The Town continues its outreach to the community, the League of California Cities, and local legislators to prevent and limit any future revenue losses and mandated cost increases.

MAJOR CAPITAL PROJECT INITIATIVES

Major capital asset and infrastructure initiatives were once again the priority for the fiscal year. Approximately \$12 million in Town infrastructure and other capital asset improvements and contributions were invested in FY 2023/24, including \$3.8 million in Town-wide street projects to improve the pavement condition, \$0.8 million adding subscription right of use of assets, and \$0.1 million for curb and gutter improvements. In addition, \$7.1 million was invested in construction in progress including, roads, bridges, storm drains, park, pathways, and building improvements.

Additional infrastructure improvements are scheduled in accordance with the Town’s approved Capital Improvement Plan, and will continue into future years. All of these improvements are

funded either through grants, or via revenues accumulated from prior year budget savings and/or excess revenues per Town Council Policy.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The effectiveness of internal controls is a primary consideration in the development and evaluation of the Town's accounting system. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- 1) safeguarding of assets against loss from unauthorized loss or disposition,
- 2) accuracy and reliability of accounting data, and
- 3) adherence to managerial policy.

The concept of reasonable assurance recognizes that the cost of internal controls should not outweigh the benefits, and that management must make estimates and judgments in evaluating these costs and benefits.

All governmental fund types use the modified accrual basis of accounting. This means that revenues are recorded when measurable and available rather than when received. Measurable means the amount can be determined and available means the cash is received within sixty days after the end of the fiscal year. Expenditures are recorded when the liability is incurred, rather than when paid. An exception to this rule is principal and interest on general long-term debt, which is not recognized by debt service funds until it is due.

Proprietary (internal service) funds are accounted for using the accrual basis of accounting, similar to that used by corporations. Proprietary fund revenues are recognized when they are earned rather than when the cash is received. Proprietary fund expenses are recognized when they are incurred, even if the cash is not available. With the implementation of GASB 34, the Town prepares its Basic Financial Statements on the accrual basis. Internal accounting procedures have been developed to provide reasonable assurance regarding the safeguarding of assets and the reliability of financial records for preparing financial statements and maintaining asset accountability.

An annual operating budget, five-year budget forecast, and five-year capital improvement plan is adopted by the Town Council. All budget adjustments and transfers between funds must be approved by the Town Council during the fiscal year. The Town Manager is authorized to transfer unencumbered appropriations within a budget category, within a fund. Appropriations are valid for each fiscal year and lapse at year-end.

INDEPENDENT AUDIT

State law requires an annual audit of the Town's accounts by independent certified public accountants. The accounting firm of Chavan & Associates LLP performs this function for the Town of Los Gatos, and their report is included in the financial section of the ACFR.

ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Financial Report, as presented herein, is the result of the combined efforts and dedicated services of the excellent staff of the Department of Finance. Special thanks to Eric Lemon, Finance and Accounting Manager; Eagled’Or Am, Accountant, Ed Karas, Accountant; Diane Howard, Finance Analyst; and Wayne Chen, Administrative Technician for their efforts in preparing this report. The Town’s Finance Commission is also recognized for its contributions to strengthening the ACFR through its review, discussion, and comments.

Respectfully submitted,

Chris Constantin

Chris Constantin
Town Manager

Gitta Ungari

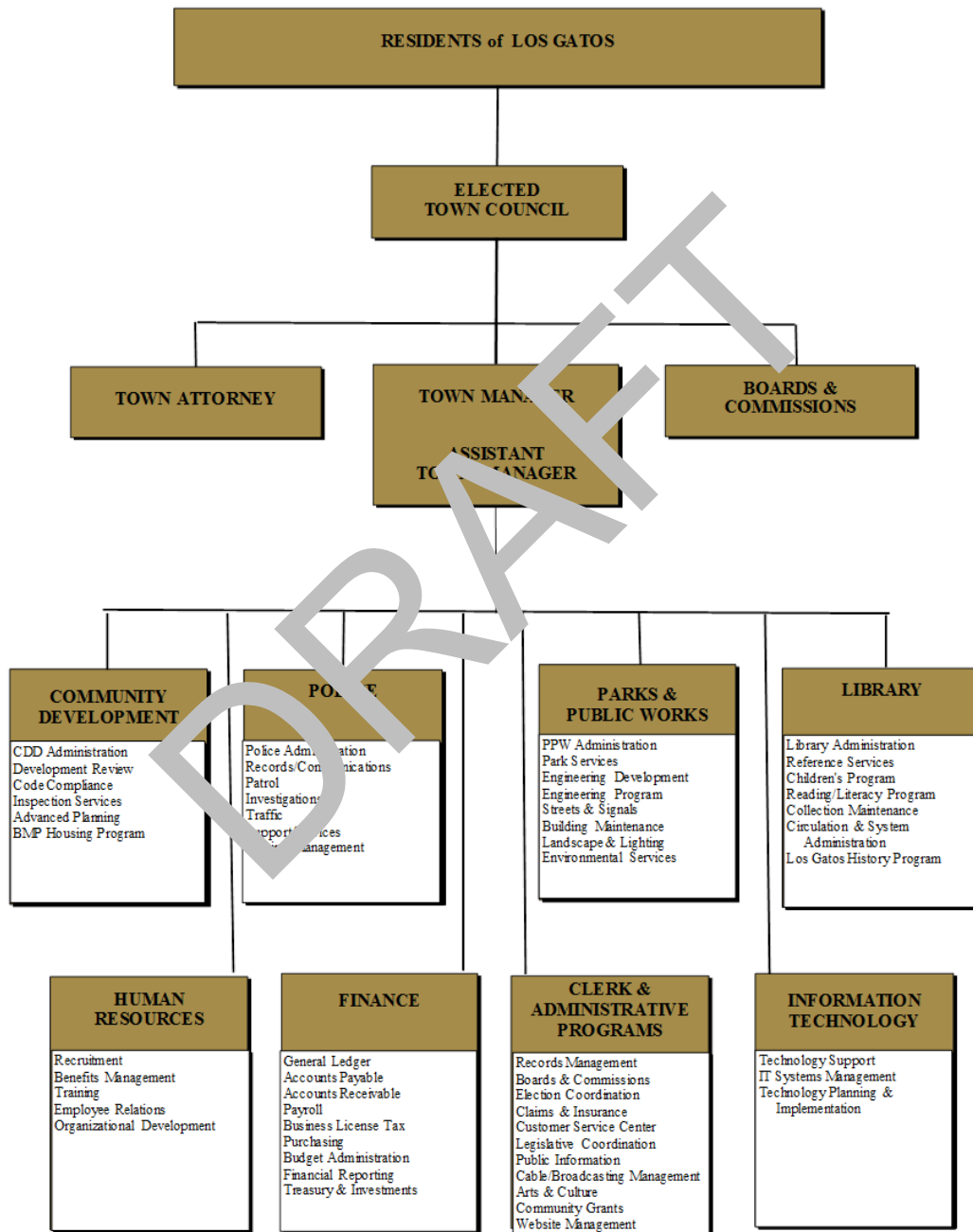
Gitta Ungari
Director of Finance

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Town of Los Gatos

Organizational Structure



**TOWN OF LOS GATOS
PRINCIPAL OFFICERS
JUNE 30, 2024**

TOWN COUNCIL

Mayor
Vice Mayor
Council Member
Council Member
Council Member

Mary Badame
Matthew Hudes
Maria Ristow
Rob Moore
Rob Rennie

COUNCIL APPOINTEES

Town Manager¹
Town Attorney

Laurel Prevetti
Gabrielle Whelan

APPOINTED OFFICIALS

Assistant Town Manager
Chief of Police
Community Development Director
Parks and Public Works Director
Library Director
Finance Director
Human Resources Director

Katy Nomura
Jamie Field
Joel Paulson
Nicolle Burnham
Ryan Baker
Gitta Ungvari
~~Salina Flores~~ Cheryl Parkman

¹ Effective November 4, 2024 Chris Constantin



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented

**City of Los Gatos
California**

For the Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the
Town Council of the Town of Los Gatos
Los Gatos, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, General Fund budgetary statement, and the aggregate remaining fund information of the Town of Los Gatos (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, General Fund budgetary statement, and the aggregate remaining fund information of the Town of Los Gatos, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Town management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement



when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Chavan and Associates, LLP
Certified Public Accountants

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Town's management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements - Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
November 11, 2024
Morgan Hill, California

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Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Los Gatos's Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the Town's financial performance during the fiscal year that ended on June 30, 2024. This analysis should be read in conjunction with the Transmittal Letter at the front of this report and the accompanying Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- Town assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of Fiscal Year (FY) 2023/24 by \$159.4 million (net position). The unrestricted net position, which represents the amounts available to meet the Town ongoing obligations to citizens and creditors, is \$9.1 million.
- The Town's total net position increased by \$5.9 million in FY 2023/24. ~~Even though the change in net position is positive, it was a 61.1% reduction from the prior year change in net position of \$15.1 million. The change is a result of flatter revenues and an increase in total expenses of \$9.3 million.~~ The overall increase of \$5.9 million is primarily due to the combined effect of infrastructure capitalization, grant revenue recognition, and changes to pension expenses.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$61.0 million, a decrease of \$0.2 million in comparison with the prior year.
- During FY 2023/24, the General Fund had an excess of revenues over expenditures of \$4.0 million, excluding transfers. Transfers out exceeded transfers in by \$3.2 million. The principal purpose of the Town's interfund transfers was contributions toward capital projects (\$3.1 million) and general liability (\$0.43 million). ~~The detail of the interfund transfers is illustrated in Note #5.~~
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, and assigned components of the fund balance) for the general fund was \$28.4 million, or approximately 57% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR contains the following information: Independent Auditor's Report, Management's Discussion and Analysis (this section), the Basic Financial Statements, and the Required Supplementary Information. The ACFR also includes a Supplementary Information section, which presents combining and budgetary schedules for individual nonmajor funds. The Basic Financial Statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. The Management's Discussion and Analysis is intended to be an introduction to the Basic Financial Statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the Town from an economic resources measurement focus using the accrual basis of accounting. An economic resources measurement focus is when a body of financial statements report all inflows, outflows, and balances affecting or reflecting an entity's net position.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include public safety, parks and public works, community development, library, community services, debt service, and general government. Governmental activities typically include financial data for all governmental funds. Internal service funds are typically incorporated into governmental activities as well. Business-type activities typically include financial data for all enterprise funds. The Town has no enterprise funds and therefore reports no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the Town's general

government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's operations. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds – The Town maintains one type of proprietary fund: Internal Service Funds. Proprietary funds are reported using the accrual basis of accounting. Internal Service Funds are an accounting tool used to accumulate and allocate costs internally among the Town's various functions. The Town uses Internal Service Funds to account for its fleet of vehicles, computer equipment, risk management activities, and other items. Internal Service Funds help smooth the variability of certain expenses and insulate the Town from large unanticipated costs. The Internal Service Funds are included within governmental activities in the Government-Wide Financial Statements.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the Town's own programs.

Included in fiduciary funds is the Redevelopment Sponsor Agency private-purpose Trust Fund created upon the dissolution of the former Redevelopment Agency (RDA) in 2012. The Trust Fund was created to hold the assets of the former Redevelopment Agency until they are transferred for governmental purposes to other entities or distributed to the underlying taxing jurisdictions in Santa Clara County after the payment of enforceable obligations. Additional information on the dissolution of the RDA and this fiduciary fund can be found in Note 15 in the notes to basic financial statements.

Notes to Basic Financial Statements

The notes provide additional information to facilitate a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide Pension and Other Post Employment benefits to its employees.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-Wide Financial Statements provide long-term and short-term information about the Town's overall financial condition. This analysis addresses the financial statements of

the Town as a whole, utilizing data from throughout the ACFR to describe the changes between 2023 and 2024.

Net Position Discussion

In general, net position can serve as an important indicator of whether the Town's overall financial condition is improving or deteriorating over time. As shown below, the Town's assets and deferred outflows of resources (consumption of net position that applies to a future period) exceeded liabilities and deferred inflows of resources (acquisition of net position that applies to a future period) by \$159.4 million, reflecting an increase of approximately \$5.9 million to the prior year's net position of \$153.5 million.

Town of Los Gatos		
Net Position		
Governmental Activities		
For the Year Ended June 30, 2024		
	2024	2023
Current and other Assets	\$ 93,959,415	\$ 85,489,167
Capital Assets	139,376,963	132,679,773
Total Assets	<u>\$ 233,336,378</u>	<u>\$ 218,168,940</u>
Deferred Outflows - Pension/OPEB	28,977,075	29,526,262
Current Liabilities	15,854,648	15,857,589
Long-Term Liabilities Outstanding	77,211,453	71,847,737
Total Liabilities	<u>122,043,174</u>	<u>\$ 87,705,326</u>
Deferred Inflows - Pension/OPEB	6,735	6,467,614
Net Position		
Net Investment in Capital Assets	137,253,582	130,623,654
Restricted	13,015,461	11,091,020
Unrestricted	9,137,174	11,807,588
Total Net Position	<u>\$ 159,406,217</u>	<u>\$ 153,522,262</u>

Current and other assets increased \$8.5 million from the prior year, primarily due to a \$ 5.4 million increase in cash, restricted cash and investments, and a \$3.1 million increase in accounts, interest, and intergovernmental receivable.

Capital assets increased \$6.7 million to \$139.4 million for the year reflecting current year's capital asset additions/retirements less the annual depreciation/amortization expense.

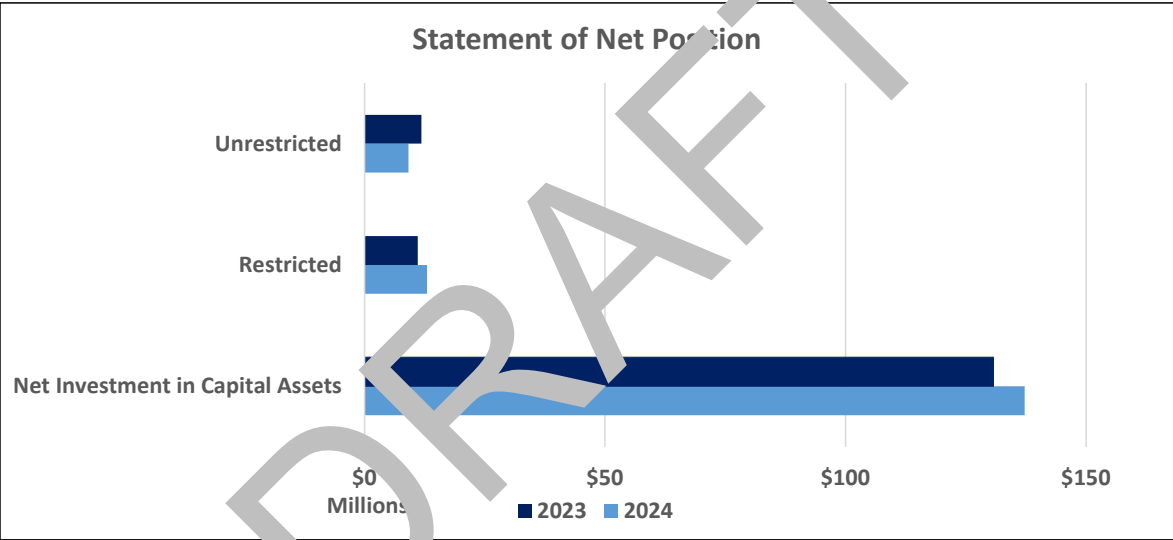
Deferred Outflows for Pension and Other Post-Employment Benefits (OPEB) decreased by \$0.6 million primarily due to the difference between the projected assumed investment returns and actual investment earnings on pension and OPEB investments, changes in assumptions, and the change in the Town's proportionate share for the pooled safety pension plan.

Long-term liabilities increased by \$5.4 million. The increase is primarily due to a pension liability increase of \$3.2 million and an increase of OPEB liabilities of \$2.0 million. See Note 11 and Note 12 in the Notes to the Financial Statements for more information on the Town's pension and OPEB plans.

Deferred Inflows decreased by \$2.1 million, resulting primarily from the difference between the projected assumed investment returns and actual investment earnings on pension and OPEB investments. The pension inflows decreased by \$1.4 million and the OPEB plan decreased by \$0.6 million.

The largest segment of the Town’s net position, representing \$137.3 million of net position, reflects the net investment in capital assets (e.g., land, buildings, infrastructure, subscription, and equipment) less accumulated depreciation/amortization and related outstanding debt used to acquire those assets. The Town uses these capital assets to provide infrastructure and services to the residents. They do not represent a liquid financial resource to the Town and consequently are not readily available for funding current obligations.

The chart below shows the Town’s net position for the fiscal year ended June 30, 2023 and 2024.



Restricted net position total approximately \$13.0 million representing approximately \$9.0 million for capital projects and maintenance, \$2.2 million for restricted pension trust, \$0.6 million placed in a special revenue trust accounts for Library services, \$0.3 million for land held for resale, \$0.2 million for Lighting and Landscaping Assessment Districts.

As of June 30, 2024, unrestricted net position, the amounts available to meet the Town’s ongoing obligations to citizens and creditors, reports an approximate \$2.7 million decrease from the prior year to an ending balance of \$9.1 million. The decrease was a result of an increase in pension adjustments of \$3.8 million and a reduction in governmental reserve balances of approximately \$1.9 million. The decreases were offset by a positive change in the internal service fund net position of \$1.0 million and the unavailable revenue reclassification (to revenue) of \$2.3 million.

The Town’s overall net position increased \$5.9 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities

Governmental Activities

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Statement of Activities is intended to illustrate how the cost of governmental activities is financed and determine the annual change in net position.

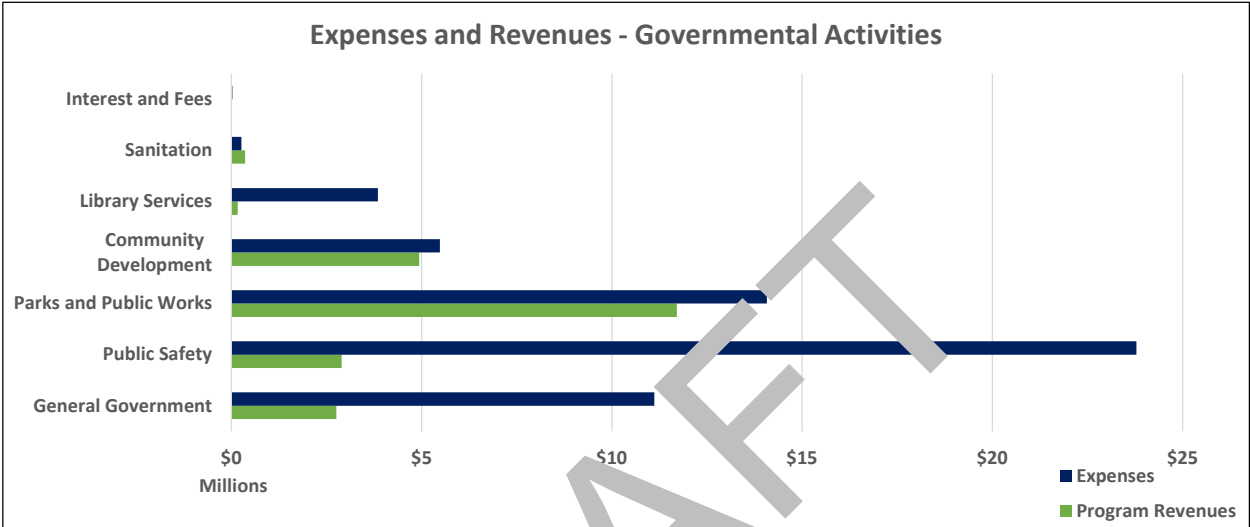
Town of Los Gatos		
Statement of Activities		
For the Year Ended June 30, 2024		
	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for Services ¹	\$ 13,495,756	\$ 12,390,750
Operating Grants and Contributions	3,667,909	7,149,581
Capital Grants and Contributions	5,668,272	3,915,175
General Revenues:		
Property Taxes	26,811,142	22,746,842
Sales Taxes	8,071,705	8,806,477
Franchise Taxes ¹	2,547,011	3,074,624
Transient Occupancy Taxes	2,367,653	2,228,190
Other Taxes	55,196	63,818
Motor Vehicle in Lieu	41,461	34,406
Developer Assessment	12,880	614,820
Investment Earnings	1,417,370	794,390
Unrealized gains (losses)	1,712,246	3,197
Miscellaneous	1,199,422	1,045,214
Total Revenues	<u>64,481,033</u>	<u>62,867,484</u>
Expenses:		
Police Department	23,783,313	17,428,923
Parks and Public Works	14,075,171	12,258,626
General Government	11,113,238	10,522,568
Community Development	5,481,765	5,215,961
Library Services	3,853,748	3,653,642
Sanitation	263,706	208,262
Interest and Fees	26,137	29,221
Total Expenses	<u>58,597,078</u>	<u>49,317,203</u>
Increase (Decrease) in Net Position before Special Items	<u>5,883,955</u>	<u>13,550,281</u>
Special Items		
Litigation Settlement Proceeds	-	1,565,000
Change in Net Position	<u>5,883,955</u>	<u>15,115,281</u>
Net Position - Beginning	153,522,262	138,406,981
Net Position, Ending	<u>\$ 159,406,217</u>	<u>\$ 153,522,262</u>

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as encroachment fees under Charges for Services. The total amount classified in Charges for Services in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,335 in FY 2022/23 and \$1,493,184 in FY 2023/24.

The Statement of Activities shown above details how the \$64.5 million in Governmental Activities revenues and contributions were derived. Approximately \$13.5 million or 20.9% of the revenues

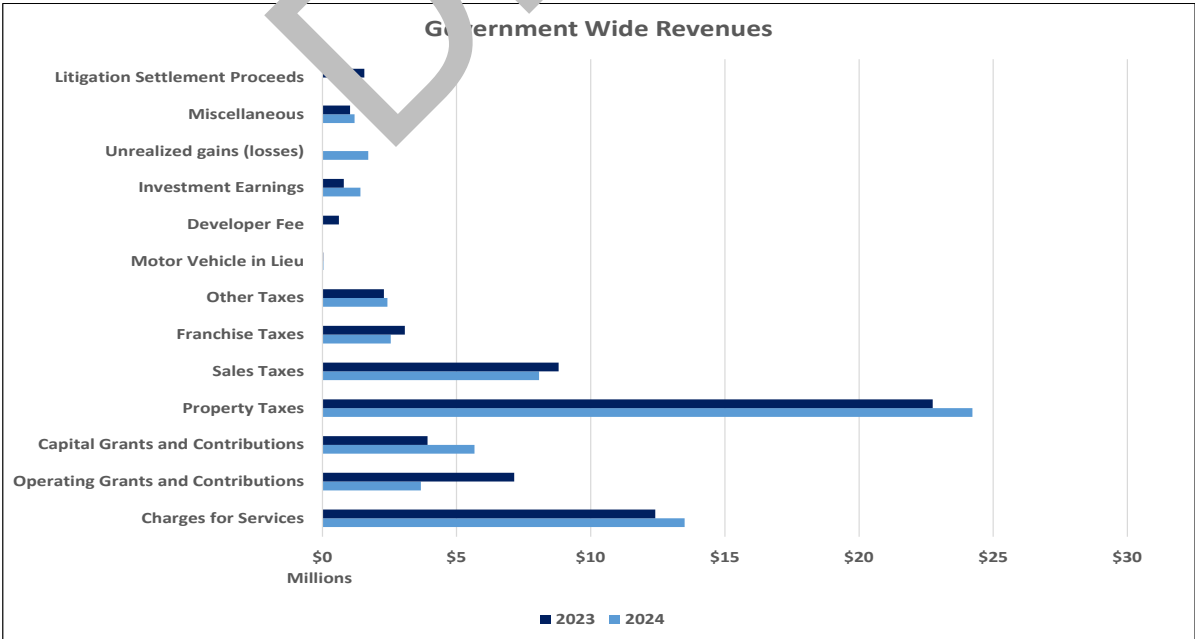
were recorded from fees paid by residents/businesses who directly benefited from the respective program or service. Another \$9.3 million or 14.5% of the revenues were sourced from operating/capital grants and contributions. The remaining \$41.6 million or 64.6% represents general revenues of the Town, including taxes, intergovernmental revenues, and other miscellaneous revenues.

The chart below summarizes the financial activities of the major programs.



Governmental Activities Revenue Discussion

The chart below summarized the Town's government wide revenues for the FY 2022/23 and FY 2023/24.



Program revenues decreased by approximately \$0.6 million from the prior year. This decrease is due to the combined effect of a \$1.7 million net increase in capital grant activity including grants received toward the Los Gatos Creek Trail to Highway 9 Trailhead Connector project, \$1.1 million increase in charges for services due to increased development activity and garbage franchise fee reclassification, and a decrease of \$3.5 million from the prior year on operating grants and contribution. The decrease was due to the prior fiscal year including the American Rescue Plan Act (ARPA) second tranche of revenue.

The Town's General Revenues related to Governmental Activities increased by approximately \$0.7 million from the prior year. The increase is attributable to a combination of an approximately \$2.3 million increase in investment earnings including the mark-to-market value adjustments on the Town portfolio investment and a \$1.5 million increase in property taxes. The increases were offset by a \$0.7 million decrease in sales tax, \$0.5 million decrease in franchise fee collection, and \$0.6 million decrease in pass-through developer contributions.

Property tax is the largest individual revenue source for the Town and collections finished the year \$1.5 million higher than the previous year. The increase was mostly due to an increase of \$1.1 million in general property tax collection and \$0.4 million increase in Vehicle License Fee (VLF) Property Tax In-Lieu fee. It is important to note that assessed valuations for FY 2023/24 were established on the tax roll in January 2023 and collected in FY 2023/24.

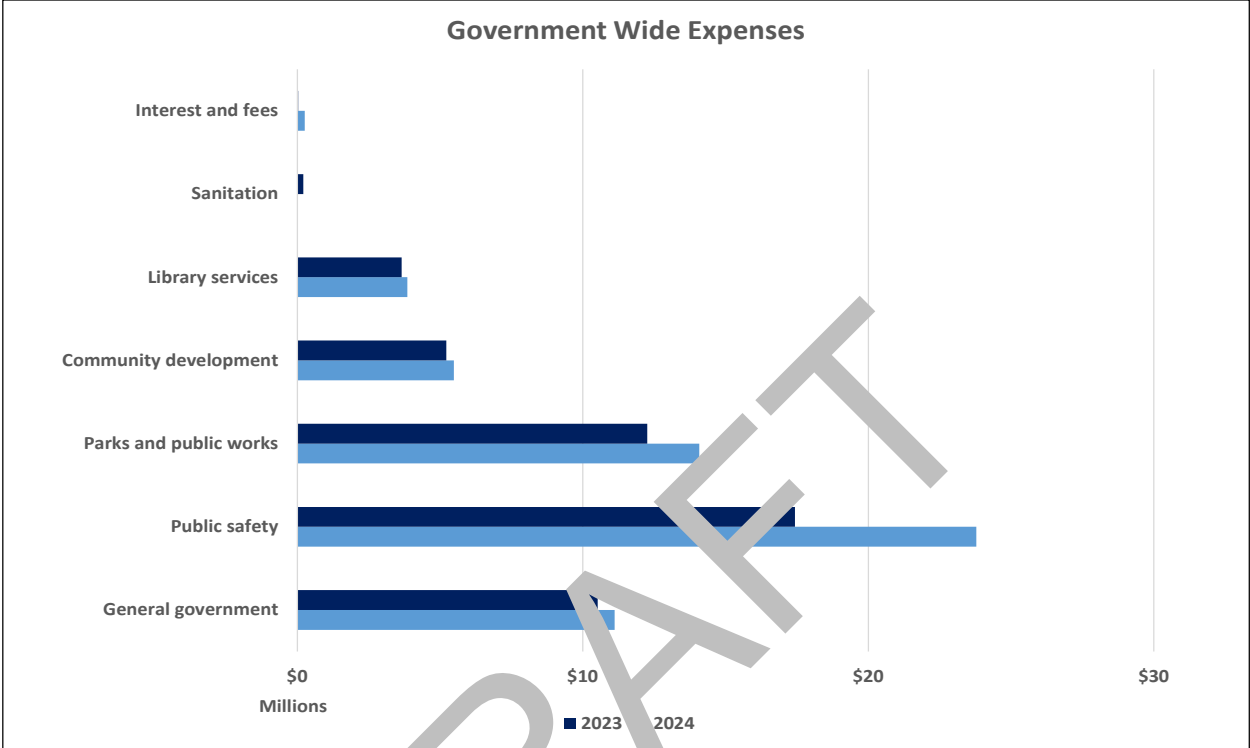
At \$8.1 million, sales taxes represent the second largest individual revenue source for the Town. Sales taxes decreased \$0.7 million from the previous year largely due to a reduction in business-to-business activities and less taxable sales activity. In addition, gas service stations have decreased activity due to the popularity of electric vehicles.

Franchise taxes, the Town's third largest individual revenue source, finished the year at \$2.5 million, reflecting a decrease of \$0.1 million from the previous fiscal year. Franchise fee collected from the garbage hauler company was reclassified as license and permit fees during FY 2023/24. In the statement of activity, license and permit fees are categorized as charges for services. While collections remained at the same level, the revenue shifted from franchise fee to charges for services.

Investment earnings increased \$2.3 million from the prior year. The primary factor responsible for this increase was \$1.7 million total mark-to-market value above historical investment cost than the prior year for the Town's investment portfolio. These unrealized gains are recognized as investment income as a result of the mark to market value procedure required by GASB 31. Per the Town Council General Fund Reserve Policy, \$10,000 or more of unrealized investment gains that have been recorded in the financial statement are required to be reserved. The balance sheet reflects the \$1.7 million Market Fluctuation Reserve. The additional \$0.6 million increase in interest was due to a higher interest rate environment.

Governmental Activities Expenses Discussion

The chart below summarized the Town’s government wide expenses for the FY 2022/23 and FY 2023/24.



The Town provides residents, businesses, and visitors with an array of high-quality municipal services. General government, strategic support is comprised of seven Departments (Town Council, Town Clerk, Town Manager, Town Attorney, Human Resources, Information Technology, and Finance) which provide information technology, executive management, economic vitality, legal, records management, risk management, human resources, finance, and accounting services. The Town’s Police Department (public safety) provides general law enforcement, crime prevention, dispatch, and responses to emergency and non-emergency calls for service. Parks and Public Works provides engineering, construction, and maintenance of public streets, street lighting, Town-owned buildings, parks, and related infrastructure, as well as traffic engineering and engineering evaluation of private development proposals. Community Development provides planning and zoning services; building plan checks and inspections; and code compliance services. The Library Department provides library, local history, and cultural services to the community.

Total expenses of \$58.6 million as reported in the Statement of Activities increased by \$9.3 million from \$49.3 million the prior year. The change was primarily driven by increases of \$3.7 million in public safety pension expense, \$1.4 million in Miscellaneous Pension expense, \$1.1 million in depreciation, and 1.5 million in salaries and benefits.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

Recognizing the financial resources measurement focus, the Town's Governmental Funds provide information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the Town's financing requirements and may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unlike the Statement of Activities which does not include transfers, the Governmental Funds Balance Sheet does include transfers in and out.

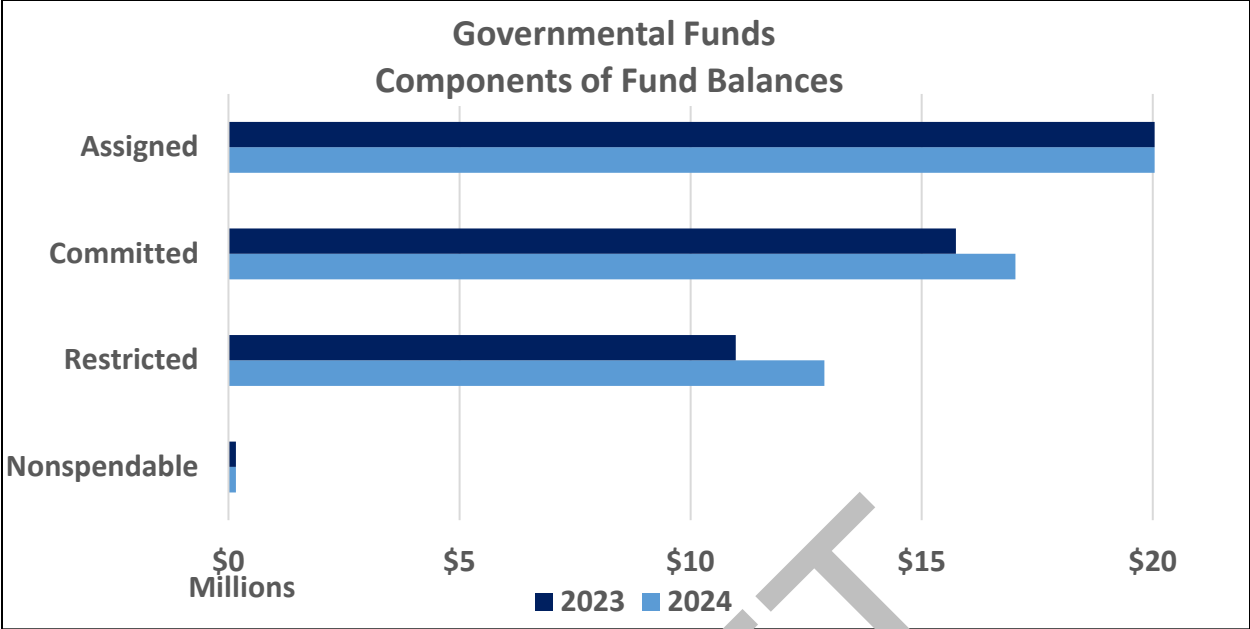
As discussed below, the Town's Governmental Funds Balance Sheet reports the following fund balances:

Restricted Fund Balance – The Town has \$12.9 million in fund balance classified as restricted to indicate that it has an externally imposed restrictions on how the money may be spent. Of the \$12.9 million restricted fund balance, \$9.0 million is restricted for capital projects, \$2.2 million for pension, \$0.6 million for Library special revenue trust accounts, and \$0.2 million for maintenance and repairs.

Committed Fund Balance – The Town has \$17.0 million in fund balance classified as committed to indicate that the Town Council previously committed how the money will be spent. Of the \$17.0 million, \$12.5 million is for budget stabilization (\$6.7 million) and catastrophe response (\$6.7 million).

Assigned Fund Balance – The Town has \$30.9 million in fund balance which is not restricted or committed and is classified as assigned to indicate the Town Council's intent to be used for specific purposes. The largest assignments of fund balance are the Reserve for Capital/Special Projects with a balance of approximately \$8.7 million and the Capital Projects Reserve of \$16.4 million which are the primary funding sources for the Town's five-year capital improvement plan and special projects as budgeted by the Town.

The chart below shows the Town's governmental fund balances for the fiscal year ended June 30, 2023 and 2024.



Additional information on the Town's Fund Balances can be found in Note 10 of the Notes to the Financial Statements.

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Total Governmental Funds results for the year included the following:

TOWN OF LOS GATOS
TOTAL GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

REVENUES	2024	2023
Property Taxes	\$ 24,265,603	\$ 22,781,248
Sales Taxes	8,071,735	8,806,477
Transient Occupancy Taxes	2,367,653	2,228,190
Other Taxes	30,358	35,496
Licenses & Permits ¹	6,227,298	6,333,675
Intergovernmental	6,317,644	10,145,820
Charges for Services	7,051,179	5,718,714
Fines and Forfeitures	480,634	416,950
Franchise Fees ¹	2,547,011	3,074,624
Developer Assessment	12,800	614,820
Interest	3,100,000	797,582
Use of Property	1,575,501	237,647
Other	604,493	985,188
Total Revenues	\$ 61,300,089	\$ 62,176,431
EXPENDITURES		
Current:		
Public Safety	\$ 20,700,781	\$ 18,446,048
General Government	573,022	8,828,779
Parks and Public Works	9,899,083	9,084,406
Community Development	5,246,729	5,065,412
Library Services	3,335,389	3,208,027
Sanitation and Other	252,605	204,097
Capital Outlay	12,366,255	8,917,075
Debt Service		
Principal	225,370	156,034
Interest and Fees	3,716	-
Total Expenditures	\$ 61,620,950	\$ 53,909,878
Excess Revenues over Expenditures	\$ (238,861)	\$ 8,266,553
Subscriptions	706,713	-
Settlement -Shannon Road	-	1,565,000
Proceeds from sales of assets	223	2,162
Transfers in	3,666,235	11,886,022
Transfers out	(4,317,235)	(11,396,347)
Total Other Financing Sources (Uses)	\$ 55,936	\$ 2,056,837
Net Changes in Fund Balances	(182,925)	10,323,390
Beginning/Ending Fund Balances	\$ 61,185,528	\$ 50,862,138
Ending Fund Balances	\$ 61,002,603	\$ 61,185,528

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses & Permits under Charges for Services. The total amount classified in Licenses & Permits in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,335 in FY 2022/23 and \$1,493,184 in FY 2023/24.

Overall, total Governmental Funds revenues finished \$0.8 million or 1.3% lower than the prior year, while total expenditures finished \$7.7 million or 14.3% higher than the prior year. One of the main reasons for the decrease in revenue was a reduction in grant activity due to receiving the final tranche of the \$3.6 million ARPA payment in fiscal year 2023 as well as a \$0.7 million dollar reduction in sales tax. The reduction was offset by increases in general property tax collections of \$1.5 million and \$2.3 million increase in interest revenue. The increase in interest was due to \$1.7 million unrealized gain adjustment. The change in expenditures was mainly due to capital outlay increases of \$3.4 million, salary and benefit cost increases of \$1.9 million, and general operating increases of \$1.5 million.

General Fund revenues totaled \$53.5 million or nearly 87.2% of the total \$61.0 million in Total Governmental Fund revenues.

Governmental Funds expenditures increased by \$7.7 million. General Fund expenditures represent approximately \$49.5 million or 80.4% of the Total Governmental Fund expenditures of \$61.6 million compared to \$44.9 million of General Fund expenditures and total Governmental Funds expenditures of \$53.9 million in the prior year.

Increases in Public Safety expenditures from the prior year of approximately \$2.3 million were primarily due to \$1.4 million salary and benefit cost increases resulting from labor negotiations and mandated increases in employer pension contribution rates, and \$0.5 million internal service costs for equipment replacement and general liability.

Increases in Parks and Public Works, Community Development, and Library services expenditures from prior year of approximately \$1.2 million were primarily due to \$0.7 million operating expenditure increases, \$0.3 million equipment replacement costs, and \$0.1 million salary and benefit cost increases.

The \$0.7 million increase in general governmental expenditures was mainly attributable to \$0.3 million salary and benefit increases and \$0.2 million labor relation services and post-retirement benefits.

Appropriated Reserves Fund capital projects fund balances decreased \$2.7 million from the prior year, reflecting increased capital activity during the fiscal year. The \$5.3 million of general government and capital outlay expenditures above operating revenues was offset by \$2.6 million from other financing sources.

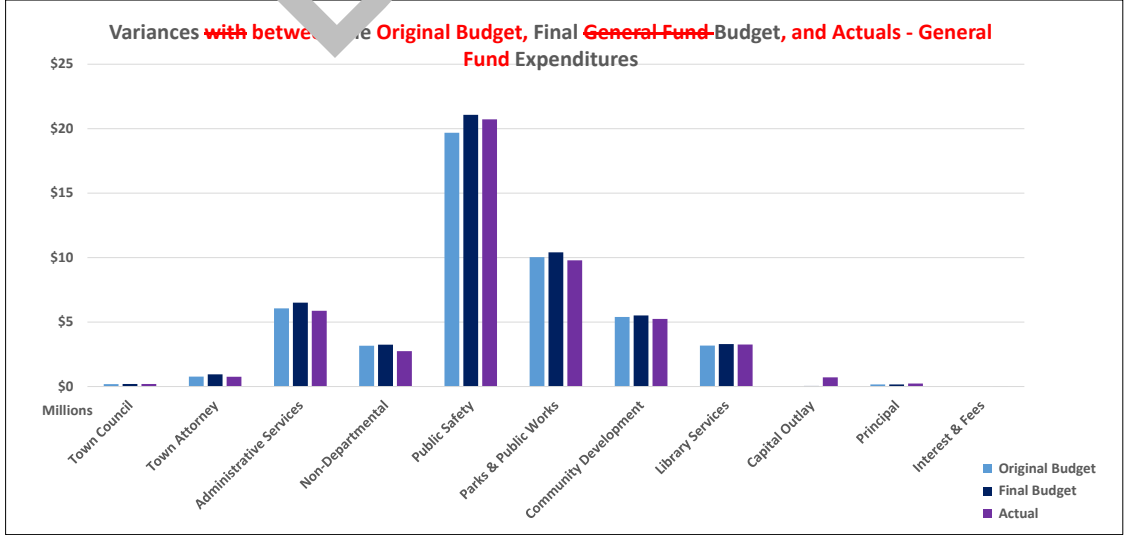
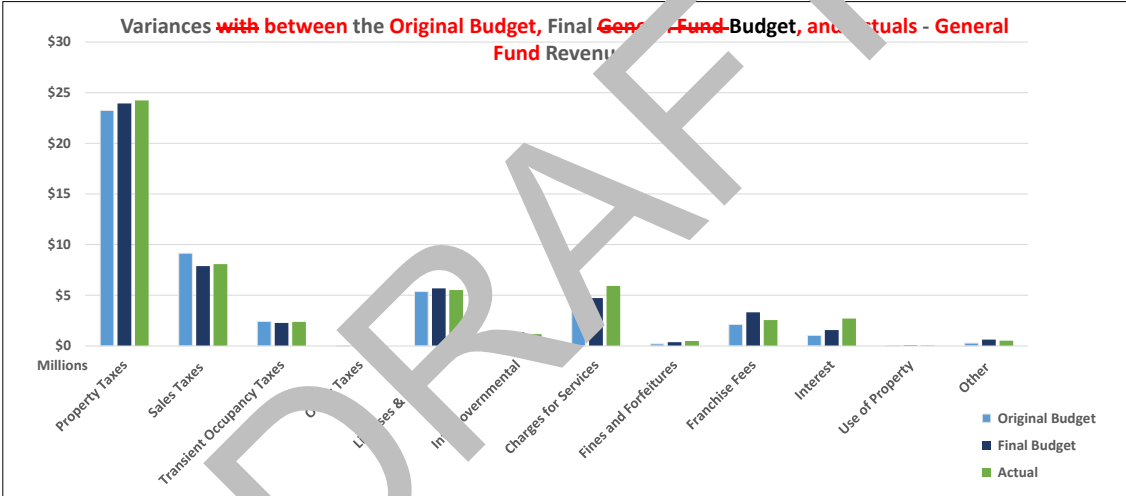
Proprietary Funds

The Town’s Proprietary Funds (Internal Service Funds) presented in the Fund Financial Statements section provide similar information to the Government-Wide Financial Statements and include individual segment information.

Total net position in the Internal Service Funds increased by \$1.0 million due to increases in general fund support and program charges for services to cover for workers’ compensation, information technology, and general liability costs including administration, insurance premiums, and claims expense.

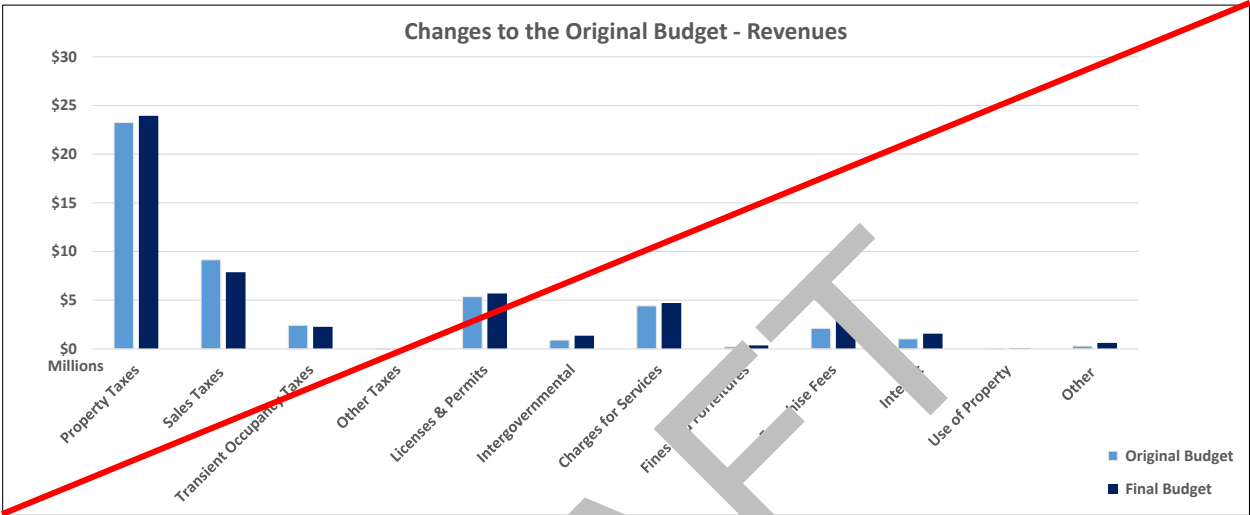
GENERAL FUND BUDGETARY HIGHLIGHTS

The below graphs represent the revenue and expenditure variances between the original budget, final budget, and actuals.



Changes to the Original Budget

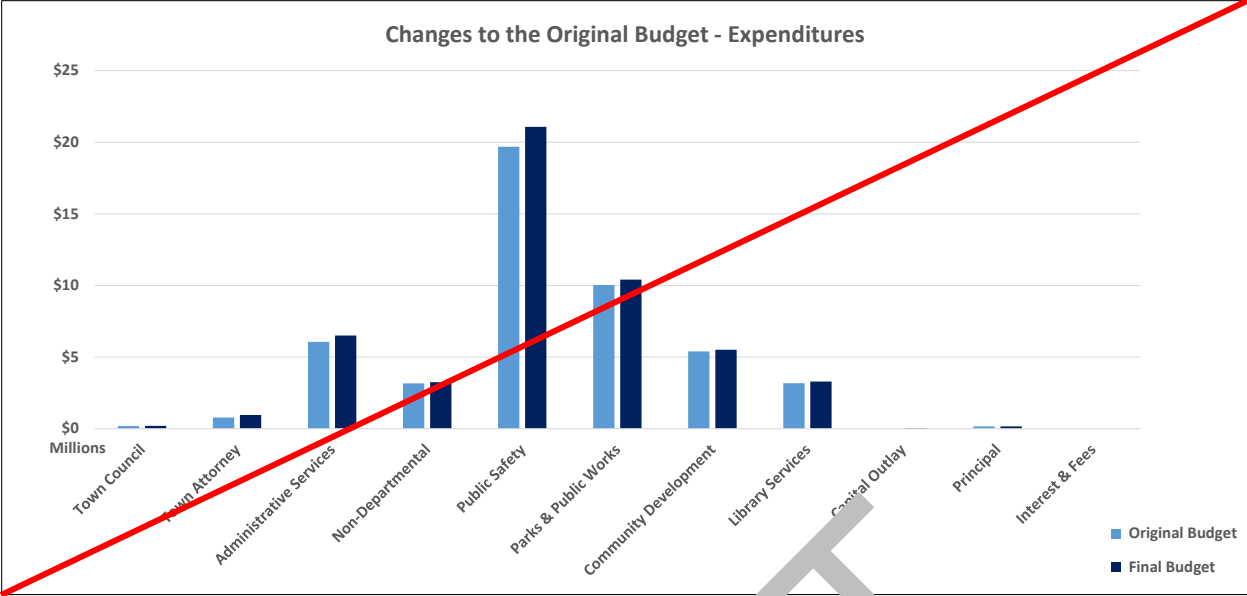
As noted in the ~~below~~ ~~above~~ chart, comparing the FY 2023/24 original budget (i.e., the Adopted Budget) General Fund revenues of \$49.2 to the final adjusted budget of \$51.7 indicates a net increase of approximately \$2.5 million or 5.1%. Additions to the original revenue budget included adjustments approved by Town Council throughout the fiscal year.



The increase in General Fund revenue appropriations occurred primarily from the following sample of revenue budget adjustments made during the fiscal year:

- \$1.2 million revenue increases for charges for services including \$1.1 million for garbage franchise fees and \$0.1 million for franchise fees;
- \$0.7 million property tax revenue budget increase in line with the estimates and forecasts provided to the Town quarterly from Santa Clara County Assessor’s Office;
- \$0.5 million Interest revenue budget increase based on the estimated collection from LAIF per projected interest rates;
- \$0.3 million grant receipts with matching expenditure.

As shown in the chart on the next page, comparing the FY 2023/24 original budget (i.e. the Adopted Budget) General Fund expenditures of \$48.6 million (excluding budgeted transfers-out and debt payments that are reimbursed) to the final adjusted budget of \$51.4 million indicates a net increase of approximately \$2.8 million or 5.8%. Additions to the original expenditure budget included adjustments approved by Town Council throughout the fiscal year.



The increase in General Fund expense appropriations occurred primarily from the following sample of budget adjustments made during the fiscal year:

- \$1.3 million increase in expenditure related costs increases to legal, labor and employee relation services, post-employment benefit, recruitment services, special studies, property damage repair, utilities and other operating expenditures;
- \$1.1 million expenditure increase for salaries and benefits related charges including budget restoration of \$0.7 million for individual departments that were fully staffed and did not experience the full preplanned 4.6% salary savings factor and \$0.4 million for negotiated salaries and benefits and temporary staff augmentation; and
- \$0.3 grant activity with matching revenues.

Variance with the Final General Fund Budget

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (GAAP) for Fiscal Year Ended June 30, 2024, reports an approximate favorable variance overall with the final budget of approximately \$3.6 million. **During FY 2023/24, the General Fund had an excess of revenues over expenditures of \$4.0 million, excluding transfers.** This favorable variance was created largely by the net effect of the following factors:

- Actual revenues ended the fiscal year at \$1.8 million above final budgeted revenues. The chart on the next page illustrates the original revenue budget, final revenue budget and actual revenues.

- Actual expenditures ended the fiscal year at \$1.8 million below final budgeted expenditures. Significant factors affecting actual expenditures include: \$1.0 million savings in salaries and benefits in limited term vacancies throughout the organization **combined** with ~~(\$0.8 million less actual expenditures than budgeted **operational savings** in **multiple categories** Town-wide).~~ The chart below illustrates the original expenditure budget, final expenditure budget and actual expenditures.

CAPITAL ASSETS

As of June 30, 2024, the Town’s investment in capital assets for its governmental activity is recorded at \$139,376,963 (net of accumulated depreciation/amortization). The investment in capital assets includes land, buildings and improvements, infrastructure, construction in progress, subscription right of use asset, machinery and equipment. Capital assets increased \$6.7 million net of depreciation expense totaling approximately \$5.3 million for the year.

Notable additions ~~less current year depreciation of \$5.3 million~~ include:

- \$7.1 million addition to construction in progress
- \$3.8 million in street repair and resurfacing and curb and gutter work; and
- \$0.5 million in subscription right of use assets.

The \$7.1 million addition to construction in progress is comprised of \$3.8 million for pathways projects, \$1.2 million for streets and curbs improvements, \$0.9 million for land and building improvements, \$0.6 million for bridges, \$0.5 million for equipment, and \$0.2 million for retaining walls, traffic signals, parking lots, and park improvements.

Capital Assets
Town of Los Gatos
For the Year Ended June 30, 2024

	Governmental Activities
Infrastructure—Streets	\$ 45,791,936
Infrastructure—Other	— 17,939,244
Subscription Right of Use Assets	— 1,200,061
Buildings	— 30,867,436
Land	— 26,064,735
Equipment	— 2,022,508
Construction in Progress	— 15,491,043
	\$ 139,376,963

**Capital Assets
Town of Los Gatos
For the Year Ended June 30, 2024**

	Capital Assets	Accumulated Depreciation	Capital Assets, Net
Infrastructure - Streets	\$ 86,301,911	\$ (40,509,975)	\$ 45,791,936
Infrastructure -Other	28,491,627	(10,552,383)	17,939,244
Subscription Right of Use Assets	1,622,573.00	(422,512.00)	1,200,061
Buildings	42,862,716	(11,995,280)	30,867,436
Land	26,064,735	-	26,064,735
Equipment	12,893,445	(10,870,937)	2,022,508
Construction in Progress	15,491,043	-	15,491,043
	<u>\$ 213,728,050</u>	<u>\$ (74,851,087)</u>	<u>\$ 139,376,963</u>

Additional information on the Town’s capital assets is found in Note 6 of this Financial Report.

LONG-TERM DEBT

The Town generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The Town long-term debt is related to the PG&E on-bill financing loan used for facility efficiency project updates, totaling \$1.0 million at 6/30/2024. The long-term debt in the Success Agency Trust Fund is related to the 2002 COP and 2010 COP, totaling \$10.2 million. Additional information on the Town’s Long-Term Debt is found in Note 7 of this Financial Report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

General Fund Monies Made Available because of the ARPA Grant

The Town recognized the American Rescue Plan Act (ARPA) operating revenue over three fiscal years including FY 2020/21 (\$200,911), FY 2021/22 (\$3,413,961), and FY 2022/23 (\$3,614,872) for allowable expenditures under the standard allowance provision of the ARPA federal rules. The funds were received in the ARPA special revenue fund and were transferred out to other funds and used Town for qualifying public safety expenditures under the provisions of the Act.

The utilization of the ARPA grant enabled the Town to support the following activities using unrestricted resources:

Unrestricted Funds Available	\$7,229,744
Less Council Approved Uses	
Parklets (Downtown Economic Recovery Efforts)	\$ 930,000
Rent Waivers	746,463
CUP/ADA Fee Waivers	54,346
Destination Marketing	55,000
K-Rails (Downtown Economic Recovery Efforts)	88,654
Promenades	188,667
Direct Grants	110,000
Enhanced Senior Services	500,000
Capital Improvement Program Support Transfers	2,900,000
One-Time Community Grant (Council Action 2-21-2023)	150,000
One-Time to LGS REC 55+ Program (Council Action 2-21-2023)	225,000
One-Time to KCAT Producers (Council Action 2-21-2023)	100,000
One-Time Unhoused Residents Efforts (Council Action 2-21-2023)	25,000
One-Time Rent Forgiveness LGS REC (Council Action 3-21-2023)	200,000
One-Time Rent Forgiveness NUMU (Council Action 3-21-2023)	21,000
One-Time Unhoused Residents Efforts (Council Action 4-4-2023)	25,000
One-Time - Additional Chambers of Commerce (Council Action 5-2-2023)	33,000
One-time - Adult Recreation Center Interim Community Center (Council Action 8-15-2023 & FY 2024/25 Proposed Budget)	877,614
Total	\$7,229,744

~~The Town's budget emphasizes reasonable consideration for revenue and expenditures. Moving forward, the Town will grapple with understanding the true cost to run basic operations. Interest rates are expected to fall resulting in potential to show deficits. The Town will continue assessing its operations, analyzing information useful to future planning, and adjust to changes in the economy as necessary.~~

~~During the development and adoption of the Town's FY 2024/25 budget, the Town Council and management considered the following factors:~~

- ~~• The FY 2023/24 Adopted Budget endeavored to maintain essential public services while controlling operational costs in light of the Five-Year Financial Forecast.~~
- ~~• For FY 2024/25, the Adopted Operating Budget was balanced utilizing two primary budget balancing strategies. The first was direction to all Departments to develop a status quo budget. To that end, the Departments programmed existing resources by either maintaining current structures or realigning operations to remain effective. This proved exceptionally difficult as vendor, supply, and other costs rose beyond FY 2023/24 levels. In addition, Departments were provided guidance to enhance capacity where necessary through limited non-benefited personnel options when possible. The second strategy includes a 4.6% vacancy factor, while Council directed that staff continue to hire for all vacant positions. The 4.6% salary savings represents approximately \$1.7 million projected saving.~~
- ~~• In terms of capital projects, the Town Council stated its capital budget priorities to continue implementation of wildfire protection, emergency preparedness, traffic calming/traffic safety for all users, parking study implementation, and advance other needed improvements. All of~~

~~these efforts support improving and enhancing transportation options, public safety, and quality of life within the context of prudent fiscal management.~~

Purpose of the Budget and Annual Comprehensive Financial Report

Our Town's budget is more than just numbers—it is a plan that ensures we use our resources efficiently and effectively, prioritizing our most important goals. Through this budget, the Town Council shapes our community's direction and priorities by allocating financial resources. The Annual Comprehensive Financial Report reflects the activities and financial condition of the previous year, serving as an essential document for residents, taxpayers, and other stakeholders to assess the Town's financial standing. While both documents are critical, they do not provide the complete picture of the financial or operational reality of the Town.

Forecasting Our Finances

The FY 2024/25 budget projections are based on economic trends and forecasts specific to our area. These estimates, informed by local data from the County of Santa Clara and consultants such as Avenu Insights & Analytics, help predict revenue from sources like taxes and government grants. Expenditures are carefully reviewed by departments and the Finance Department and are incorporated into the budget with a vacancy savings factor of 4.6%, reflecting the Town's historical trend of not fully expending predicted salaries and benefit costs.

Overall, the Town is financially stable and secure for the foreseeable future. During the FY 2023/24 fiscal year, the Town-wide Statement of Activities reported an increase in net position of \$5,883,955—a measure of the change in the value of assets impacted by Town operations during the year. This net position included \$3,125,616 from investment earnings, driven by high interest rates and unrealized gains due to the requirement to value current investments at market value as of June 30. Additionally, revenue exceeding budget estimates and expenditures coming in below projections contributed to this positive change.

This increase in net position reflects a broader trend, with eight of the last nine years showing positive net position growth. In the General Fund—the primary operating fund for Town operations—the available resources for the next fiscal year have also increased.

While encouraging, the increase in net position can be significantly influenced by market interest rate fluctuations, liability payments (including pension costs), and operational and capital expenditures. Additionally, accounting standards do not account for future capital costs beyond depreciation, meaning deferred capital needs could substantially impact future financial performance. Rising costs in key Town operations and contracted services also pose challenges that could outpace revenue growth.

Despite our stable position and financial cushion, maintaining this stability will require fiscal prudence and foresight to address future challenges.

Emerging Financial Challenges

Although we have experienced financial gains, we are facing significant cost pressures. Rising costs for basic services—including salaries, benefits, and contracting—are compounded by volatile pension costs, which have fluctuated dramatically in recent years. The competitive Silicon

Valley market and increasing regulatory requirements on local governments also drive up the cost of services and materials.

A major concern is the lack of preparation to fully fund or quantify the liabilities and annualized costs for maintaining our infrastructure – such as roads, parks, and buildings. These deferred maintenance needs could add millions to future expenses. The cost per mile of infrastructure repair continues to rise, leading to tradeoffs between non-capital and capital priorities. While progress has been made in identifying some of our needs, the Town is quite a ways from achieving a sustainable investment to address its substantial capital liabilities.

Sales tax, our second-largest revenue source, is expected to stagnate or decline due to reduced consumer spending capacity, higher costs, and the loss of high-tax businesses like car dealerships. In FY2023/24, sales tax revenue dropped 8.3% from the previous year to approximately \$8 million, aligning with the Town's historical average over the past decade. This flat revenue trajectory, combined with increasing operational and capital costs, poses a significant budgetary challenge.

Additionally, the region's economy is heavily influenced by industries affected by geopolitical dynamics. These dynamics could impact employment, property and transfer tax revenue, fees, occupancy taxes, and sales taxes, further adding uncertainty to the financial outlook.

Proactive Financial Strategies and Sustainable Financial Planning

It is essential for us to continuously monitor and evaluate our long-term financial sustainability, balancing major capital needs with the provision of essential services. Los Gatos is currently in a relatively strong financial position, supported by significant reserves. However, we must remain vigilant and prepared to address rising operational and capital costs that could outpace revenue growth. Our goal is to preserve the exceptional quality of life in our community through prudent and strategic financial management.

To achieve this, the Town must work to fully identify the true costs of basic operations as well as additional programs and services, comparing these costs to our capacity to sustain such activities over the long term. While our overall financial position is balanced, our focus must shift to achieving a sustainably balanced budget that ensures efficient and effective delivery of services at a level supported by available resources.

Key efforts in this direction should include:

- Establishing a shared understanding of our current and projected financial condition.
- Defining the basic and enhanced services provided to residents and businesses.
- Taking deliberate steps toward long-term financial sustainability.
- Identifying system and process improvements that reflect careful planning in how Town activities are delivered, ensuring accountability to those who fund these services.

These initiatives require a multi-year approach, and I am confident we can make meaningful progress in the years ahead.

REQUESTS FOR INFORMATION

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions about this report or requests for any additional information, should be directed to Gitta Ungvari, Finance Director, at 110 East Main Street, Los Gatos, California, 95030; email at gungvari@losgatosca.gov; or phone at (408) 354-6805.

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Basic Financial Statements

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES**

The Statement of Net Position, Statement of Activities, fund financial statements, and the notes to financial statements comprise the Basic Financial Statements of the Town.

The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire financial activities and financial position of the Town. They are prepared on the same basis of accounting (accrual) used by most businesses, which means they include all the Town’s assets and liabilities, as well as its revenues and expenses. The effect of the entire Town’s transactions is accounted for, regardless of when cash changes hands, and all material internal transactions between funds have been eliminated.

The Statement of Net Position report the Town’s total assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, and presents similar information to the old balance sheet format while focusing the reader on the composition of the Town’s net position (assets minus liabilities). The Statement of Net Position summarizes the financial position of the Town’s governmental activities in a single column.

The Town’s governmental activities include the activities of the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds. These funds are serviced by the Town’s Internal Service Funds; therefore internal service activities are consolidated with governmental activities after eliminating inter-fund transactions and balances.

The Statement of Activities reports increases and decreases in the Town’s net position and is prepared on the full accrual basis of accounting, which means it includes all the Town’s revenues and expenses regardless of when cash changed hands. This differs from the “modified accrual” basis of accounting used in the fund financial statements, which reflect only current assets, current liabilities, available revenues, and measurable expenditures.

The format of the Statement of Activities presents the Town’s expenses before revenues and by program. Program revenues (revenues generated directly by specific programs) are deducted from program expenses to arrive at the net expense of each governmental program, which is offset by general revenues as listed before the change in net position. From these components, the change in net position is computed and reconciled to the Statement of Net Position.

Both of these statements include the financial activities of the Town.

TOWN OF LOS GATOS, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2024

ITEM NO. 14.

	Governmental Activities
ASSETS	
Cash and investments	\$ 79,482,564
Restricted cash and investments	2,368,441
Receivables:	
Accounts	3,052,460
Interest	800,882
Intergovernmental	4,759,056
Other assets	152,614
Land held for resale	344,338
Long-term leases receivable	1,861,308
Long-term notes receivables	1,137,752
Capital Assets:	
Nondepreciable	26,064,735
Depreciable, net of accumulated depreciation	113,312,228
Total Assets	\$ 233,336,378
DEFERRED OUTFLOWS OF RESOURCES	
Pension adjustments	\$ 23,166,916
OPEB adjustments	5,806,759
Total Deferred Outflows of Resources	\$ 28,973,675
LIABILITIES	
Accounts payable	\$ 4,799,652
Accrued payroll and benefits	603,981
Interest payable	19,943
Due to other governments	82,372
Unearned Revenue	7,599,945
Deposits	6,258,763
Claims payable	1,889,992
Long-term liabilities:	
Due within one year	
Compensated absences	596,874
Subscription liabilities	211,678
Loans payable	156,034
Due in more than one year	
Net OPEB liability	9,009,446
Net pension liabilities	63,027,669
Compensated absences	2,514,083
Subscription liabilities	871,480
Loans payable	884,189
Total Liabilities	\$ 98,526,101
DEFERRED INFLOWS OF RESOURCES	
Leases	1,168,056
Pension adjustments	1,694,347
OPEB adjustments	1,515,332
Total Deferred Inflows of Resources	\$ 4,377,735
NET POSITION	
Net investment in capital assets	\$ 137,253,582
Restricted for:	
Library	556,848
Capital projects	9,043,666
Land held for resale	344,338
Lighting and landscape repairs and maintenance	182,625
Pensions	2,188,659
VTA	577,887
Worker's compensation claims	121,438
Total Restricted Net Position	13,015,461
Unrestricted	9,137,174
Total Net Position	\$ 159,406,217

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues				Total	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Governmental Activities:							
General government	\$ 11,113,238	\$ 2,694,162	\$ 63,088	\$ -	\$ 2,757,250	\$ (8,355,988)	
Public safety	23,783,313	1,980,431	917,317	-	2,897,748	(20,885,565)	
Parks and public works	14,075,171	4,211,420	1,828,050	5,668,252	11,707,722	(2,367,449)	
Community development	5,481,765	4,247,279	692,151	-	4,939,430	(542,335)	
Library services	3,853,748	2,514	167,303	-	169,817	(3,683,931)	
Sanitation	263,706	359,950	-	-	359,950	96,244	
Interest and fees	26,137	-	-	-	-	(26,137)	
Total Governmental Activities	\$ 58,597,078	\$ 13,495,756	\$ 3,667,909	5,668,252	\$ 22,831,917	(35,765,161)	
General revenues:							
Taxes:							
						24,224,142	
						8,071,735	
						2,547,011	
						2,367,653	
						55,196	
						41,461	
						12,880	
						1,417,370	
						1,712,246	
						1,199,422	
						<u>41,649,116</u>	
						5,883,955	
						<u>153,522,262</u>	
						<u>\$ 159,406,217</u>	

The notes to the financial statements are an integral part of this statement.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FUND FINANCIAL STATEMENTS &
MAJOR GOVERNMENTAL FUNDS

Fund Financial Statements:

The Fund Financial Statements only present major funds individually while nonmajor funds are combined in a single column. Major funds are generally defined as having significant activities or balances in the current year.

Major Governmental Funds:

The Town determined that the following funds were major funds for the year ended June 30, 2024. Individual non-major funds can be found in the supplemental section.

General Fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Appropriated Reserves Fund is used to account for resources provided for capital projects not fully funded from other sources.

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**TOWN OF LOS GATOS, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash & investments	\$ 34,471,425	\$ 25,746,502	\$ 10,415,070	\$ 70,632,997
Restricted cash & investments	2,188,659	-	58,344	2,247,003
Receivables:				
Accounts	1,784,830	1,145,377	82,843	3,013,050
Interest	800,882	-	-	800,882
Intergovernmental	1,815,445	2,713,517	230,094	4,759,056
Other assets	152,614	-	-	152,614
Land held for resale	344,338	-	-	344,338
Leases receivable	-	149,496	304,129	453,625
Long term note receivable	1,059,000	-	78,752	1,137,752
Total Assets	\$ 42,617,193	\$ 29,754,892	\$ 11,169,232	\$ 83,541,317
LIABILITIES				
Accounts payable	\$ 971,349	\$ 3,586,786	24,000	\$ 4,582,135
Accrued payroll and benefits	600,757	-	3,224	603,981
Due to other governments	82,313	-	-	82,313
Unearned revenue	3,641,936	2,032,211	64,795	7,599,945
Deposits	6,258,763	-	-	6,258,763
Total Liabilities	11,555,121	7,479,997	92,019	19,127,137
DEFERRED INFLOWS OF RESOURCES				
Leases	-	144,532	202,252	346,784
Unavailable revenue	-	3,064,793	-	3,064,793
Total Deferred Inflows of Resources	-	3,209,325	202,252	3,411,577
FUND BALANCE				
Nonspendable:				
Loans receivable	159,000	-	-	159,000
Restricted for:				
Library	-	-	556,848	556,848
Capital projects	-	-	9,043,666	9,043,666
Land held for resale	344,338	-	-	344,338
Repairs and maintenance	-	-	182,625	182,625
Pensions	2,188,659	-	-	2,188,659
VTA	-	577,887	-	577,887
Committed to:				
Budget stabilization	6,736,781	-	-	6,736,781
Catastrophic	6,736,781	-	-	6,736,781
Pensions/OPEB	300,000	-	-	300,000
Measure G 2018 district sales tax	590,581	1,572,619	-	2,163,200
Special revenue funds	-	-	1,091,822	1,091,822
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	292,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	8,651,056	16,421,064	-	25,072,120
Carryover encumbrances	85,861	-	-	85,861
Comcast PEG	-	50,000	-	50,000
ERAF Risk	1,430,054	-	-	1,430,054
Economic recovery	20,684	-	-	20,684
Compensated absences	1,555,478	-	-	1,555,478
Market fluctuations	1,712,246	-	-	1,712,246
Total Fund Balances	31,062,072	19,065,570	10,874,961	61,002,603
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 42,617,193	\$ 29,754,892	\$ 11,169,232	\$ 83,541,317

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET
POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Fund Balance - Total Governmental Funds \$ 61,002,603

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

CAPITAL ASSETS

Capital assets used in the Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds. 138,865,947

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are used by management to charge the cost of management of certain activities such as insurance, central services and maintenance to individual governmental funds. The net current assets of the internal service funds are therefore included as Governmental Activities in the Statement of Net Position. 7,534,550

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred outflows or deferred outflows of resources in the statement of net position.

Deferred outflows of resources:

PERS Miscellaneous Plan adjustments	\$ 9,339,476	
PERS Safety Plan adjustments	13,827,440	
OPEB plan adjustments	5,806,759	28,973,675

Deferred Inflows of resources:

PERS Miscellaneous Plan adjustments	\$ (18,028)	
PERS Safety Plan adjustments	(1,676,319)	
OPEB plan adjustments	(1,515,332)	(3,209,679)

DEFERRED INFLOWS OF RESOURCES

Revenues from grants that are funded in the fiscal year that will not be collected for several months after the Town's fiscal year end are not considered available and are classified as deferred inflows of resources in the governmental funds. 3,064,793

LONG-TERM LIABILITIES

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.

Subscription liabilities	\$ (637,377)	
Loans payable	(1,040,223)	
Net Pension Liabilities	(63,027,669)	
Net OPEB Liability	(9,009,446)	
Compensated absences	(3,110,957)	(76,825,672)

Net Position - Governmental Activities \$ 159,406,217

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 24,227,166	\$ -	\$ 38,437	\$ 24,265,603
Sales Taxes	8,071,735	-	-	8,071,735
Transient Occupancy Taxes	2,367,653	-	-	2,367,653
Other Taxes	5,520	-	24,838	30,358
Licenses & Permits	5,513,209	157,535	556,554	6,227,298
Intergovernmental	1,157,224	3,362,026	1,798,394	6,317,644
Charges for Services	5,913,520	1,137,659	-	7,051,179
Fines and Forfeitures	480,634	-	-	480,634
Franchise Fees	2,547,011	-	-	2,547,011
Developer Assessments	-	12,880	-	12,880
Interest	2,698,736	100,179	309,185	3,108,100
Use of Property	34,722	91,284	171,495	297,501
Other	516,082	-	88,411	604,493
Total Revenues	53,533,212	4,861,563	2,987,314	61,382,089
EXPENDITURES				
Current:				
General Government	9,573,022	-	-	9,573,022
Public Safety	20,718,781	-	-	20,718,781
Parks and Public Works	9,899,083	-	109,427	9,899,083
Community Development	5,246,729	-	-	5,246,729
Library Services	3,335,389	-	82,000	3,335,389
Sanitation and Other	-	-	252,605	252,605
Capital Outlay	708,302	10,193,353	1,464,600	12,366,255
Debt service:				
Principal	225,370	-	-	225,370
Interest & Fees	3,716	-	-	3,716
Total Expenditures	49,518,965	10,193,353	1,908,632	61,620,950
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,014,247	(5,331,790)	1,078,682	(238,861)
OTHER FINANCING SOURCES (USES)				
Subscriptions	706,713	-	-	706,713
Sale of capital assets	223	-	-	223
Transfers in	564,910	3,101,325	-	3,666,235
Transfers (out)	(3,752,325)	(453,990)	(110,920)	(4,317,235)
Total Other Financing Sources (Uses)	(2,480,479)	2,647,335	(110,920)	55,936
NET CHANGES IN FUND BALANCES	1,533,768	(2,684,455)	967,762	(182,925)
BEGINNING FUND BALANCES	29,528,304	21,750,025	9,907,199	61,185,528
ENDING FUND BALANCES	\$ 31,062,072	\$ 19,065,570	\$ 10,874,961	\$ 61,002,603

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ (182,925)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:</p>		
CAPITAL ASSET TRANSACTIONS		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets (additions)	\$ 12,016,644	
Current year depreciation	<u>(5,092,938)</u>	6,923,706
<p>Gains and losses from the disposal of capital assets are not considered current financial resources and are not recorded in the governmental fund statement of revenues and expenditures but are recorded in the government-wide statement of activities because they are economic resources.</p>		
		(24,094)
LONG-TERM DEBT PROCEEDS AND PAYMENTS		
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Subscription Liabilities Debt Issuances		(706,713)
Subscription Liabilities Principal Payments		69,336
PG&E Loan		156,034
UNAVAILABLE REVENUE		
<p>Revenues from grants that are funded in this fiscal year that will not be collected for several months after the Town's fiscal year end are not considered available and are classified as deferred inflows of resources in the governmental funds.</p>		
		2,266,093
COMPENSATED ABSENCES		
<p>In governmental funds, compensated absences such as vacations and sick leave are expenditures when taken. However, in the Government-Wide Statement of Activities, the current year change in the compensated absences liabilities is reported.</p>		
		50,290
OPEB PLAN CONTRIBUTIONS AND EXPENSES		
<p>In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year OPEB expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		
		122,506
PENSION PLAN CONTRIBUTIONS AND EXPENSE		
<p>In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		
		(3,781,956)
ALLOCATION ON INTERNAL SERVICE FUND ACTIVITY		
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.</p>		
		<u>991,678</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 5,883,955</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LOS GATOS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 23,249,311	\$ 23,938,717	\$ 24,227,166	\$ 288,449
Sales Taxes	9,152,778	7,881,069	8,071,735	190,666
Transient Occupancy Taxes	2,419,000	2,262,528	2,367,653	105,125
Other Taxes	7,000	7,000	5,520	(1,480)
Licenses & Permits	5,365,996	5,684,574	5,513,209	(171,365)
Intergovernmental	913,094	1,362,032	1,157,224	(204,808)
Charges for Services	4,416,250	4,715,797	5,913,520	1,197,723
Fines and Forfeitures	203,450	365,000	480,634	114,684
Franchise Fees	2,116,470	3,209,000	2,547,011	(761,692)
Interest	1,035,097	1,566,384	2,698,736	1,132,352
Use of Property	35,811	31,839	34,722	2,883
Other	281,954	622,555	516,082	(106,473)
Total Revenues	49,196,211	50,747,148	53,533,212	1,786,064
EXPENDITURES				
Current:				
General Government:				
Town Council	197,386	197,260	196,368	892
Town Attorney	77,000	947,963	751,614	196,349
Administrative Services	6,061,000	6,506,131	5,877,879	628,252
Non-Departmental	3,157,400	3,246,886	2,747,161	499,725
Total General Government	9,492,786	10,898,240	9,573,022	1,325,218
Public Safety	19,685,259	21,067,571	20,718,781	348,790
Parks & Public Works	10,028,859	10,401,802	9,789,656	612,146
Community Development	5,390,623	5,509,852	5,246,729	263,123
Library Services	3,175,170	3,285,841	3,253,389	32,452
Capital Outlay	-	40,000	708,302	(668,302)
Debt Service:				
Principal	156,034	156,034	225,370	(69,336)
Interest & Fees	-	-	3,716	(3,716)
Total Expenditures	48,611,095	51,359,340	49,518,965	1,840,375
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	585,116	387,808	4,014,247	3,626,439
OTHER FINANCING SOURCES (USES)				
Subscriptions	-	-	706,713	706,713
Gain from sale of assets	1,000	1,000	223	(777)
Transfers In	571,536	595,411	564,910	(30,501)
Transfers Out	(2,456,327)	(3,752,608)	(3,752,325)	283
Total Other Financing Sources (Uses)	(1,883,791)	(3,156,197)	(2,480,479)	675,718
NET CHANGES IN FUND BALANCE	\$ (1,298,675)	\$ (2,768,389)	1,533,768	\$ 4,302,157
BEGINNING FUND BALANCE			29,528,304	
ENDING FUND BALANCE			\$ 31,062,072	

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

**PROPRIETARY FUNDS -
INTERNAL SERVICE FUNDS**

Internal service funds account for Town operations financed and operated in a manner similar to a private business enterprise. The intent of the Town is that the cost of providing goods and services to other Town funds be financed through user charges to those funds.

The concept of major funds does not extend to internal service funds because they are used for internal activities only. In the Government-Wide Statement of Activities, the net revenues and expenses of the internal service funds are allocated to the Town Departments or programs that generated them, thus eliminating internal service funds.

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**TOWN OF LOS GATOS, CALIFORNIA
 PROPRIETARY FUNDS -
 STATEMENT OF NET POSITION
 JUNE 30, 2024**

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets:	
Cash & investments	\$ 8,849,567
Restricted cash & investments	121,438
Accounts Receivable	39,410
Total current assets	9,010,415
Noncurrent Assets:	
Leases receivable	1,407,683
Subscription assets, net	511,016
Total noncurrent assets	1,918,699
Total Assets	\$ 10,929,114
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 217,517
Due to other governments	59
Interest payable	19,943
Subscription liabilities - Current	161,331
Total current liabilities	398,850
Noncurrent liabilities:	
Claims payable	1,889,992
Subscription liabilities	284,450
Total noncurrent liabilities	2,174,442
Total Liabilities	\$ 2,573,292
DEFERRED INFLOWS OF RESOURCES	
Leases	\$ 821,272
NET POSITION	
Net Investment in capital assets	\$ 65,235
Restricted for workers compensation claims	121,438
Unrestricted	7,347,877
Total Net Position	\$ 7,534,550

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
 PROPRIETARY FUNDS -
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 4,398,817
Use of money and property	166,373
Other local taxes	24,838
Other revenue and reimbursements	486,265
Total Operating Revenues	5,076,293
OPERATING EXPENSES	
Insurance expenses	2,463,881
Services and Supplies	2,068,407
Depreciation/amortization	202,422
Total Operating Expenses	4,734,710
Operating Income (Loss)	341,583
NONOPERATING REVENUE (EXPENSES)	
Investment earnings	21,516
Interest expense	(22,421)
Income (loss) before transfers	340,678
Transfers in	651,000
Transfers out	-
Net transfers	651,000
Change in Net Position	991,678
BEGINNING NET POSITION	6,542,872
ENDING NET POSITION	\$ 7,534,550

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS, CALIFORNIA
 PROPRIETARY FUNDS -
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,759,258
Payments to suppliers	(4,433,671)
Insurance reimbursements	397,312
Claims paid	(361,241)
Net cash provided (used) by operating activities	361,658
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In	651,000
Transfers Out	-
Net cash provided (used) by noncapital financing activities	651,000
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Interest paid	(30,393)
Principal paid	(149,154)
Acquisition of subscription assets	-
Net cash provided (used) by capital related financing activities	(179,547)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash collected from investment earnings	21,516
Net cash provided (used) Investing Activities	21,516
Net Increase(Decrease) in Cash and Investments	854,627
Cash and investments - beginning of year	8,116,378
Cash and investments - end of year	\$ 8,971,005
Reconciliation of Operating Income to Cash Flows	
from Operating Activities:	
Operating Income	\$ 341,583
Adjustments to reconcile operating income to cash flows	
from operating activities:	
Depreciation/amortization	202,422
Change in assets and liabilities:	
Accounts receivables	36,028
Leases receivable	(59,528)
Deferred inflows of resources	103,777
Accounts payable	(25,908)
Claims payable	(236,716)
Cash Flows From Operating Activities	\$ 361,658
Cash and cash equivalents:	
Cash and investments	\$ 8,849,567
Restricted cash and investments	121,438
Total cash and cash equivalents	\$ 8,971,005

The notes to the financial statements are an integral part of this statement.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the Town as a trustee agent for individuals, private organizations and other governments. The financial activities of these funds are excluded from the government-wide financial statements but are presented in separate Fiduciary Fund financial statements.

RDA Successor Agency Private Purpose Trust Fund was established to account for the assets and liabilities transferred from the dissolution of the Town’s former Redevelopment Agency and the continuing operations related to existing Redevelopment Agency obligations.

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**TOWN OF LOS GATOS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>RDA Successor Agency</u>
ASSETS	
Cash and investments	\$ 2,026,518
Restricted cash and investments	2,118,936
Loans receivable	633,746
Capital assets:	
Depreciable, net of accumulated depreciation	<u>1,016,930</u>
Total Assets	<u>\$ 5,796,130</u>
LIABILITIES	
Accounts payable	\$ 27
Interest payable	187,218
Long-term debt:	
Due within one year	1,485,000
Due in more than one year	<u>8,755,925</u>
Total Liabilities	<u>\$ 10,428,170</u>
NET POSITION	
Restricted for RDA	<u>\$ (4,632,040)</u>
Total Net Position	<u>\$ (4,632,040)</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF LOS GATOS
PRIVATE PURPOSE TRUST FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>RDA Successor Agency</u>
ADDITIONS	
Property taxes	\$ 1,952,104
Investment earnings	<u>133,738</u>
Total Additions	<u>2,085,842</u>
DEDUCTIONS	
Program expenses of former RDA	5,394
Interest and fiscal agency expenses of RDA	423,007
Depreciation expense	<u>101,693</u>
Total Deductions	<u>530,094</u>
CHANGE IN NET POSITION	1,555,748
NET POSITION - BEGINNING OF YEAR	<u>(6,187,788)</u>
NET POSITION - END OF YEAR	<u>\$ (4,632,040)</u>

The notes to the financial statements are an integral part of this statement.

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Notes to Basic Financial Statements

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TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Financial Reporting Entity

The Town of Los Gatos (the “Town”) operates under a Council-Manager form of government and provides the following services; public safety (including police and emergency management), parks and public works, community development, library, public improvements, planning and zoning, and general administration services. Redevelopment services were provided primary through the Redevelopment Agency of the Town which was dissolved on February 1, 2012.

The Town is largely a residential community located in the foothills of the Santa Cruz Mountains and was incorporated as a municipal corporation in 1887. The Town’s population as of January 1, 2024, was 33,320.

As required by generally accepted accounting principles, the financial statements present the Town as the Primary Government and any component units for which the Town is considered financially accountable.

B. Description of Blended Component Units

The Town did not report any component units as a part of the primary government because the Town Council was not the governing body of any entities and no separate entity provided services entirely to the Town.

C. Description of Joint Ventures and Public Entity Risk Pool

As described in Note 13, the Town participates in two joint ventures and public entity risk pool activities through formally organized separate legal entities. The financial activities of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) and the Local Agency Workers’ Compensation Excess Joint Powers Authority (“LAWCX”) are not included in the accompanying basic financial statements as boards separate from and independent of the Town administer them.

D. Basis of Presentation

The Town’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (“GASB”) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the Town). These statements include the financial activities of the overall Town government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements present *governmental activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meet the operational needs of a particular program, and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary* and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds.

Internal service funds of the Town (which provide services primarily to other funds of the Town) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the Town's governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program in the Statement of Activities.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

E. Major Funds

GASB defines major funds and requires that the Town's major governmental funds be identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, deferred outflows of resources, liabilities, deferred outflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

The Town reported the following major governmental funds in the accompanying financial statements:

General Fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Appropriated Reserves Fund is used to account for resources provided for capital projects not fully funded from other sources.

The Town also reports the following fund types:

Internal Service Funds are used to account for services that are provided to other departments on a cost-reimbursement basis. Those services include workers compensation, self-insurance, facilities maintenance, information technology, and equipment.

Fiduciary Funds include Private-Purpose Trust Funds used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. The financial activities of this fund are excluded from the government-wide financial statement but are presented in separate Fiduciary Fund financial statements. Fiduciary Fund financial statements include a statement of net position and a statement of changes in net position. Fiduciary funds are presented using the “economic resources measurement focus.”

The Town reported the following Fiduciary Funds in the accompanying financial statements:

RDA Successor Agency Private Purpose Trust Fund accounts for the assets, liabilities, and operations transferred from the dissolution of the Town’s Redevelopment Agency, which includes the following:

- Certificates of Participation issued to finance several capital improvement projects throughout the Town.
- Redevelopment projects and related property tax revenue.
- Affordable Housing Set-Aside Program obligations.
- Repayment of obligations incurred by the Town’s Redevelopment Agency prior to its dissolution.

F. Basis of Accounting

The government-wide and fiduciary fund (except for agency funds) financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The Town considers property tax revenues reported in the governmental funds to be

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

ITEM NO. 14.

available if the revenues are collected or are reasonably expected to be collected within sixty days after year-end. For revenues other than property taxes, the Town generally applies the sixty-day period rule when considering the *measurable* and *available* criteria. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized upon becoming due and payable; and except for claims, judgments, and compensated absences, which are recognized when estimable and probable. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, and interest revenue. Fines, forfeitures, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the Town gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Town may fund programs with a combination of cost reimbursement grants, categorical block grants and/or general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs followed by general revenues as necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The Town applies the applicable GASB pronouncements for certain accounting and financial reporting guidance including those applicable to accounting and reporting for proprietary operations. In December of 2010, GASB issued *GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

Pensions - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Other Postemployment Benefit (OPEB) Expense

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Town’s Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Cash and Cash Equivalents - The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State of California statute and the Town’s investment policy authorize the Town to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, collateralized, non-negotiable certificates of deposit, commercial paper rated A-1/P-1, medium-term corporate notes rated A or its equivalent or better by Moody’s or Standard & Poor’s, asset backed corporate notes, bankers’ acceptances, mutual funds, and the State Treasurer’s investment pool (Local Agency Investment Fund).

The Town does not enter into repurchase or reverse repurchase agreements.

Restricted Cash and Investments - Certain restricted cash and investments are held by fiscal agents for pension stabilization, worker’s compensation insurance, and Successor Agency debt service obligations.

Investments - Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

ITEM NO. 14.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- **Market approach** - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- **Cost approach** - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- **Income approach** - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Materials, Supplies and Deposits (Other Assets) - These assets are held for consumption and are stated at cost using the first-in, first-out method. The costs are recorded as expenditures at the time the item is consumed.

Interfund Receivables and Payables - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/advances from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.”

Advances - Advances between funds and due from/to other funds are offset by a nonspendable fund balance in applicable Town funds to the extent to which they are not available for appropriation and are not expendable available financial resources.

Capital Assets - Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets or donated works of art and similar items should be reported at acquisition value rather than fair value. Also, note that capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. Capital assets, including infrastructure, are recorded if acquisition or construction costs exceeds \$10,000.

As required by GASB, the Town depreciates and amortizes capital assets with limited useful lives over their estimated useful lives. The purpose of depreciation/amortization is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets. The Town depreciates/amortizes using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Town has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

The Town has assigned the useful lives listed below to capital assets:

Buildings	25-40 years
Improvements	25-40 years
Machinery and equipment	2-20 years
Furniture and fixtures	5-12 years
Software	5-7 years
Infrastructure	20-40 years

Major capital outlay for capital assets and improvements are capitalized as projects are constructed.

Capital assets may be acquired using federal and state grants, contributions from developers, and contributions or grants from other governments. GASB 34 requires that these contributed assets be accounted for as revenue at the time they are contributed.

Leases Receivable - The Town's leases receivable is measured at the present value of lease payments expected to be received during the lease term. The present value, net of accumulated amortization, is reported as deferred inflows of resources is recorded for leases. Deferred inflows of resources are recorded at the initiation of the lease in an amount equal to the initial recording of the leases receivable, plus incentive payments received. Amounts recorded as deferred inflows of resources from the leases are amortized on a straight-line basis over the term of the lease.

Deferred Compensation Plan - The Town established a deferred compensation plan created in accordance with California Government Code Section 53212 and Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Deferred compensation plans are not reported as part of the Town's assets or liabilities, as the deferred compensation plan trustees hold those funds in trust on behalf of employees until the employees are eligible to receive the benefits.

Compensated Absences - Accumulated Vacation, Sick Pay, and Other Employee Benefits are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. Sick leave earned is cashed out based on the following schedule for employees with at least 150 hours accrued and up to a maximum amount as specified under labor contract provisions:

For employees under contract 1-59 months	25.0%
For employees under contract 60-119 months	37.5%
For employees under contract 120 months or more	50.0%

The Town's liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as liabilities of each fund;

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

the long-term portion is recorded in the Statement of Net Position. The changes of the compensated absences were as follows:

Beginning Balance	\$ 3,161,247
Net Change	<u>(50,290)</u>
Ending Balance	3,110,957
Compensated Absences Current	<u>596,874</u>
Compensated Absences Noncurrent	<u>\$ 2,514,083</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. Only compensated absences related to terminated employees are reported in the fund financial statements.

Unearned Revenue - Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

Long-Term Liabilities - In the government-wide financial statements and private-purpose trust funds long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Subscription Based Information Technology Arrangements - The Town recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The Town's estimated incremental borrowing rate is calculated as described above. The Town's estimated incremental borrowing rate is based on its most recent public debt issuance.

Deferred Outflows/Deferred Inflows of Resources - Deferred outflows of resources is a consumption of net assets by the Town that is applicable to a future reporting period, for example, contributions to pension and OPEB plans that are after the actuarial measurement date. Deferred inflows of resources is an acquisition of net assets by the Town that is applicable to a future reporting period, for example, unavailable revenue.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Net Position - In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Fund Balances - The Town does not have a policy identifying a minimum unassigned fund balance. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the remaining fund balances are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Nonspendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the Town Council.

Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Manager or the Finance Director.

Unassigned includes fund balances within the funds which have not been classified within the above-mentioned categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events - Management has considered subsequent events through November 11, 2024, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require disclosure.

Property Tax Levy, Collection and Maximum Rates - State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold, transferred, or substantially improved. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts.

The County of Santa Clara assesses properties, bills for and collects property taxes on the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	March 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue and receivables when they are collected during the fiscal year of levy or within 60 days of year-end.

Budgets and Budgetary Accounting - The Town follows the procedures below when establishing the budgetary data reflected in the financial statements:

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

1. The Town Manager submits to the Town Council a proposed operating and capital improvement budget for the fiscal year commencing the following July 1. The budgets include the proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through adoption of Town resolution by Council.
4. The Town Manager is authorized to implement the programs as approved in the adopted budget. Within a specific fund, the Town Manager may transfer appropriations between categories, departments, projects and programs as needed to implement the adopted budget, whereas the Town Council must authorize budget increases and decreases, and transfers between funds.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles except for proprietary funds which budget for capital outlays but not depreciation. Budgets were adopted for the General Fund, Special Revenue Funds, Internal Service Funds, and Capital Projects Funds.
6. Budgeted amounts are as originally adopted or as amended by Town Council. Individual amendments were not material in relation to original appropriations.

Excess of Expenditures over Appropriations - There were no significant expenditures in excess of budget during for the year ended June 30, 2024.

Encumbrances - Under encumbrance accounting, purchase orders, contract and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Encumbrances outstanding at year end are reported as commitments or assignments of fund balances since they do not constitute expenditure liabilities; unexpended and unencumbered appropriations lapse at year end in all funds. Encumbered appropriations are carried forward to the following year.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for the presentation in the current-year financial statements.

G. Accounting and Reporting Changes

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This statement did not have a material impact on the financial statements.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit pension employment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or non-cash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. However, the Town implemented GASB 101 as of June 30, 2024. This statement did not have a material impact on the financial statements.

H. Upcoming Accounting and Reporting Changes

The Town is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
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government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

The Town pools cash from all sources and all funds except Restricted Cash and Investments so that it can be invested at the maximum yield, consistent with safety and liquidity, while existing funds have cash available for expenditures.

Cash and Investments Defined

The Town includes only cash deposits in banks as cash. Investments in LAIF and government securities mutual funds are net in the order of liquidity, since they may be withdrawn without penalty. U.S. Treasuries, U.S. Agencies and Certificates of Deposit are the Town's least liquid investments, since they must be held to maturity.

Cash Deposits with Banks and Custodial Credit Risk

California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110% of the Town's cash on deposit, first trust deed mortgage notes with a value of 150% of the deposit, or letters of credit issued by the Federal Home Loan Bank of San Francisco with a value of 100% of the deposit as collateral. Under California Law this collateral is held in the Town's name and places the Town ahead of general creditors of the institution. The Town's cash deposits are collateralized under this law.

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The bank balance of the Town's cash deposits was \$15,664,336 and the carrying amount was \$15,176,656 as of June 30, 2024. The bank balance and the carrying amount differed due to deposits in transit and outstanding checks.

Investments

The Town and its fiscal agent invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called "securities instruments," or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to maximize security, the Town employs the Trust department of a bank as the custodian of all its investments, regardless of their form.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Local Agency Investment Fund (LAIF)

The Town invests in the California State Treasurer's Local Agency Investment Fund. LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the State Treasurer. As of June 30, 2024, LAIF had approximately \$178 billion in investments that were fully invested in non-derivative financial products. These investments are described as follows:

1. Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and / or that have embedded forwards or options.
2. Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Risk Disclosures

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the Town's investments to market interest rate

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fluctuations is provided in the summary of cash and investments table on the following page that shows the distribution of the Town's investments by maturity.

Credit Risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The summary of cash and investments table on the following page shows the minimum rating under the actual rating of the Town's investments at year end.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's investment in money market fund and LAIF is not categorized as to custodial credit risk. Its U.S. Government Agency Securities investment is held by a third-party financial institution under the third party's trust department's name and thus not exposed to custodial credit risk.

Concentration of Credit Risk is the risk that the Town's investments are exposed because the types of investments have been too limited. The Town's Policy states that, with the exception of US Treasury securities and LAIF, no more than 50% of the Town's total investment portfolio will be invested in one single security type or with a single financial institution. The Town was in compliance with this policy as of June 30, 2024.

The following table summarizes the Town's policy related to maturities and concentration of investments:

Investment Type	Maximum Maturity	Maximum Portfolio Percentage
US Treasury Obligations	5 years	None
US Agency Obligations	5 years	None
Banker's Acceptances	180 days	30%
Commercial Paper	270 days	25%
Medium Term Notes	5 years	30%
Collateralized CD's	5 years	30%
CA LAIF	NA	\$75 million
Money Market Funds	NA	20%

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The following is a summary of the Town’s Cash and Investments (stated at fair value) as of June 30, 2024:

Description	Available for Operations	Restricted	Total	Concentration of Credit Risk	Rating	Input Level	Time to Mature (Years)	Weighted Average Maturity
Government Bonds	\$ 20,229,135	-	\$ 20,229,135	30.50%	AA+	2	.42-4.51	2.51
Government Agencies	15,255,972	-	15,255,972	23.00%	AA+	2	.01-4.72	1.92
Corporate Bonds	14,328,567	-	14,328,567	21.60%	A- to AA+	2	.13-4.79	3.00
Mutual Funds	61,190	-	61,190	0.09%	Not Rated	2	n/a	n/a
LAIF	16,455,165	-	16,455,165	24.81%	Not Rated	n/a	n/a	n/a
Total Investments	66,330,029	-	66,330,029	100.00%				
Cash Deposits with Banks	15,159,123	2,298,718	17,457,841					
Money Market Accounts	17,530	-	17,530					
Pension Trust	-	2,188,659	2,188,659					
Cash on Hand at Town	2,400	-	2,400					
Total Cash and Investments	\$ 81,509,082	\$ 4,487,377	\$ 85,996,459					

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted by Town debt or Agency agreements.

Description	Town	Fiduciary Funds	Totals
Cash and Investments Available for Operations	\$ 79,157,564	\$ 2,026,518	\$ 81,509,082
Restricted Cash and Investments	2,368,441	2,118,936	4,487,377
Total Cash and Investments	\$ 81,851,005	\$ 4,145,454	\$ 85,996,459

NOTE 3 - LONG-TERM NOTES RECEIVABLE

The Town had the following long-term notes receivable as of June 30, 2024:

Description	Interest Rate	Maturity	Balance
General Fund:			
Rehab Loan to Charities	Various	Various	\$ 159,000
BMP Loans	Various	Various	900,000
Total General Fund			1,059,000
Community Development Block Grant Fund (CDBG):			
Housing Conservation	0-5%	Various	78,752
Total CDBG			78,752
Total Long-Term Notes Receivable - Government-Wide Statement of Net Position			1,137,752
Successor Agency Affordable Housing:			
Project Match	Various	Various	633,746
Total Long-Term Notes Receivable			\$ 1,771,498

BMP Loans - The purpose of the Below Market Price (BMP) Housing Program is to provide adequate housing for Los Gatos residents, regardless of age, income, race, or ethnic background. As required by

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the State, the Town plans and facilitates the construction of housing adequate for future populations consistent with environmental limitations and in a proper relationship to community facilities, open space, transportation, and small-town character.

Active Home Loans and Housing Conservation Loans - The Town used CDBG Funds (funded through federal grants) to assist low- and moderate-income homeowners to improve their homes and to fund low-income housing rental properties acquisition and rehabilitation. These loans are secured by deeds of trust.

Project Match - The Successor Agency has a loan agreement with Project Match, a nonprofit benefit corporation, to acquire and rehabilitate four- or five-bedroom single family homes. The property is to provide affordable housing rental to very low-income senior households. The loan receivable is evidenced by a promissory note and secured by a deed of trust. From inception of the loan through June 30, 2024, no interest or principal payments have been made.

NOTE 4 - LEASES RECEIVABLE

In March of 2021, the Town entered into a five-year lease with Tesla Motor Cars (Tesla) allowing Tesla to use Town property at the North Lot for charging stations. Under the lease, Tesla pays the Town \$96,000 per year during the term of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2%.

In January of 2010, the Town entered into a twenty-year lease with the Los Gatos Saratoga Recreation (LGS) allowing LGS to use the property at 22 East Main Street. Under the lease, LGS paid the Town \$19,950 per year at the beginning of the lease. After cumulative CPI adjustments, the payment in the final year of the lease will be \$216. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 6.6%.

In January of 2010, the Town entered into a twenty-year lease with the Los Gatos Saratoga Recreation (LGS) allowing LGS to use the property at 208 East Main Street. Under the lease, LGS paid the Town \$90,000 per year at the beginning of the lease. After cumulative CPI adjustments, the payment in the final year of the lease will be \$243,435. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 6.6%.

In January of 2016, the Town entered into a twenty-year lease with New Museum Los Gatos (NUMU) to use the property at 106 East Main Street. Under the lease, NUMU pays the Town \$25,000 per year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.86%.

In December of 2022, the Town entered into a fifty-five-month lease with CineLux Theaters allowing CineLux Theaters to use the Los Gatos Theatre building. Under the lease, CineLux Theaters pays the Town up to \$120,000 per year during the term of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.99%.

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The following summarizes the lease balances as of June 30, 2024:

Lease Receivable	Beginning	Additions	Deletions	Ending
Tesla	\$ 241,506	\$ -	\$ (92,010)	\$ 149,496
LGS 123 E. Main St	148,858	-	(17,852)	131,006
LGS 208 E. Main St	1,199,297	-	(143,795)	1,055,502
NUMU	-	232,841	(11,666)	221,175
Los Gatos Theatre	319,957	-	(15,828)	304,129
	\$ 1,909,618	\$ 232,841	\$ (281,151)	\$ 1,861,308

Deferred Inflows of Resources	Beginning	Additions	Deletions	Ending
Tesla	\$ 235,816	\$ -	\$ (91,284)	\$ 144,532
LGS 123 E. Main St	83,399	-	(12,997)	70,402
LGS 208 E. Main St	634,096	-	(98,820)	535,276
NUMU	-	232,841	(17,247)	215,594
Los Gatos Theatre	269,670	-	(67,418)	202,252
	\$ 1,222,981	\$ 232,841	\$ (281,766)	\$ 1,168,056

The following summarizes the future lease collections as of June 30, 2024:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 466,746	\$ 104,325	\$ 466,746
2026	446,761	82,970	446,761
2027	415,875	62,902	415,875
2028	291,088	42,949	291,088
2029	296,412	26,020	296,412
2030-2034	239,021	33,434	239,021
2035-2039	62,499	4,494	62,499
Total Future Collections	\$ 1,861,308	\$ 357,094	\$ 2,218,402

NOTE 5 - INTERFUND TRANSACTIONS

Inter-fund Receivables and Payables - Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years.

Transfers - With Council approval resources may be transferred from one fund to another. Transfers routinely reimburse funds that have made an expenditure on behalf of another fund. Transfers may also be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects.

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Transfers between funds during the fiscal year ended June 30, 2024 were as follows:

Transfers Out			Transfers In		
Opinion Unit	Program Title	Amount	Opinion Unit	Program Title	Description
General Fund	Non-Departmental	\$ 1,615,000	Appropriated Reserves	GFAR	Adopted Budget Support
General Fund	Non-Departmental	430,000	Internal Service	Liability Program	Internal Service Fund
General Fund	Non-Departmental	866,281	Appropriated Reserves	ARC Interim Community Center	Capital Project
General Fund	Non-Departmental	221,000	Internal Service	Facilities	Rent Waivers
General Fund	Measure G Program	620,044	Appropriated Reserves	GFAR	Capital projects
Nonmajor	Blackwell District	460	General Fund	Non-Departmental	Admin Support
Nonmajor	Kennedy Meadows	1,510	General Fund	Non-Departmental	Admin Support
Nonmajor	Gemini Court	610	General Fund	Non-Departmental	Admin Support
Nonmajor	Santa Rosa Heights	660	General Fund	Non-Departmental	Admin Support
Nonmajor	Vasona Heights	1,430	General Fund	Non-Departmental	Admin Support
Nonmajor	Hillbrook Drive	250	General Fund	Non-Departmental	Admin Support
Appropriated Reserves	GFAR	102,000	General Fund	Non-Departmental	Vehicle Impact Fees
Appropriated Reserves	Street Repairs & Resurfacing	23,875	General Fund	PP&A Admin	Engineering Support
Appropriated Reserves	GFAR	193,933	General Fund	W Admin	Engineering Support
Appropriated Reserves	GFAR	121,683	General Fund	Traffic Engineering	Engineering Support
Appropriated Reserves	Traffic Mitigation	12,499	General Fund	Non-Departmental	Admin Support
Nonmajor	Gas Tax	106,000	General Fund	Non-Departmental	Admin Support
	Total Transfers	\$ 4,317,235			

NOTE 6 - CAPITAL ASSETS

Changes in the Town's capital assets during the fiscal year are shown as follows:

	Beginning	Additions	Retirements	Transfers	Ending
Nondepreciable/Amortizable Capital Assets:					
Land	\$ 26,066,103	-	\$ -	\$ (1,368)	\$ 26,064,735
Construction in Progress	7,513,148	7,131,654	-	846,241	15,491,043
Total Nondepreciable/Amortizable	33,579,251	7,131,654	-	844,873	41,555,778
Depreciable/Amortizable Capital Assets:					
Subscription Right of Use Assets	915,860	706,713	-	-	1,622,573
Buildings and Improvements	39,902,775	51,564	-	2,908,377	42,862,716
Equipment & Vehicle	12,952,294	187,323	(243,421)	(2,751)	12,893,445
Infrastructure - All Other	28,358,260	133,367	-	-	28,491,627
Infrastructure - Streets	87,941,698	3,806,023	(1,695,310)	(3,750,500)	86,301,911
Total Depreciable/Amortizable	170,070,887	4,884,990	(1,938,731)	(844,874)	172,172,272
Less Accumulated Depreciation/Amortization for:					
Subscription Right of Use Assets	202,422	220,090	-	-	422,512
Buildings and Improvements	11,056,169	935,250	-	3,861	11,995,280
Equipment & Vehicle	10,489,600	604,526	(219,330)	(3,859)	10,870,937
Infrastructure - All Other	9,677,566	874,817	-	-	10,552,383
Infrastructure - Streets	39,544,608	2,660,677	(1,695,310)	-	40,509,975
Total Accumulated Depreciation/Amortization	70,970,365	5,295,360	(1,914,640)	2	74,351,087
Net Depreciable/Amortizable Capital Assets	99,100,522	(410,370)	(24,091)	(844,876)	97,821,185
Capital Assets, Net	\$ 132,679,773	\$ 6,721,284	\$ (24,091)	\$ (3)	\$ 139,376,963

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During the year, the Town transferred \$2,907,014 from construction in progress (CIP) to buildings and improvements and \$141,324 to infrastructure streets for capital projects that were completed and placed in service. The transfers out were offset by \$3,894,579 of transfers in. The Town transferred \$3,891,824 from infrastructure - streets back into CIP since these assets were not available for service. The net transfers out of infrastructure - streets of \$3,750,500 include the \$3,891,824 transfer out to CIP net of the \$141,324 transfer in from CIP as reported in the above schedule. There was also a reclassification of equipment back into CIP of \$2,751. Total transfers into buildings and improvements included a land reclassification of \$1,368 for a total transfer in of \$2,908,377. The assets reclassified to CIP had not been depreciated.

Depreciation/amortization expense is charged to functions and programs based on their usage of the related assets. The amount allocated to each function or program is as follows:

Governmental Activities	Depreciation/ Amortization Expense
General Government	\$ 550,355
Public Safety	439,232
Parks & Public Works	3,855,796
Community Development	48,251
Library	399,618
Sanitation	2,108
Total Governmental Activities	\$ 5,295,360

Changes in the RDA Successor Agency trust fund capital assets during the fiscal year are shown as follows:

	Beginning	Adjustments and Additions	Retirements	Ending
Depreciable/Amortizable Capital Assets				
Buildings and Improvements	\$ 4,067,708	\$ -	\$ -	\$ 4,067,708
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	2,949,085	101,693	-	3,050,778
Net Depreciable/Amortizable Capital Assets	1,118,623	(101,693)	-	1,016,930
Capital Assets, Net	\$ 1,118,623	\$ (101,693)	\$ -	\$ 1,016,930

NOTE 7 - LONG-TERM OBLIGATIONS

The Town generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

The following summarizes the changes in long-term debt in the Town during the fiscal year ended June 30, 2024:

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Long-Term Debt	Interest Rate	Maturity Date	Original Issue	Beginning Balance	Additions/ Adjustments	Deletions	Ending Balance
Direct Borrowings:							
PG&E Loan	0%	2031	\$ 1,560,336	\$ 1,196,257	\$ -	\$ 156,034	\$ 1,040,223
Due Within One Year							<u>156,034</u>
Due in More Than One Year							<u>\$ 884,189</u>

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Future debt service requirements of the PG&E loan were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 156,034	\$ -	\$ 156,034
2026	156,034	-	156,034
2027	156,034	-	156,034
2028	156,034	-	156,034
2029	156,034	-	156,034
2030-2034	260,053	-	260,053
Total Debt Service	\$ 1,040,223	\$ -	\$ 1,040,223

The following summarizes the changes in long-term debt in the Successor Agency trust fund during the fiscal year ended June 30, 2024:

Long-Term Debt	Interest Rate	Maturity Date	Original Issue	Beginning Balance	Deletions	Ending Balance
2002 COP	2.5-5%	2031	\$ 10,725,000	\$ 4,850,000	\$ 440,000	\$ 4,420,000
2010 COP	2.5-4.25%	2028	15,675,000	11,570,000	975,000	5,595,000
Subtotal COP's			26,400,000	11,430,000	1,415,000	10,015,000
Premiums			22,095	263,580	37,655	225,925
Total Long-Term Debt			\$ 27,553,095	\$ 11,693,580	\$ 1,452,655	\$ 10,240,925
Due Within One Year						1,485,000
Due in More Than One Year						<u>\$ 8,755,925</u>

2002 Certificates of Participation (2002 COPs) - On July 18, 2002, the Town and the Los Gatos Redevelopment Agency issued \$10,725,000 in 2002 COPs, Series A, to finance the acquisition, construction, rehabilitation, equipping, and improvement of several capital improvement projects. The Town had pledged lease payments on real property and facilities comprised of the Parks and Public Works Service Center and Baseball Field, as well as Parking Lot No. 1, 2, and 3, as collateral for the repayment of the Certificates. Principal payments are due annually on August 1st, with interest payments due semi-annually on February 1st and August 1st.

2010 Certificates of Participation (2010 COPs) - On June 1, 2010, \$15,675,000 of 2010 COPs were issued to finance the acquisition, construction, and improvement of a library on the Town's Civic Center campus, to be owned and operated by the Town. Principal payments are due annually on August 1, with interest payments due semi-annually on February 1 and August 1.

To assist the Town in paying the cost of acquisition and construction of various projects, the Town and its Redevelopment Agency entered into lease and reimbursement agreements in 2002 and 2010. Under the agreements, the Agency will use available net tax increment revenues resulting from the projects' effect on land values to repay the Town for all lease payments made by the Town to the Agency under the lease agreements for the projects. Net tax increment revenues are all taxes allocated to and paid into the Successor Agency private-purpose trust fund.

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Future debt service requirements of the Certificates of Participation were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,485,000	\$ 417,300	\$ 1,902,300
2026	1,550,000	351,850	1,901,850
2027	1,625,000	283,375	1,908,375
2028	1,705,000	210,819	1,915,819
2029	1,790,000	133,156	1,923,156
2030-2034	1,860,000	142,500	2,002,500
Total Debt Service	\$ 10,015,000	\$ 1,539,000	\$ 11,554,000

The Successor Agency must maintain a required amount of cash and investments with the trustee under the terms of the COPs issues. These funds are pledged as reserves to be used if the Successor Agency fails to meet its obligations under the COPs issue and totaled \$2,118,936 as of June 30, 2024. The California Government Code requires these funds to be invested in accordance with Town ordinance, bond indentures or State statutes. All these funds have been invested as permitted under the Code.

NOTE 8 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

The following summarizes the terms of the Town's subscription-based information technology agreements as of June 30, 2024:

Terms	Accela	Microsoft	Axon
Start	7/1/2021	7/1/2022	4/1/2024
End	30/2026	7/1/2025	4/1/2034
Annual Rate	4.66%	4.92%	6.31%
Prepayments	\$ 227,179	\$ -	\$ -
Implementation Cost	\$ 35,000	\$ -	\$ -
Principal Paid	\$ 102,174	\$ 46,980	\$ 69,336
Interest Paid	\$ 17,320	\$ 13,073	\$ 3,716
Amortization	\$ 149,337	\$ 53,085	\$ 17,668

The following summarizes the Town's subscription right of use assets as of June 30, 2024:

Subscription Right of Use Assets	Accela	Microsoft	Axon	Total
Beginning	\$ 597,350	\$ 318,510	\$ -	\$ 915,860
Additions	-	-	706,713	706,713
Deletions	-	-	-	-
Ending	597,350	318,510	706,713	1,622,573
Accumulated Amortization	(298,674)	(106,170)	(17,668)	(422,512)
Subscription ROA, Net	<u>\$ 298,676</u>	<u>\$ 212,340</u>	<u>\$ 689,045</u>	<u>\$ 1,200,061</u>

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The following summarizes the Town’s subscription liabilities as of June 30, 2024:

Subscription Liabilities	Accela	Microsoft	Axon	Total
Beginning	\$ 335,171	\$ 259,764	\$ -	\$ 594,935
Additions	-	-	706,713	706,713
Deletions	(102,174)	(46,980)	(69,336)	(218,490)
Ending	232,997	212,784	637,377	1,083,158
Due Within One Year	111,987	49,344	50,347	211,678
Due in More Than One Year	<u>\$ 121,010</u>	<u>\$ 163,440</u>	<u>\$ 587,030</u>	<u>\$ 871,480</u>

The following summarizes the Town’s future payments for subscription liabilities as of June 30, 2024:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 211,678	\$ 60,203	274,881
2026	226,457	52,118	278,575
2027	111,537	40,266	151,803
2028	117,985	37,817	151,802
2029	67,512	26,990	94,502
2030-2034	347,989	79,232	407,221
Total Debt Service	<u>\$ 1,083,158</u>	<u>\$ 277,626</u>	<u>\$ 1,358,784</u>

NOTE 9 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT COMMITMENT

Special assessment districts are established in various parts of the Town to provide improvements to properties located in those districts. Properties are assessed for the cost of the improvements. These assessments are payable over the term of the debt issued to finance the improvements and are used to pay debt service on debt issued to fund the improvements. The Town is acting only as an agent and has no legal liability with respect to the payment of any indebtedness of the Downtown Parking Assessment District. There was no non-obligated debt outstanding as of June 30, 2024.

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NOTE 10 - FUND BALANCES

Fund balance for governmental funds is reported in classifications (nonspendable, restricted, committed, assigned, and unassigned) that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As of June 30, 2024, fund balances were classified as follows:

Town of Los Gatos
Copy of Changes in Fund Balance Disclosure
June 30, 2024

	Beginning Balance	Additions	Deletions	Ending Balance
Nonspendable				
Loans Receivable	\$ 159,000	\$ -	\$ -	\$ 159,000
Leases	55,977	-	(55,977)	-
Total Nonspendable	214,977	-	(55,977)	159,000
Restricted:				
Library	530,100	108,676	(82,002)	556,848
Capital projects	8,328,572	2,285,694	(1,570,600)	9,043,666
Land held for resale	344,338	-	-	344,338
Repairs and maintenance	176,500	44,555	(38,896)	182,625
Pensions	1,900,125	791,012	(2,516)	2,188,659
VTA	4,826	538,736	(455,675)	577,887
Total Restricted	11,270,039	3,768,673	(2,149,689)	12,894,023
Committed:				
Budget stabilization and catastrophes	6,129,774	607,007	-	6,736,781
Catastrophic	6,129,775	607,006	-	6,736,781
Pension/OPEB Reserve	300,000	300,000	(300,000)	300,000
Measure G 2018 District Sales Tax - Residual	590,581	-	-	590,581
Measure G 2018 District Sales Tax - Capital	1,769,057	-	(196,438)	1,572,619
Special revenue funds	821,200	701,620	(430,998)	1,091,822
Total Committed	15,740,387	2,215,633	(927,436)	17,028,584
Assigned:				
Open Space	562,000	-	-	562,000
Parking	100,000	192,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	29,238,029	7,508,897	(11,674,806)	25,072,120
Carryover encumbrances	37,698	48,163	-	85,861
Comcast PEG	50,000	-	-	50,000
ERAF Risk	689,608	740,446	-	1,430,054
Economic recovery	1,556,614	-	(1,535,930)	20,684
Compensated Absences	1,580,623	-	(25,145)	1,555,478
Market fluctuations	-	1,712,246	-	1,712,246
Total Assigned	33,955,125	10,201,752	(13,235,881)	30,920,996
Total Fund Balance - Gov't Funds	\$ 61,185,528	\$ 16,186,058	\$ (16,368,983)	\$ 61,002,603

TOWN OF LOS GATOS, CALIFORNIA
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ITEM NO. 14.

Nonspendable

Loans receivable nonspendable fund balance reflects long-term loans that are offset by unearned and deferred amounts.

Leases nonspendable fund balance reflects leases receivable that are offset by unearned and deferred amounts.

Restricted

Library reflects fund balance from donations and bequests held in trust for the benefit of the Town's library.

Capital Outlay funded from storm drain fees, construction taxes and debt proceeds are legally restricted for major capital projects.

Repairs and Maintenance reflects legally restricted balances for repairs and maintenance of lighting and landscape property and open space property that are financed with special tax assessments on the benefiting property.

Pension restricted are amounts paid into a separate legal trust for the Town's Miscellaneous and Safety pension plans administered by CALPERS.

VTA are funds provided by the Valley Transportation Authority's Measure B restricted for the pavement/crack seal rehabilitation project.

Committed

Budget Stabilization and Catastrophic fund balance has been committed per Town Council resolution. The Town Council has established by resolution the budget stabilization arrangement and the catastrophe arrangement. The total balances in these arrangements are to be maintained at 25% of annual General Fund ongoing, operating expenditures, excluding one-time expenditures, divided equally between both arrangements. When either arrangement is used, Town Council will develop a 1 to 5-year reserve replenishment plan to meet the minimum threshold of 25% of General Fund ongoing, operating expenditures, excluding onetime expenditures.

The arrangements can be used when:

- Unforeseen emergencies, such as a disaster or catastrophic event occur.
- Significant decrease in property or sales tax, or other economically sensitive revenues.
- Loss of businesses considered to be significant sales tax generators.
- Reductions in revenue due to actions by the state /federal government.
- Workflow/technical system improvements to reduce ongoing personnel costs and enhance customer service.
- One-time maintenance of service levels due to significant economic budget constraints
- One-time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.

TOWN OF LOS GATOS, CALIFORNIA
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ITEM NO. 14.

Should any of the events listed above occur that require the expenditure of Town resources beyond those provided for in the annual budget, the Town Manager or designee shall have authority to approve catastrophic or budget stabilization arrangement appropriations. The Town Manager or designee shall then present to the Town Council a budget amendment confirming the nature of the event and authorizing the appropriation of reserve funds.

Pension/OPEB Reserve committed fund balance will be used to fund net pension liabilities for the Town's Miscellaneous and Safety pension plans administered by CALPERS. Town policy provides, to the extent possible, that additional annual deposits be calculated committed with the goal of moving the payment of the unfunded pension liability from a 29-year to a 20-year amortization period.

Special Revenue Fund committed fund balance will be used for the activities of the respective special revenue funds.

Assigned

Open Space assigned fund balance will be used to make selective open space acquisitions.

Parking assigned fund balance will be used to mitigate parking issues within the Town.

Sustainability assigned fund balance will be used to fund ongoing sustainability initiatives and programs.

Capital/Special Projects assigned fund balance will be used for the acquisition and construction of capital facilities as well as special projects or activities directed by the Town Council.

Carryover Encumbrances assigned fund balance are unspent commitments carried through to future periods.

Comcast PEG assigned fund balance will be used to fund capital improvements linked to the televising of Council and Planning Commission meetings.

Education Realignment Augmentation Fund (ERAF) assigned fund balance has been established to set-aside thirty percent of the anticipated ERAF proceeds from FY 2022/23 until a lawsuit between the State and the School Districts concludes.

Economic Recovery assigned fund balance has been established, after utilizing ARPA replacement revenues, to account for General Fund revenues set-aside for essential government services, economic recovery and business support, enhanced senior services, capital program augmentations, and other one-time uses.

Compensated Absences assigned fund balance will be used for vacation and sick-pay benefits owed to employees as of June 30, 2024 that were not an obligation of the General Fund because of their long-term nature.

Measure G 2018 District Sales Tax assigned fund balances for operational and capital will be used to track receipt and use of the 1/8 cents District tax funds collected by the Town for operational and capital expenditures.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - EMPLOYEES' RETIREMENT PLAN

The following summarizes the pension balances as of year-end:

	Defined Benefit Plans		
	Misc	Safety	Total
Deferred outflows of resources	\$ 9,339,476	\$ 13,827,440	\$ 23,166,916
Deferred inflows of resources	\$ 18,028	\$ 1,676,319	\$ 1,694,347
Net pension liabilities	\$ 29,048,582	\$ 33,979,087	\$ 63,027,669
Pension expense (credit)	\$ 5,773,242	\$ 5,442,602	\$ 11,215,844

Plan Descriptions

All qualified employees are eligible to participate in the Town's Pooled Safety Plan, a cost-sharing multiple-employer defined benefit pension plan and the Town's Miscellaneous (all other) Plan, an agent Multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Audited financial statements of CalPERS can be obtained from its website <https://www.calpers.ca.gov/page/formspublications>. The Town relies upon actuarial and investment data provided by CalPERS for inclusion and analysis in this report.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, Lump Sum, or the 1959 Survivor Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous			Safety (Police)	
	Tier 1	Tier 1	PEPRA	Police	PEPRA
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62	50	57
Monthly benefits as a					
% of eligible compensation	2.0% to 2.5%	1% to 2.5%	1.5% to 2.5%	3.00%	2-2.70%
Required employee contribution rates	8%	7%	7.25%	9%	14.5%
Required employer contribution rates	11.42%	11.42%	14.43%	29.09%	14.5%

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Employees Covered

At June 30, 2024, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	107	37
Transferred	105	12
Separated	104	7
Retired	263	91
Total	579	147

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In addition, the Town is solely responsible for any annual costs associated with payments toward any unfunded accrued liability.

For the year ended June 30, 2024, pension contributions for each Plan was as follows:

	Employer Contributions
Miscellaneous	\$ 3,878,991
Safety	3,554,897
Total Employer Contributions	\$ 7,433,888

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions Pension Liability

As of June 30, 2024, the Town reported net pension liabilities for each plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	\$ 29,048,582
Safety	33,979,087
Total	\$ 63,027,669

The Town’s net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability while the Miscellaneous plan’s net pension liability is a direct calculation based on its actuarial study and is not proportionate. The net pension liability of all the Plans are measured as of June 30, 2023, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town’s proportion of the net pension

TOWN OF LOS GATOS, CALIFORNIA
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liability for the Safety Plan was based on a projection of the Town’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town’s proportionate share of the net pension liability for the Safety Plan as of June 30, 2023 and 2024 was as follows:

	Safety
Proportion - June 30, 2023	0.46183%
Proportion - June 30, 2024	0.41366%
Change - Increase/(Decrease)	-0.04816%

For the year ended June 30, 2024, the Town recognized a pension expense of \$11,215,844.

The following is a summary of the changes in the total pension liability, fiduciary net position and net pension liability of the Town’s Miscellaneous Plan as of June 30, 2024:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 123,941,657	\$ 95,844,188	\$ 28,131,979
Service Costs	2,092,786	-	2,092,786
Interest on Total Pension Liability	8,437,589	-	8,437,589
Changes of Assumptions	164,628	-	164,628
Difference Actual and Expected Experience	631,264	-	631,264
Employer Contributions	-	3,687,226	(3,687,226)
Employee Contributions	-	916,606	(916,606)
Net Investment Income	-	5,876,311	(5,876,311)
Benefit Payments	(7,069,109)	(7,069,109)	-
Administrative Expenses	-	(70,479)	70,479
Net Changes	4,257,158	3,340,555	916,603
Ending Balance	\$ 128,233,325	\$ 99,184,743	\$ 29,048,582

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 566,500	\$ -	\$ 1,983,065	\$ -
Differences between Expected and Actual Experience	330,662	18,028	2,494,691	213,572
Differences between Projected and Actual Investment Earnings	4,563,323	-	4,650,029	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	-	165,323	1,330,966
Change in Employer's Proportion	-	-	979,435	131,781
Pension Contributions Made Subsequent to Measurement Date	3,878,991	-	3,554,897	-
Total	\$ 9,339,476	\$ 18,028	\$ 13,827,440	\$ 1,676,319

TOWN OF LOS GATOS, CALIFORNIA
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The Town reported \$7,433,888 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
June 30:			
2025	\$ 1,641,167	\$ 2,769,602	\$ 4,410,769
2026	496,047	1,945,470	2,441,517
2027	3,175,733	3,751,300	6,927,094
2028	129,510	129,510	259,301
2029	-	-	-
Thereafter	-	-	-
Total	\$ 5,442,457	\$ 8,596,224	\$ 14,038,681

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumption	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation are based on CalPERS experience studies which can found on the CalPERS website.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one-quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (1)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

- (1) An expected inflation of 2.3% used for this period.
- (2) Figures are based on the 2021-22 Asset Liability Study.

TOWN OF LOS GATOS, CALIFORNIA
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 45,575,753	49,604,375
Current	6.90%	6.90%
Net Pension Liability	\$ 29,048,582	3,979,087
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 15,432,677	21,004,301

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plans

As of June 30, 2024, the Town reported payables of \$33,474 and \$30,506 for the outstanding amount of contributions to the Miscellaneous Agent Multiple Employer Plan and the Safety Cost Sharing Plan.

IRS Section 115 Trust

During the fiscal year ending June 30, 2020, the Town established an IRS Section 115 Trust with the CalPERS California Employer’s Pension Prefunding Trust (CEPPT) program. In fiscal year 2024, the Town reported \$2,188,650 as restricted cash with fiscal agent within the General Fund. Per GASB, amounts placed in trusts for CalPERS plans are treated as side trusts that do not directly reduce the net pension liability.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town makes contributions to California Employer’s Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare plan administered by CalPERS. The purpose of the CERBT Fund is to provide California government employers with a trust through which they may prefund retiree medical costs and Other Postemployment Benefits (OPEB). The Town uses CERBT 1 as its investment vehicle and requests disbursements on an as needed basis to reimburse the Town for the cost of retiree health insurance benefits. Benefit provisions and all other requirements are established by state statute and Town ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

TOWN OF LOS GATOS, CALIFORNIA
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In accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA), employees qualify for retiree health benefits upon five (5) years of service if they meet the vesting requirements as set forth by CalPERS and take a service or disability retirement from Town employment. Additionally, the employee must actually draw a CalPERS pension within ninety (90) days of separation from the Town, provided the employee remains with the Town's health plan through COBRA. For employees who retire on or after February 1, 2016, at Medicare eligibility, the Town will align contributions to the full cost of the employee's enrollment, including enrollment of family members, in a health benefits plan or plans up to a maximum of 100% Single Party and 90% Dependents for Kaiser Bay Area Basic/Medicare/Combo per month. During negotiations in fiscal year 2018/19, the Town's discretionary retiree medical benefit contribution was eliminated for all future hires.

Upon retirement, employees have the option to roll over their sick leave accrual into a Town managed fund. Employees can request reimbursement of medical expenses from the fund up to the value of their sick leave at retirement.

Employees Covered by Benefit Terms

At June 30, 2024 (the measurement date), the benefit terms covered the following employees:

Active employees	149
Inactive employees - receiving benefits	150
Inactive employees - not receiving benefits	42
Total employees	341

Contributions

The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to provide benefits as determined annually by the Town Council. For the fiscal year ended June 30, 2024, the Town contributed \$1,818,298 from the General Fund. During the measurement period ended June 30, 2023, the Town contributed \$1,733,337 to the Plan and benefit payments were \$1,716,592. Plan members receiving benefits contributed did not make any contributions.

TOWN OF LOS GATOS, CALIFORNIA
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Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	15 year fixed
Asset Valuation Method:	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.25%
Healthcare Trend Rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Mortality	CalPERS 2000-2019 Experience Study Mortality projected fully generational with Scale MP-2021
Retirement	CalPERS 2000-2019 Experience Study Tier 1 Actives in insurance program: 100% Tier 1 Actives in cash allocation program: 80% Tier 2 Actives in insurance program: 60% Tier 2 Actives in cash allocation program: Agency service < 3 months: 60% Agency service >= 3 months: 40% Waived retirees aged <65: 20% Waived retirees aged ≥65: 0%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF LOS GATOS, CALIFORNIA
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Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2023 (measurement date) and was determined by an actuarial valuation as of June 30, 2023 (valuation date) for the fiscal year ended June 30, 2024 (reporting date).

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2024:

Fiscal Year Ended June 30, 2024 (Measurement Date June 30, 2023)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2023	\$ 29,888,940	\$ 22,860,307	\$ 7,028,633
Service cost	940,674	-	940,674
Interest in Total OPEB Liability	1,873,207	-	1,873,207
Actual vs. expected experience	153,933	-	153,933
Assumption changes	2,191,064	-	2,191,064
Employer contributions	-	1,733,337	(1,733,337)
Net investment income	-	1,468,115	(1,468,115)
Administrative expenses	-	(23,387)	23,387
Benefit payments	(1,716,592)	(1,716,592)	-
Net changes	3,442,286	1,461,473	1,980,813
Balance at June 30, 2024	\$ 33,331,226	\$ 24,321,780	\$ 9,009,446
Covered Employee Payroll	\$ 17,809,965		
Total OPEB Liability as a % of Covered Employee Payroll	187.15%		
Plan Fid. Net Position as a % of Total OPEB Liability	72.97%		
Service Cost as a % of Covered Employee Payroll	5.28%		
Net OPEB Liability as a % of Covered Employee Payroll	50.59%		
Contributions as a % of Cov. Emp. Payroll	9.73%		

Deferred Inflows and Outflows of Resources

At June 30, 2024, the Town reports deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 128,277	\$ 1,283,522
Difference between actual and expected earnings	1,506,978	-
Change in assumptions	2,353,206	231,810
OPEB contribution subsequent to measurement date	1,818,298	-
Totals	\$ 5,806,759	\$ 1,515,332

TOWN OF LOS GATOS, CALIFORNIA
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Of the total amount reported as deferred outflows of resources related to OPEB, \$1,818,298 were the result of Town contributions subsequent to the measurement date and before the end of the fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2025	\$	278,421
2026		252,572
2027		1,168,381
2028		382,923
2029		390,832
Thereafter		-
Total	\$	<u>2,473,129</u>

Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below.

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
Total	<u>100.00%</u>	

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OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2024:

Service cost	\$ 940,674
Interest in TOL	1,873,207
Expected investment income	(1,428,561)
Difference between actual and expected experience	(419,899)
Difference between actual and expected earnings	323,069
Change in assumptions	383,915
Administrative expenses	23,387
OPEB Expense	<u>\$ 1,695,792</u>

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2024:

Net OPEB liability ending	\$ 9,009,446
Net OPEB liability beginning	<u>(7,028,633)</u>
Change in net OPEB liability	1,980,813
Changes in deferred outflows	(1,415,768)
Changes in deferred inflows	(602,590)
Employer contributions and implicit subsidies	<u>1,733,337</u>
OPEB Expense	<u>\$ 1,695,792</u>

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	6.25%	(1% Increase)
Net OPEB Liability (Asset)	\$ 12,986,126	\$ 9,009,446	\$ 5,691,792

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	Current	(1% Increase)
Net OPEB Liability (Asset)	\$ 5,438,579	\$ 9,009,446	\$ 13,343,702

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 - RISK MANAGEMENT

The Town participates in the following public entity risk pools through formally organized and separate legal entities. The Town does not have an equity interest in the joint ventures. These entities exercise full powers and authority within the scope of the related agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the separate entities are not those of the Town, although the Town retains an ongoing financial interest or an ongoing financial responsibility.

Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA)

The Town participates in PLAN, which covers general liability claims in the amount up to \$1,000,000 plus \$34,000,000 in excess liability for total coverage of \$35,000,000 per occurrence. The Town has a deductible or uninsured liability of up to \$50,000 per claim. PLAN also provides all risk property coverage of \$1,000,000,000, excluding flood and earthquake coverage. The Town has a \$5,000 deductible for property and vehicle damage. Once the Town's deductible is met, PLAN becomes responsible for payment of all claims up to the limit. Financial statements may be obtained from PLAN at 1750 Creekside Drive, Suite 200, Sacramento, CA, 95833.

Local Agency Workers' Compensation Joint Powers Authority (LAWCX)

The Town is a member of LAWCX for workers compensation claims coverage. The Town has a \$250,000 self-insured retention level or uninsured liability for all employees. Once the Town's deductible is met, LAWCX becomes responsible for claims up to \$5,000,000. For claims greater than \$5,000,000, LAWCX has a commercial policy providing coverage. Financial statements may be obtained from LAWCX at 1750 Creekside Oaks Dr., Suite 200, Sacramento, California, 95833. The Town has not significantly reduced its insurance coverage from the prior year and settlements have not exceeded insurance coverage for the past three years.

Liability for Uninsured Claims

The Town is required to record its liability for uninsured claims and to reflect the current portion of this liability as an expenditure in its financial statements. As discussed above, the Town has coverage for such claims, but it has retained the risk for the deductibles, or uninsured portion of these claims. The change in Workers' Compensation and Self-Insurance Service Funds' claims liabilities, is based on historical trend information provided by its third party administrator and was computed as follows as of June 30, 2024:

	Workers' Compensation Internal Service Fund	Self- Insurance Internal Service Fund	Total
Claims payable balance - June 30, 2022	\$ 1,364,558	\$ 19,557	\$ 1,384,115
Claims incurred	790,928	224,382	1,015,310
Inc./(Dec.) in estimated liability for prior claims	-	-	-
Claims paid	(186,507)	(86,210)	(272,717)
Claims payable balance - June 30, 2023	1,968,979	157,729	2,126,708
Claims incurred	-	124,525	124,525
Claims paid	(253,382)	(107,859)	(361,241)
Claims payable balance - June 30, 2024	\$ 1,715,597	\$ 174,395	\$ 1,889,992

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Federal and State Grants - The Town participates in several federal and state grant programs. These are subject to examination by grantors and the amount, if any, of disallowed expenditures cannot be determined at this time. The Town expects such amounts, if any, to be immaterial.

Litigation - The Town is subject to litigation arising from the normal course of business. The Town Attorney believes there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town.

Successor Agency - As of June 30, 2024, the Successor Agency trust fund reported a net deficit of \$4,643,704.

Encumbrances - As of June 30, 2024, the town had the following unnumbered balances that were carried into the next fiscal year:

General Fund	\$ 1,235,796
Appropriated Reserves Fund	9,182,140
Internal Service Funds	428,490
Total Encumbrances	\$ 10,907,426

NOTE 15 - TOWN/SUCCESSOR AGENCY GRANTS, COOPERATIVE AGREEMENTS

Public Improvement Grants and Cooperative Agreements

In January of 2011, the Redevelopment Agency entered into a public improvement grant and cooperative agreement with the Town for the purpose of funding the acquisition of public land and designing and constructing various public improvements to be owned by the Town provided that the projects were in accordance with the Redevelopment Agency's five year implementation plan and redevelopment plan.

The improvement plan, as identified in the agreement, called for approximately \$24 million to be granted to the Town for the following projects:

- a. Expansion and improvement of current and new downtown parking
- b. Highway 9 improvements from Highway 17 to Monte Sereno
- c. Almond Grove Area street, sidewalk and other improvements
- d. Downtown Los Gatos gateways, signage, banners and art
- e. Storm drain, retaining wall, street and other improvements
- f. New Los Gatos library building

During the fiscal year ended June 30, 2012, the rights and obligations resulting from this cooperative agreement were transferred to the Successor Agency Trust Fund as a part of the Town's dissolution of its Redevelopment Agency.

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

ITEM NO. 14.

Affordable Housing Cooperative Agreement

In March of 2011, the Redevelopment Agency entered into an affordable housing cooperative agreement with the Town for the purpose of funding affordable housing projects and programs to be developed and/or administered by the Town in accordance with the Redevelopment Agency's five year implementation plan and redevelopment plan. The improvement plan, as identified in the agreement, called for approximately \$16 million to be granted to the Town for the following projects:

- a. Development of affordable housing at 224 Main St.
- b. Development of affordable housing at Dittos Lane
- c. Partnership with Senior Housing Solutions for the creation of senior housing in Los Gatos
- d. Partnerships for the conversion of existing residential developments dedicated to affordable housing
- e. Grants to the Santa Clara County Housing Trust for the development of affordable housing.

During the fiscal year ended June 30, 2012, the rights and obligations resulting from this cooperative agreement were transferred to the Successor Agency Trust and as a part of the Town's dissolution of its Redevelopment Agency.

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Required Supplementary Information

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

BENEFIT PLAN SCHEDULES

Schedule of Pension Plan Contributions

Schedule of Proportionate Share of Net Pension Liability – CalPERS Safety Cost Sharing Plan

Schedule of Proportionate Share of Net Pension Liability – CalPERS Misc. Agent-Multiple Employer Plan

Schedule of OPEB Contribution

Schedule of Changes in Net OPEB Liability

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Miscellaneous Plan

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 1,941,765	\$ 2,223,782	\$ 2,407,496	\$ 2,669,133	\$ 3,049,748
Contributions in Relation to					
Contractually Required Contributions	1,941,765	2,223,782	2,407,496	2,669,133	3,049,748
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,487,940	\$ 9,198,318	\$ 9,024,370	\$ 9,576,157	\$ 10,211,967
Contributions as a % of Covered Payroll	22.88%	24.18%	26.68%	27.87%	29.86%

Miscellaneous Plan

Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 3,366,304	\$ 3,529,173	\$ 3,472,727	\$ 3,687,213	\$ 3,878,991
Contributions in Relation to					
Contractually Required Contributions	8,146,791	8,146,680	3,472,727	3,687,213	3,878,991
Contribution Deficiency (Excess)	\$ (4,780,487)	\$ (4,617,507)	\$ -	\$ -	\$ -
Covered Payroll	\$ 11,188,027	\$ 12,082,520	\$ 12,305,265	\$ 11,094,190	\$ 13,817,826
Contributions as a % of Covered Payroll	72.81%	75.82%	28.22%	33.24%	28.07%

Continued

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Safety Plan

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 1,999,757	\$ 1,586,129	\$ 1,738,150	\$ 1,951,711	\$ 2,325,357
Contributions in Relation to					
Contractually Required Contributions	1,999,757	1,586,129	1,738,150	1,951,711	2,325,357
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,897,104	\$ 5,022,498	\$ 4,941,138	\$ 5,079,440	\$ 4,445,061
Contributions as a % of Covered Payroll	40.84%	31.58%	35.18%	38.42%	52.31%

Safety Plan

Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 2,565,205	\$ 2,853,764	\$ 3,072,032	\$ 3,409,275	\$ 3,554,897
Contributions in Relation to					
Contractually Required Contributions	2,565,205	2,853,764	3,072,032	3,409,275	3,554,897
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,927,321	\$ 5,178,418	\$ 5,603,211	\$ 5,863,101	\$ 6,557,458
Contributions as a % of Covered Payroll	52.05%	55.11%	54.83%	58.15%	54.21%

Concluded

Notes to Schedule:

Valuation Date: June 30, 2024
 Assumptions Used: Entry Age Method used for Actuarial Cost Method
 Level Percentage of Payroll and Direct Rate Smoothing
 Remaining Amortization Period no more than 29 years
 Inflation Assumed at 2.30%
 Investment Rate of Returns set at 6.8%
 The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.9% in FY2023. The CalPERS mortality assumptions was adjusted in fiscal year 2023.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS SAFETY COST SHARING PLAN

Safety Plan

Plan Measurement Date Fiscal Year Ended	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019
Proportion of Net Pension Liability	0.28588%	0.14860%	0.22394%	0.22603%	0.23583%
Proportionate Share of Net Pension Liability	\$ 17,788,690	\$ 10,199,904	\$ 19,377,843	\$ 22,415,954	\$ 22,725,267
Covered Payroll	\$ 4,916,535	\$ 4,897,104	\$ 5,022,498	\$ 4,941,138	\$ 5,079,440
Proportionate Share of NPL as a % of Covered Payroll	361.81%	208.28%	385.82%	453.66%	447.40%
Plan's Fiduciary Net Position as a % of the TPL	78.83%	74.89%	71.29%	73.87%	74.52%

Safety Plan

Plan Measurement Date Fiscal Year Ended	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024
Proportion of Net Pension Liability	0.2410%	0.24953%	0.30994%	0.27474%	0.50522%
Proportionate Share of Net Pension Liability	\$ 24,955,687	\$ 27,449,916	\$ 16,762,598	\$ 31,734,686	\$ 63,027,669
Covered Payroll	\$ 4,440,060	\$ 4,928,821	\$ 5,178,418	\$ 5,603,211	\$ 5,863,101
Proportionate Share of NPL as a % of Covered Payroll	555.8%	550.84%	323.70%	566.37%	1074.99%
Plan's Fiduciary Net Position as a % of the TPL	73.31%	72.46%	83.55%	71.34%	72.85%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.80% in FY2023. The CalPERS mortality assumptions was adjusted in fiscal year 2023.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTPLE EMPLOYER PLAN

Measurement Date	2014	2015	2016	2017	2018
Total Pension liability					
Service cost	\$ 1,579,547	\$ 1,491,925	\$ 1,560,679	\$ 1,651,550	\$ 1,700,438
Interest	6,268,015	6,483,032	6,697,247	6,820,536	7,073,843
Diff. between expected and actual exp.	-	(623,495)	(357,870)	(892,479)	994,994
Changes of assumptions	-	(1,513,132)	-	5,481,432	(655,541)
Changes of benefits	-	-	-	-	-
Benefit payments (including refunds)	(4,241,487)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)
Net change in Total Pension Liability	3,606,075	1,089,544	2,946,300	7,922,956	3,665,360
Total Pension Liability - beginning	84,904,502	88,510,577	89,600,121	92,546,421	100,469,377
Total Pension Liability - ending	\$ 88,510,577	\$ 89,600,121	\$ 92,546,421	\$ 100,469,377	\$ 104,134,737
Plan fiduciary net position					
Employer contributions	\$ 1,796,079	\$ 1,941,766	\$ 2,223,782	\$ 2,407,496	\$ 2,669,104
Employee contributions	668,167	790,936	691,770	682,891	761,705
Plan to plan resource movement	-	28,561	(28,866)	-	(170)
Projected investment earnings	4,328,115	-	-	-	-
Diff. between est. and actual earnings	5,831,711	-	-	-	-
Net investment income	-	1,470,873	369,185	7,171,443	5,883,868
Benefit payments (including refunds)	(4,241,487)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)
Administrative expense	-	(74,706)	(40,462)	(95,455)	(108,582)
Adjsutments	-	-	-	-	(206,199)
Net change in plan fiduciary net position	8,382,650	(708,497)	(1,738,347)	5,028,292	3,551,352
Plan fiduciary net position - beginning	67,167,225	67,099,375	66,390,878	64,652,531	69,680,823
Plan fiduciary net position - ending	\$ 75,549,875	\$ 66,390,878	\$ 64,652,531	\$ 69,680,823	\$ 73,232,175
Net Pension liability (asset)	21,411,202	\$ 23,209,243	\$ 27,893,890	\$ 30,788,554	\$ 30,902,562
Plan fiduciary net position as a percentage of the total Pension liability	75.81%	74.10%	69.86%	69.36%	70.32%
Covered Payroll	\$ 8,406,315	\$ 8,487,940	\$ 9,198,318	\$ 9,024,370	\$ 9,576,157
Net Pension liability % of covered payroll	254.70%	273.44%	303.25%	341.17%	322.70%

Continued

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTPLE EMPLOYER PLAN

Measurement Date	2019	2020	2021	2022	2023
Total Pension liability					
Service cost	\$ 1,771,368	\$ 1,930,090	\$ 2,062,486	\$ 2,264,169	\$ 2,092,786
Interest	7,381,846	7,729,269	7,943,404	8,142,881	8,437,589
Diff. between expected and actual exp.	1,082,289	1,465,653	(581,801)	(108,166)	631,264
Changes of assumptions	-	-	-	3,399,004	-
Changes of benefits	-	-	-	-	164,628
Benefit payments (including refunds)	(5,720,232)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)
Net change in Total Pension Liability	4,515,271	5,166,911	3,084,474	7,074,774	4,257,158
Total Pension Liability - beginning	104,134,737	108,650,008	113,816,919	116,901,393	123,976,167
Total Pension Liability - ending	\$ 108,650,008	\$ 113,816,919	\$ 116,901,393	\$ 123,976,167	\$ 128,233,325
Plan fiduciary net position					
Employer contributions	\$ 3,049,748	\$ 3,146,794	\$ 9,160,680	\$ 3,472,727	\$ 3,687,226
Employee contributions	846,125	834,445	889,649	871,063	916,606
Plan to plan resource movement	-	-	-	-	-
Projected investment earnings	-	-	-	-	-
Diff. between est. and actual earnings	-	-	-	-	-
Net investment income	1,759,034	3,913,294	19,606,360	(7,988,150)	5,876,311
Benefit payments (including refunds)	(5,720,232)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)
Administrative expense	(12,260)	(107,303)	(82,856)	(66,142)	(70,479)
Adjsutments	-	-	-	-	-
Net change in plan fiduciary net position	2,882,585	6,828,826	23,234,218	(10,333,616)	3,340,555
Plan fiduciary net position - beginning	76,232,175	76,114,760	82,943,586	106,177,804	95,844,188
Plan fiduciary net position - ending	\$ 79,114,760	\$ 82,943,586	\$ 106,177,804	\$ 95,844,188	\$ 99,184,743
Net Pension liability (asset)	32,535,248	\$ 30,873,333	\$ 10,723,589	\$ 28,131,979	\$ 29,048,582
Plan fiduciary net position as a percentage of the total Pension liability	70.05%	72.87%	90.83%	77.31%	77.35%
Covered Payroll	\$ 10,211,967	\$ 11,188,927	\$ 12,082,520	\$ 12,305,265	\$ 11,404,827
Net Pension liability % of covered payroll	318.60%	275.93%	88.75%	228.62%	254.70% ¹

Concluded

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF OPEB CONTRIBUTIONS

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution (ADC)	\$ 2,129,000	\$ 2,108,000	\$ 2,172,000	\$ 1,859,000	\$ 1,860,000	\$ 1,372,000	\$ 1,427,000
Less: actual contribution in relation to ADC	(2,935,000)	(2,406,636)	(2,508,306)	(2,096,847)	(1,754,922)	(1,733,337)	(1,818,298)
Contribution deficiency (excess)	\$ (806,000)	\$ (298,636)	\$ (336,306)	\$ (237,847)	\$ 105,078	\$ (361,337)	\$ (391,298)
Covered payroll	\$ 16,192,060	\$ 17,338,201	\$ 17,406,541	\$ 17,982,237	\$ 16,987,042	\$ 17,809,965	\$ 18,255,214
Contrib. as a % of covered employee payroll	18.13%	13.88%	14.41%	11.66%	10.33%	9.73%	9.96%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	15 year fixed period for 2023/24
Asset Valuation Method:	Investment gains and losses spread over 5 year rolling period
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.25%
Healthcare Trend Rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.00%
Mortality	CalPERS 2000-2019 Experience Study
Retirement	CalPERS 2000-2019 Experience Study

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2017.

In FY 2022, the discount rate was updated based on new capital market assumptions

In FY 2022, decreased medical trend rate for Kaiser Senior Advantage

In FY 2022, demographic assumptions were updated to CalPERS 2000-2019 Experience Study

In FY 2022, the inflation rate decreased 25 basis points, decreasing discount rate, medical trend, and salary increases

In FY 2022, retiree and family participation rates for retirement updated

In FY 2022, the implicit subsidy was added for Tier 1 Medicare eligible

In FY 2022, the mortality improvement scale was updated to Scale MP-2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF CHANGES IN NET OPEB LIABILITY

Measurement Date	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 1,134,000	\$ 1,168,227	\$ 1,203,274	\$ 1,159,152	\$ 1,115,309	\$ 955,115	\$ 940,674
Interest	1,607,000	1,706,270	1,814,072	1,887,105	1,956,034	1,804,972	1,873,207
Differences between expected & actual exp.	-	-	(149,297)	-	(2,521,500)	-	153,933
Changes of assumptions	-	-	(392,681)	(533,825)	1,054,638	-	2,191,064
Benefit payments	(1,269,000)	(1,326,313)	(1,298,623)	(1,399,933)	(1,494,906)	(1,591,150)	(1,716,592)
Net change in Total OPEB Liability	1,472,000	1,548,184	1,176,745	1,112,499	109,575	1,168,937	3,442,286
Total OPEB Liability - beginning	23,301,000	24,773,000	26,321,184	27,497,929	28,610,428	28,720,003	29,888,940
Total OPEB Liability - ending	\$ 24,773,000	\$ 26,321,184	\$ 27,497,929	\$ 28,610,428	\$ 28,720,003	\$ 29,888,940	\$ 33,331,226
Plan fiduciary net position							
Employer contributions	\$ 3,878,000	\$ 2,935,313	\$ 2,406,636	\$ 2,008,306	\$ 2,096,847	\$ 1,754,922	\$ 1,733,337
Net investment income	1,049,000	1,082,977	1,009,315	62,656	5,529,824	(3,510,434)	1,468,115
Benefit payments	(1,269,000)	(1,326,313)	(1,298,623)	(1,399,933)	(1,494,906)	(1,591,150)	(1,716,592)
Administrative expense	(14,000)	(34,261)	(1,002)	(17,357)	(18,556)	(21,454)	(23,387)
Net change in plan fiduciary net position	3,644,000	2,657,716	2,105,826	1,743,672	6,113,209	(3,368,116)	1,461,473
Plan fiduciary net position - beginning	9,964,000	13,608,000	15,657,116	18,371,542	20,115,214	26,228,423	22,860,307
Plan fiduciary net position - ending	\$ 13,608,000	\$ 16,265,716	\$ 18,355,572	\$ 20,115,214	\$ 26,228,423	\$ 22,860,307	\$ 24,321,780
Net OPEB liability (asset)	\$ 11,165,000	\$ 10,055,468	\$ 9,126,387	\$ 8,495,214	\$ 2,491,580	\$ 7,028,633	\$ 9,009,446
Plan fiduciary net position as a percentage of the total OPEB liability	54.93%	61.80%	66.81%	70.31%	91.32%	76.48%	72.97%
Covered payroll	\$ 14,985,000	\$ 16,920,060	\$ 17,338,201	\$ 17,406,541	\$ 17,982,237	\$ 16,987,042	\$ 17,809,965
NOL as a % of cov. emp. payroll	74.32%	62.16%	52.64%	48.80%	13.86%	41.38%	50.59%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Supplementary Information

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

MAJOR GOVERNMENTAL FUND SCHEDULES
(OTHER THAN THE GENERAL FUND) AND
NONMAJOR GOVERNMENTAL FUNDS

Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP):

Appropriated Reserves Fund is used to account for resources provided for capital projects not fully funded from other sources.

Capital Projects Funds:

Storm Drain Basin Funds were established to account for fees paid in conjunction with the development in specified drainage areas.

Construction Tax Funds were established to account for tax levies on building additions or alterations including capital improvements, underground utilities and parks.

Gas Tax Fund was established to account for revenues and expenditures under the State of California Streets and Highways Code Sections 2106, 2107 and 2107.5. The revenues must be used for the maintenance and construction of streets.

Special Revenue Funds:

Community Development Block Grant Fund was established to account for grant funds received and expended under the Community Development Act of 1974.

Non-Point Source Maintenance Fund was established to comply with obligations under the National Pollutant Discharge Elimination system permit issued by the California Regional Water Quality Control Board.

Lighting and Landscape Fund was established to account for maintenance of trees, landscaping, irrigation systems and lighting within the boundaries of Tract No. 8439.

LG Theatre Fund was established to account for monies received from rents on donated property and related expenditures.

Library Trust Fund was established to provide for the servicing of donations and bequests to the Town's Library Program.

TOWN OF LOS GATOS
APPROPRIATED RESERVES FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Licenses & permits	\$ 110,000	\$ 110,000	\$ 157,535	\$ 47,535
Intergovernmental	3,188,473	2,994,500	3,362,026	367,526
Charges for services	951,800	904,869	1,137,659	232,790
Developer assessments	10,000	10,000	12,880	2,880
Interest	-	-	100,179	100,179
Use of Property	96,000	96,000	91,284	(4,716)
Other	-	-	-	-
Total Revenues	4,356,273	4,115,369	4,861,563	746,194
EXPENDITURES				
Capital outlay	7,993,617	10,192,475	10,193,353	(878)
Total Expenditures	7,993,617	10,192,475	10,193,353	(878)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(3,637,344)	(6,077,106)	(5,331,790)	745,316
OTHER FINANCING SOURCES (USES)				
Transfers in	253,663	3,119,554	3,101,325	(18,229)
Transfers (out)	(6,616)	(451,491)	(453,990)	(2,499)
Total Other Financing Sources (Uses)	1,837,047	2,668,063	2,647,335	(20,728)
CHANGE IN FUND BALANCE	\$ (1,811,687)	\$ (3,409,043)	(2,684,455)	\$ 724,588
BEGINNING FUND BALANCE			<u>21,750,025</u>	
ENDING FUND BALANCE			<u>\$ 19,065,570</u>	

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

ITEM NO. 14.

	CAPITAL PROJECTS FUNDS			
	Storm Drains	Construction Tax	Gas Tax	Total Capital Projects Funds
ASSETS				
Cash & investments	\$ 3,531,248	\$ 3,584,251	\$ 1,698,293	\$ 8,813,792
Restricted cash & investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental receivable	-	-	229,874	229,874
Leases receivable	-	-	-	-
Long term notes receivable	-	-	-	-
Total Assets	\$ 3,531,248	\$ 3,584,251	\$ 1,928,167	\$ 9,043,666
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OR DEFERRED RESOURCES				
Leases	-	-	-	-
FUND BALANCE				
Restricted for:				
Library	-	-	-	-
Repairs and maintenance	-	-	-	-
Capital projects	3,531,248	3,584,251	1,928,167	9,043,666
Committed to:				
Special revenue funds	-	-	-	-
Total Fund Balances	3,531,248	3,584,251	1,928,167	9,043,666
Total Liabilities and Fund Balances	\$ 3,531,248	\$ 3,584,251	\$ 1,928,167	\$ 9,043,666

(Continued)

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

ITEM NO. 14.

SPECIAL REVENUE FUNDS

	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
ASSETS			
Cash & investments	\$ 94,412	\$ 711,648	\$ 187,092
Restricted cash & investments	58,344	-	-
Receivables:			
Accounts	-	46,938	-
Intergovernmental receivable	-	-	220
Leases receivable	-	-	-
Long term notes receivable	78,750	-	-
Total Assets	\$ 231,508	\$ 758,586	\$ 187,312
LIABILITIES			
Accounts payable	\$ 60	\$ 1,228	\$ 4,687
Accrued payroll and benefits	-	3,224	-
Unearned revenue	4,795	-	-
Total Liabilities	64,855	4,452	4,687
DEFERRED INFLOW OF RESOURCES			
Leases	-	-	-
FUND BALANCE			
Restricted for:			
Library	-	-	-
Repairs and maintenance	-	-	182,625
Capital projects	-	-	-
Committed to:			
Special revenue funds	166,653	754,134	-
Total Fund Balances	166,653	754,134	182,625
Total Liabilities and Fund Balances	\$ 231,508	\$ 758,586	\$ 187,312

(Continued)

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

ITEM NO. 14.

SPECIAL REVENUE FUNDS				
	LG Theatre	Library Trust	Total Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash & investments	\$ 48,338	\$ 559,788	\$ 1,601,278	\$ 10,415,070
Restricted cash & investments	-	-	58,344	58,344
Receivables:				
Accounts	35,905	-	82,843	82,843
Intergovernmental receivable	-	-	220	230,094
Leases receivable	304,129	-	304,129	304,129
Long term notes receivable	-	-	78,752	78,752
Total Assets	\$ 388,372	\$ 559,788	\$ 2,125,566	\$ 11,169,232
LIABILITIES				
Accounts payable	\$ 15,085	\$ 2,940	\$ 24,000	\$ 24,000
Accrued payroll and benefits	-	-	3,224	3,224
Unearned revenue	-	-	64,795	64,795
Total Liabilities	15,085	2,940	92,019	92,019
DEFERRED INFLOWS OF RESOURCES				
Leases	202,252	-	202,252	202,252
FUND BALANCE				
Restricted for:				
Library	-	556,848	556,848	556,848
Repairs and maintenance	-	-	182,625	182,625
Capital projects	-	-	-	9,043,666
Committed to:				
Special revenue funds	171,035	-	1,091,822	1,091,822
Total Fund Balances	171,035	556,848	1,831,295	10,874,961
Total Liabilities and Fund Balances	\$ 388,372	\$ 559,788	\$ 2,125,566	\$ 11,169,232

(Concluded)

**TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	CAPITAL PROJECTS FUNDS			
	Storm Drain	Construction Tax	Gas Tax	Total Capital Projects Funds
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	24,838	-	24,838
License and permits	196,604	-	-	196,604
Intergovernmental	-	-	1,781,448	1,781,448
Interest	116,313	120,417	46,074	282,804
Use of property	-	-	-	-
Other	-	-	-	-
Total Revenues	312,917	145,255	1,827,522	2,285,694
EXPENDITURES				
Current:				
Parks and public works	-	-	-	-
Library services	-	-	-	-
Sanitation and other	-	-	-	-
Capital Outlay	-	-	1,464,600	1,464,600
Total Expenditures	-	-	1,464,600	1,464,600
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	312,917	145,255	362,922	821,094
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(106,000)	(106,000)
Total Other Financing Sources (Uses)	-	-	(106,000)	(106,000)
Changes in Fund Balances	312,917	145,255	256,922	715,094
Fund Balances - Beginning of year	3,218,331	3,438,996	1,671,245	8,328,572
Fund Balances - End of year	\$ 3,531,248	\$ 3,584,251	\$ 1,928,167	\$ 9,043,666

(Continued)

**TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	SPECIAL REVENUE FUNDS		
	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
REVENUES			
Property Taxes	\$ -	\$ -	\$ 38,437
Other Taxes	-	-	-
License and permits	-	359,950	-
Intergovernmental	-	16,946	-
Interest	-	-	6,118
Use of property	-	-	-
Other	-	-	-
Total Revenues	-	376,896	44,555
EXPENDITURES			
Current:			
Parks and public works	-	-	33,976
Library services	-	-	-
Sanitation and other	-	252,605	-
Capital Outlay	-	-	-
Total Expenditures	-	252,605	33,976
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	124,291	10,579
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	(4,920)
Total Other Financing Sources (Uses)	-	-	(4,920)
Changes in Fund Balances	-	124,291	5,659
Fund Balances - Beginning of year	166,653	629,843	176,966
Fund Balances - End of year	\$ 166,653	\$ 754,134	\$ 182,625

(Continued)

**TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

SPECIAL REVENUE FUNDS				
	LG Theatre	Library Trust	Total Special Revenue Funds	Total
REVENUES				
Property Taxes	\$ -	\$ -	\$ 38,437	\$ 38,437
Other Taxes	-	-	-	24,838
License and permits	-	-	359,950	556,554
Intergovernmental	-	-	16,946	1,798,394
Interest	-	20,263	26,381	309,185
Use of property	171,495	-	171,495	171,495
Other	-	88,411	88,411	88,411
Total Revenues	171,495	108,674	701,620	2,987,314
EXPENDITURES				
Current:				
Parks and public works	75,451	-	109,427	109,427
Library services	-	82,000	82,000	82,000
Sanitation and other	-	-	252,605	252,605
Capital Outlay	-	-	-	1,464,600
Total Expenditures	75,451	82,000	444,032	1,908,632
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	96,044	26,674	257,588	1,078,682
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(4,920)	(110,920)
Total Other Financing Sources (uses)	-	-	(4,920)	(110,920)
Changes in Fund Balances	96,044	26,674	252,668	967,762
Fund Balances - Beginning of year	74,991	530,174	1,578,627	9,907,199
Fund Balances - End of year	\$ 171,035	\$ 556,848	\$ 1,831,295	\$ 10,874,961

(Concluded)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	STORM DRAIN			CONSTRUCTION TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	30,000	24,838	(5,162)
License and permits	92,500	196,604	104,104	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	13,170	116,313	103,143	15,190	120,417	105,227
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	105,670	312,917	207,247	45,190	145,255	100,065
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	105,670	312,917	207,247	45,190	145,255	100,065
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	\$ 105,670	\$ 312,917	\$ 207,247	\$ 45,190	145,255	\$ 100,065
BEGINNING FUND BALANCE		3,218,331			3,438,996	
ENDING FUND BALANCE		3,531,248			\$ 3,584,251	

(Continued)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	GAS TAX			COMMUNITY DEVELOPMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	1,712,974	1,781,448	68,474	-	-	-
Interest	1,402	46,074	44,672	-	-	-
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	1,714,376	1,827,522	113,146	-	-	-
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	1,464,599	1,464,600	(1)	-	-	-
Total Expenditures	1,464,599	1,464,600	(1)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	249,777	362,922	113,145	-	-	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	(106,000)	(106,000)	-	-	-	-
Total Other Financing Sources (Uses)	(106,000)	(106,000)	-	-	-	-
CHANGE IN FUND BALANCE	\$ 249,777	\$ 362,922	\$ 113,145	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE		1,671,245			166,653	
ENDING FUND BALANCE		\$ 1,928,167			\$ 166,653	

(Continued)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	NON-POINT SOURCE MAINTENANCE			LIGHTING AND LANDSCAPING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 38,220	\$ 38,437	\$ 217
Other taxes	-	-	-	-	-	-
License and permits	359,950	359,950	-	-	-	-
Intergovernmental	-	16,946	16,946	-	-	-
Interest	-	-	-	1,010	6,118	5,108
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	359,950	376,896	16,946	39,230	44,555	5,325
EXPENDITURES						
Current:						
Parks and public works	-	-	-	42,764	33,976	8,788
Library services	-	-	-	-	-	-
Sanitation and other	274,587	252,605	21,982	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	274,587	252,605	21,982	42,764	33,976	8,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	85,363	124,291	38,928	(3,534)	10,579	14,113
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	(4,920)	(4,920)	-
Total Other Financing Sources (Uses)	-	-	-	(4,920)	(4,920)	-
CHANGE IN FUND BALANCE	\$ 85,363	\$ 124,291	\$ 38,928	\$ (8,454)	\$ 5,659	\$ 14,113
BEGINNING FUND BALANCE		629,843			176,966	
ENDING FUND BALANCE		\$ 754,134			\$ 182,625	

(Continued)

**TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ITEM NO. 14.

	LG Theatre			Library Trust		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	4,800	20,263	15,463
Use of property	119,845	171,495	51,650	-	-	-
Other	54,155	-	(54,155)	88,300	88,411	111
Total Revenues	174,000	171,495	(2,505)	93,100	108,674	15,574
EXPENDITURES						
Current:						
Parks and public works	117,364	75,451	41,913	-	-	-
Library services	-	-	-	79,800	82,000	(2,200)
Sanitation and other	-	-	-	-	-	-
Capital outlay	-	-	-	21,000	-	21,000
Total Expenditures	117,364	75,451	41,913	100,800	82,000	18,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,636	96,044	39,408	(7,700)	26,674	34,374
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	\$ 56,636	\$ 96,044	\$ 39,408	\$ (7,700)	26,674	\$ 34,374
BEGINNING FUND BALANCE		74,991			530,174	
ENDING FUND BALANCE		\$ 171,035			\$ 556,848	

(Continued)

TOWN OF LOS GATOS
BUDGETED NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ITEM NO. 14.

TOTALS			
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	\$ 38,220	\$ 38,437	\$ 217
Other taxes	30,000	24,838	(5,162)
License and permits	452,450	556,554	104,104
Intergovernmental	1,712,974	1,798,394	85,420
Interest	35,572	309,185	273,613
Use of property	119,845	171,495	51,650
Other	142,455	88,411	(54,044)
Total Revenues	2,531,516	2,987,314	455,798
EXPENDITURES			
Current:			
Parks and public works	160,100	109,427	50,701
Library services	79,800	82,000	-
Sanitation and other	274,587	252,605	21,982
Capital outlay	599	1,464,600	20,999
Total Expenditures	2,000,086	1,908,632	93,682
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	531,430	1,078,682	547,280
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	(110,920)	(110,920)	-
Total Other Financing Sources (Uses)	(110,920)	(110,920)	-
CHANGE IN FUND BALANCE	\$ 420,482	967,762	\$ 547,280
BEGINNING FUND BALANCE		9,907,199	
ENDING FUND BALANCE		\$ 10,874,961	

(Concluded)

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PROPRIETARY FUNDS
INTERNAL SERVICE FUNDS

Internal service funds are used to finance and account for special activities and service performed by a designed department for other departments in the Town on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they are used for internal activities only. In the Government-Wide Statement of Activities, the net revenues and expenses of the internal service funds are allocated to the Town departments or programs that generated them, thus eliminating internal service funds.

However, internal service funds are still presented separately in the fund financial statements and include the following funds:

Equipment Fund was established to account for the replacement of major Town equipment and all vehicle replacement.

Workers' Compensation Fund was established to account for future claims that may occur related to workers compensation injuries.

Self-Insurance Fund was established to account for future general liability claims against the Town.

Information Technology Fund was established to account for the replacement of management information computer systems and components.

Facilities Maintenance Fund was established to account for preventative maintenance and repair for all Town buildings.

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
ASSETS						
Cash & Investments	\$ 3,282,974	\$ 2,197,137	\$ 374,533	\$ 2,496,250	\$ 498,673	\$ 8,849,567
Restricted Cash & Investments	-	121,438	-	-	-	121,438
Receivables:						
Accounts	4,553	-	-	4,403	30,454	39,410
Leases receivable	-	-	-	-	1,407,683	1,407,683
Subscription assets, net	-	-	-	511,016	-	511,016
Total Assets	\$ 3,287,527	\$ 2,318,575	\$ 374,533	\$ 3,011,669	\$ 1,936,810	\$ 10,929,114 ¹
LIABILITIES						
Accounts Payable	\$ 975	\$ 16,731	\$ 22,261	\$ 22,596	\$ 154,954	\$ 217,517
Due to Other Governments	-	-	-	-	59	59
Interest payable	-	-	-	19,943	-	19,943
Claims Payable	-	1,715,597	174,555	-	-	1,889,992
Subscription liabilities	-	-	-	44,781	-	44,781
Total Liabilities	\$ 975	\$ 1,732,328	\$ 196,816	\$ 488,320	\$ 155,013	\$ 2,573,292
Deferred Inflows of Resources						
Leases	\$ -	\$ -	\$ -	\$ -	\$ 821,272	\$ 821,272
NET POSITION						
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 65,235	\$ -	\$ 65,235
Restricted for:						
Workers compensation claims	-	121,438	-	-	-	121,438
Unrestricted	3,286,552	464,699	177,877	2,458,114	960,525	7,347,877
Total Net Position	\$ 3,286,552	\$ 586,247	\$ 177,877	\$ 2,523,349	\$ 960,525	\$ 7,534,550 ¹

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services	\$ 1,026,738	\$ 1,011,814	\$ 662,039	\$ 781,902	\$ 916,324	\$ 4,398,817
Use of money and property	1,100	-	-	-	165,273	166,373
Other local taxes	-	-	-	-	24,838	24,838
Other revenue & reimbursements	32,317	392,312	5,000	(1,253)	57,889	486,265
Total Operating Revenues	1,060,155	1,404,126	667,039	780,649	1,164,324	5,076,293
OPERATING EXPENSES						
Insurance expenses	-	1,332,697	1,131,184	-	-	2,463,881
Services and supplies	187,323	-	-	507,075	1,374,009	2,068,407
Depreciation/amortization expense	-	-	-	202,422	-	202,422
Total Operating Expenses	187,323	1,332,697	1,131,184	709,497	1,374,009	4,734,710
Operating Income (loss)	872,832	71,429	(464,145)	71,152	(209,685)	341,583
NONOPERATING REVENUE (EXPENSES)						
Investment earnings	-	5	-	-	21,511	21,516
Interest expense	-	-	-	(22,421)	-	(22,421)
Income (loss) before transfers	872,832	71,434	(464,145)	48,731	(188,174)	340,678
Transfers in	-	-	450,000	-	221,000	651,000
Transfers out	-	-	-	-	-	-
Net Transfers	-	-	450,000	-	221,000	651,000
Change in Net Position	872,832	71,434	(34,145)	48,731	32,826	991,678
BEGINNING NET POSITION	2,415,200	514,713	212,022	2,474,618	927,699	6,542,872
ENDING NET POSITION	\$ 3,288,032	\$ 586,247	\$ 177,877	\$ 2,523,349	\$ 960,525	\$ 7,534,550

**TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 1,086,133	\$ 1,013,814	\$ 662,039	\$ 794,300	\$ 1,202,972	\$ 4,759,258
Payments to suppliers and providers	(204,320)	(1,321,360)	(1,001,301)	(580,860)	(1,325,830)	(4,433,671)
Insurance reimbursements	-	392,312	5,000	-	-	397,312
Claims paid	-	(253,382)	(107,859)	-	-	(361,241)
Net Cash Provided (Used) by Operating Activities	881,813	(168,616)	(442,121)	213,440	(122,858)	361,658
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	430,000	-	221,000	651,000
Transfers out	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	430,000	-	221,000	651,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest paid	-	-	-	(30,393)	-	(30,393)
Principal paid	-	-	-	(149,154)	-	(149,154)
Acquisition of subscription assets	-	-	-	-	-	-
Net Cash Used by Capital and Related Financing Activities	-	-	-	(179,547)	-	(179,547)
CASH FLOWS FROM INVESTING ACTIVITIES						
Collections from investment earnings	-	-	-	-	21,511	21,516
Net Cash Provided by Investing Activities	-	-	-	-	21,511	21,516
Net Increase(Decrease) in Cash and Investments	881,813	(168,611)	(12,121)	33,893	119,653	854,627
Cash and investments - beginning of year	2,401,166	2,481,886	386,654	2,462,357	379,020	8,116,378
Cash and investments - end of year	\$ 3,282,979	\$ 2,318,575	\$ 374,533	\$ 2,496,250	\$ 498,673	\$ 8,971,005
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income	\$ 72,832	\$ 71,429	\$ (464,145)	\$ 71,152	\$ (209,685)	\$ 341,583
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation/amortization	-	-	-	202,422	-	202,422
Change in assets and liabilities:						
Accounts receivable	25,978	2,000	-	13,651	(5,601)	36,028
Leases receivable	-	-	-	-	(59,528)	(59,528)
Deferred inflows of resources	-	-	-	-	103,777	103,777
Accounts payable	(16,997)	11,337	5,358	(73,785)	48,179	(25,908)
Claims payable	-	(253,382)	16,666	-	-	(236,716)
Cash Flows From Operating Activities	\$ 881,813	\$ (168,616)	\$ (442,121)	\$ 213,440	\$ (122,858)	\$ 361,658

Statistical Section

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STATISTICAL (UNAUDITED)

This part of the Town of Los Gatos Annual Comprehensive Financial Report (“ACFR”) presents the detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how Town’s financial performance and well-being have changed over time. (Schedule 1, Schedule 2, Schedule 3, and Schedule 4).

Revenue Capacity

These schedules contain information to help the reader assess one of the Town’s most significant local revenue source, the property tax (Schedule 5, Schedule 6, Schedule 7, and Schedule 8).

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and its ability to issue additional debt in the future (Schedule 9, Schedule 10, and Schedule 11)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place (Schedule 12, Schedule 13, and Schedule 14).

Operating Information

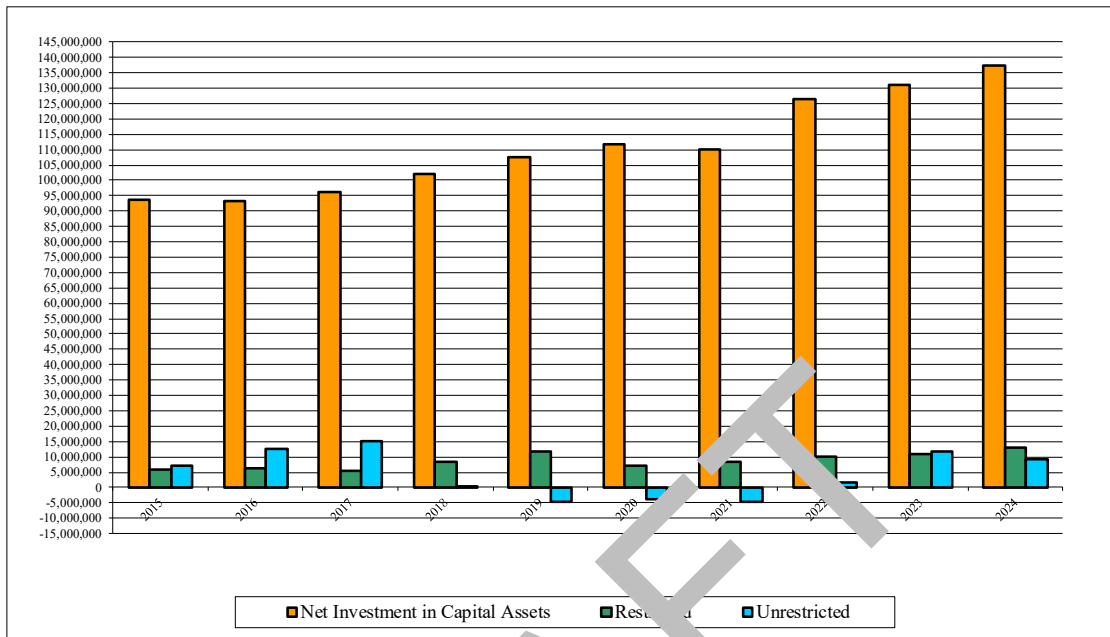
These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s ACFR relates to the services the Town provides and activities it performs (Schedule 15 and Schedule 16).

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Town of Los Gatos
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Schedule 1



Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2015	93,687,029	5,663,182	7,180,919	106,531,130
2016	93,383,855	6,386,014	12,744,637	112,514,506
2017	96,655,651	5,627,707	15,134,420	117,027,779
2018	102,098,729	8,199,598	170,590	110,468,917 (1)
2019	107,542,588	11,918,688	-4,642,167	114,819,109 (2)
2020	111,700,225	7,117,984	-3,967,178	114,851,031
2021	109,894,000	8,358,267	-4,735,103	113,518,100
2022	126,418,275	10,203,412	1,785,294	138,406,981
2023	130,888,581	11,091,020	11,542,661	153,522,262
2024	137,253,582	13,015,461	9,137,174	159,406,217

(1) Net position was restated for FY 2018 for amounts placed into fiduciary funds, reclassified to General Fund Restricted Asset.

(2) The decrease in unrestricted net position resulted largely from the use of approximately \$8.0 million in unrestricted cash balances in the Town's GFAR fund during the year to invest in the Town's infrastructure and equipment.

Town of Los Gatos
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2018/19
Expenses					
Governmental Activities:					
General Government	\$ 6,465,852	\$ 6,993,661	\$ 6,771,628	\$ 7,948,918	\$ 8,163,991
Public Safety	12,644,221	12,825,688	14,587,597	15,545,521	16,635,726
Parks and Public Works	8,069,352	8,320,623	9,502,707	10,047,003	10,627,716
Community Development	4,047,738	3,227,224	5,093,459	4,667,609	5,064,637
Library Services	2,553,414	2,522,142	2,868,748	3,087,684	3,059,294
Sanitation	491,359	528,580	466,762	536,296	684,673
Interest and Fees	-	-	-	-	-
Total Governmental Activities	<u>34,271,936</u>	<u>34,417,918</u>	<u>39,290,901</u>	<u>41,833,031</u>	<u>44,236,037</u>
Program Revenues					
Charges for Services:					
General Government	1,888,213	1,517,012	1,669,020	1,701,146	1,562,683
Public Safety	3,529,166	3,278,585	3,776,688	1,888,359	1,745,889
Parks and Public Works	2,206,765	1,516,108	2,155,841	4,150,068	2,910,936
Community Development	5,027,497	4,359,146	4,803,626	3,456,390	4,155,231
Library Services	53,123	46,192	57,746	14,702	9,476
Sanitation	328,868	368,113	410,106	771,442	966,130
Operating Grants and Contributions:					
General Government	-	15,291	-	-	-
Public Safety	24,838	98,121	837,329	895,730	826,643
Parks and Public Works	907,745	711,500	665,779	953,294	1,301,152
Community Development	-	-	-	-	-
Library Services	4,522	12,220	-	57,200	47,482
Capital Grants and Contributions:					
General Government	176,700	-	-	-	-
Public Safety	-	-	-	-	-
Parks and Public Works	2,388,154	1,610,657	770,600	348,437	146,792
Community Development	-	-	9,280	-	-
Total Program Revenues	<u>13,571,470</u>	<u>13,571,470</u>	<u>12,445,535</u>	<u>14,236,768</u>	<u>13,672,414</u>
General Revenues and Special Items:					
Property Taxes	12,931,603	13,763,458	14,756,214	15,958,406	17,321,347
Sales Taxes	7,202,678	7,501,175	8,925,276	7,466,253	8,158,152
Franchise Taxes	2,215,430	2,258,892	2,366,908	2,474,814	2,475,916
Other Taxes	2,062,893	1,997,497	2,351,223	2,667,840	2,726,743
Motor Vehicle in Lieu	-	12,308	14,056	16,483	14,689
Developer Assessments	-	-	-	-	-
Investment Earnings	428,772	698,324	192,260	333,120	1,809,128
Sale of Property	-	-	-	-	-
Miscellaneous	813,324	598,170	528,946	622,105	2,407,840
Insurance recoveries	-	-	-	-	-
Total General Revenues and Special Items	<u>26,654,700</u>	<u>26,829,824</u>	<u>29,134,883</u>	<u>29,539,021</u>	<u>34,913,815</u>
Change in Net Position	<u>\$ 8,867,900</u>	<u>\$ 5,983,376</u>	<u>\$ 2,289,517</u>	<u>\$ 1,942,758</u>	<u>\$ 4,350,192</u>

Continued

Town of Los Gatos
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24 ¹
Expenses					
Governmental Activities:					
General Government	\$ 7,405,368	\$ 7,086,377	\$ 15,681,345	\$ 10,522,568	\$ 11,113,238
Public Safety	20,446,188	19,808,230	15,093,308	17,428,923	23,783,313
Parks and Public Works	11,803,005	13,141,034	12,969,615	12,258,626	14,075,171
Community Development	5,001,958	6,846,834	5,827,001	5,215,961	5,481,765
Library Services	3,347,523	3,496,153	2,969,954	3,653,642	3,853,748
Sanitation	3,041	185,981	178,575	208,262	263,706
Interest and Fees	-	-	-	29,221	26,137
Total Governmental Activities	48,007,083	50,564,609	52,719,798	49,317,203	58,597,078
Program Revenues					
Charges for Services:					
General Government ¹	1,470,324	1,894,080	1,725,857	2,635,527	2,694,162
Public Safety	1,549,207	1,288,358	1,796,313	1,846,312	1,980,431
Parks and Public Works	3,674,222	4,209,048	5,011,014	3,590,936	4,211,420
Community Development	3,351,753	4,063,000	4,129,000	3,971,336	4,247,279
Library Services	11,522	-	521	2,039	2,514
Sanitation	231,323	299,478	231,323	359,950	359,950
Operating Grants and Contributions:					
General Government	12,290	-	2,766,833	-	63,088
Public Safety	952,000	1,061,340	1,144,226	4,622,373	917,317
Parks and Public Works	2,824,600	1,177,102	1,482,896	1,735,608	1,828,050
Community Development	15,860	223,100	670,929	616,937	692,151
Library Services	49,351	55,181	114,958	174,663	167,303
Capital Grants and Contributions:					
General Government	8,258	2,365	12,205,050	-	-
Public Safety	9,200	-	-	-	-
Parks and Public Works	832,755	843,980	10,021,156	3,915,175	5,668,252
Community Development	-	-	-	-	-
Total Program Revenue	15,992,652	15,487,841	41,179,794	23,470,856	22,831,917
General Revenues and Special Items:					
Property Taxes	18,330,426	19,878,835	21,132,098	22,746,842	24,224,142
Sales Taxes	7,531,425	7,933,604	8,483,673	8,806,477	8,071,735
Franchise Taxes ¹	2,495,792	2,499,463	2,822,515	3,074,624	2,547,011
Other Taxes	1,911,774	1,126,887	2,042,580	2,292,008	2,422,849
Motor Vehicle in Lieu	24,526	23,058	35,624	34,406	41,461
Developer Fees	-	-	1,735,571	614,820	12,880
Investment Earnings	2,428,470	227,136	(1,278,978)	797,587	3,129,616
Sale of Property	-	-	-	-	-
Miscellaneous	323,940	1,528,039	755,400	1,029,864	1,199,422
Insurance recoveries	-	-	-	1,565,000	-
Total General Revenues and Special Items	33,046,353	33,217,022	35,728,483	40,961,628	41,649,116
Change in Net Position	\$ 31,922	\$ (1,859,746)	\$ 24,188,479	\$ 15,115,281	\$ 5,883,955

Concluded

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as encroachment fees under Charges for Services. The total amount classified in Licenses & Permits in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,33 in FY 2022/23 and \$1,493,184 in FY 2023/24.

Town of Los Gatos
 Fund Balance, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2018/19
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	1,206,851	5,015,316
Committed	-	20,019,187	15,129,925	12,953,399	15,070,944
Assigned	24,121,256	9,555,085	14,050,699	17,475,285	18,256,895
Unassigned	-	-	-	-	-
Total General Fund	24,121,256	29,574,272	29,180,624	31,635,535	38,343,155
All Other Governmental Funds					
Restricted	5,663,182	6,386,014	5,627,707	6,992,747	6,903,372
Committed	-	3,696,000	10,354,584	5,571,087	2,579,997
Assigned	15,346,558	11,099,076	7,928,994	6,361,403	6,180,930
Unassigned	206,875	-	-	-	-
Total All Other Governmental Funds	21,216,615	21,181,090	23,911,285	18,925,237	15,664,299
Total Fund Balances	\$ 45,337,871	\$ 50,755,362	\$ 53,091,909	\$ 50,560,772	\$ 54,007,454

Continued

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Town of Los Gatos
 Fund Balance, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24
General Fund					
Nonspendable	\$ -	\$ 159,000	\$ 159,000	\$ 159,000	\$ 159,000
Restricted	669,978	-	690,000	1,444,501	2,532,997
Committed	15,387,706	11,220,970	12,283,132	13,150,130	14,364,143
Assigned	13,277,813	12,534,648	13,764,657	14,774,673	14,005,932
Unassigned	-	-	-	-	-
Total General Fund	29,335,497	23,914,618	26,896,789	29,528,304	31,062,072
All Other Governmental Funds					
Restricted	6,448,006	8,562,653	9,383,483	9,530,538	10,361,026
Committed	-	-	637,711	2,590,257	2,664,441
Assigned	14,181,679	15,360,481	13,944,155	19,536,429	16,915,064
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	20,629,685	23,923,134	24,965,349	31,657,224	29,940,531
Total Fund Balances	\$ 49,965,182	\$ 47,837,752	\$ 50,862,138	\$ 61,185,528	\$ 61,002,603

Concluded

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Town of Los Gatos
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Schedule 4

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2018/19
Revenues:					
Taxes	\$ 23,208,820	\$ 23,269,892	\$ 25,945,129	\$ 26,253,026	\$ 28,244,329
Licenses & Permits	6,467,771	5,442,133	5,075,503	5,937,044	5,173,876
Intergovernmental	2,921,002	2,573,475	1,715,580	2,124,903	2,310,655
Charges for Services	5,794,386	4,773,001	4,210,174	5,395,057	5,584,504
Fines and Forfeitures	868,564	879,277	917,105	676,212	510,266
Franchise Fees	2,215,430	2,258,892	2,366,908	2,474,814	2,475,916
Developer Fees	-	-	-	-	-
Investment Income	428,735	698,308	192,978	332,938	1,809,164
Use of Property	32,209	31,723	32,096	32,206	32,960
Other	3,130,975	2,396,992	1,011,939	640,844	579,755
Total Revenues	45,067,892	42,323,693	41,467,412	43,867,044	46,721,425
Expenditures:					
Current					
General Government	8,647,451	9,144,797	8,390,959	8,770,082	8,004,254
Public Safety	13,747,198	13,763,316	12,251,288	14,423,554	14,945,407
Parks and Public Works	5,840,097	6,307,266	6,007,748	7,125,686	7,962,135
Community Development	4,218,500	3,695,500	3,792,000	4,192,165	4,577,495
Library Services	2,268,844	2,330,068	2,508,600	2,529,017	2,493,617
Sanitation & Other	411,863	502,726	466,762	521,147	628,240
Capital Outlay	3,800,478	3,241,657	6,867,034	9,778,058	7,888,914
Debt Service					
Principal Repayment	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	38,934,433	38,937,534	41,912,398	47,339,709	46,500,062
Excess (Deficiency) of Revenues	6,133,461	3,386,159	(444,986)	(3,472,665)	221,363
Over (Under) Expenditures	133,461	3,386,159	(444,986)	(3,472,665)	221,363
Other Financing Sources(Uses):					
Transfers In	5,175,000	3,315,846	7,907,692	3,176,760	4,264,131
Transfers Out	(1,788,049)	(1,284,514)	(7,612,012)	(3,880,131)	(3,323,756)
Gain from Sale of Property	-	-	-	378,219	1,912,316
Insurance Recoveries	-	-	-	-	-
Issuance of Debt	-	-	4,435	-	-
Total Other Financing Sources(Uses)	1,189,171	2,031,332	300,115	(325,152)	2,852,691
Special Item:					
Extraordinary Gain (Loss) RDA Dissolution	-	-	-	-	-
Prepayment of Pension Obligations	-	-	-	-	-
Net Change in Fund Balances	\$ 7,322,632	\$ 5,417,491	\$ (144,871)	\$ (3,797,817)	\$ 3,074,054
Capitalized Capital Outlay	\$ 3,800,478	\$ 3,241,657	\$ 6,867,034	\$ 9,778,058	\$ 7,861,972
Debt Service as a Percentage of Non Capital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Continued

Town of Los Gatos
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Schedule 4

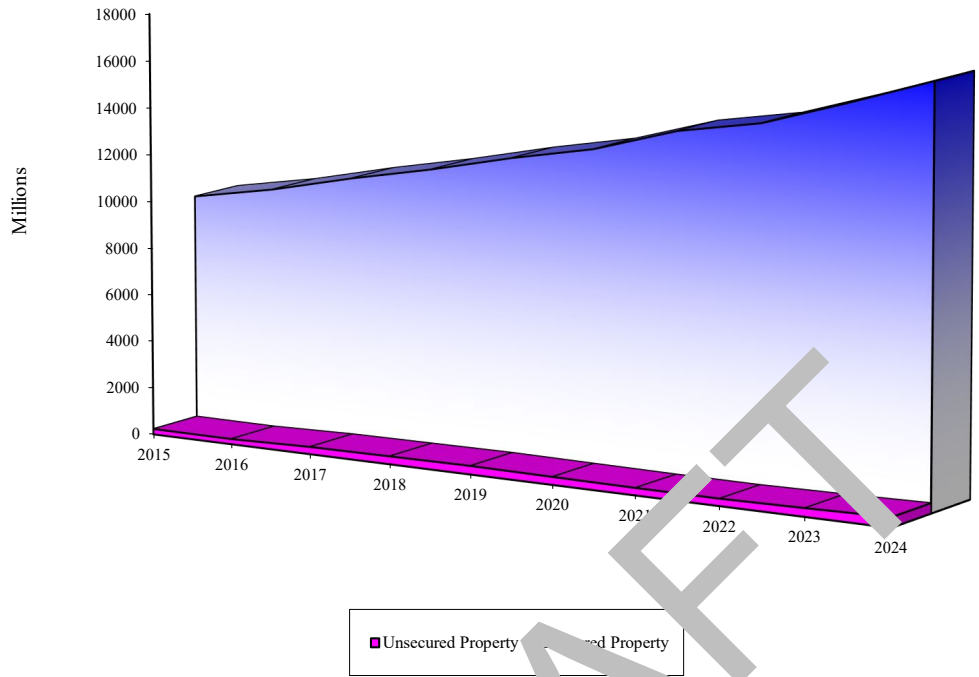
	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24 ¹
Revenues:					
Taxes	\$ 27,811,665	\$ 28,977,919	\$ 31,627,593	\$ 33,851,411	\$ 34,735,349
Licenses & Permits ¹	4,818,671	5,212,831	6,055,040	6,333,675	6,227,298
Intergovernmental	4,498,153	3,746,587	15,492,982	10,145,820	6,317,644
Charges for Services	5,309,470	6,035,659	6,925,359	5,718,714	7,051,179
Fines and Forfeitures	271,117	103,468	319,170	416,950	480,634
Franchise Fees ¹	2,495,792	2,499,463	2,822,515	3,074,624	2,547,011
Developer Fees	-	-	1,735,571	614,820	12,880
Investment Income	2,428,453	227,940	(1,278,983)	797,582	3,108,100
Use of Property	31,039	40,372	144,901	237,647	297,501
Other	376,922	423,115	349,145	985,188	604,493
Total Revenues	48,041,282	47,267,354	64,103,293	62,176,431	61,382,089
Expenditures:					
Current					
General Government	13,024,146	14,040,134	15,950,068	8,828,779	9,573,022
Public Safety	15,793,815	16,570,000	16,451,100	18,446,048	20,718,781
Parks and Public Works	8,168,599	8,200,944	8,639,128	9,084,406	9,899,083
Community Development	4,473,790	4,953,302	6,313,511	5,065,412	5,246,729
Library Services	2,700,802	2,707,988	2,827,210	3,208,027	3,335,389
Sanitation & Other	162,837	160,000	194,969	204,097	252,605
Capital Outlay	7,861,972	5,707,439	10,478,670	8,917,075	12,366,255
Debt Service					
Principal Repayment	-	1008	156,034	156,034	225,370
Interest and Fiscal Charges	-	-	-	-	3,716
Total Expenditures	45,935,961	52,796,824	61,014,680	53,909,878	61,620,950
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(1,894,679)	(5,529,470)	3,178,613	8,266,553	(238,861)
Other Financing Sources(Uses):					
Transfers In	935,260	4,053,535	8,154,307	11,886,022	3,666,235
Transfers Out	(8,008,719)	(3,940,015)	(8,310,685)	(11,396,347)	(4,317,235)
Gain from Sale of Property	1,566	1,201,369	2,151	2,162	223
Insurance Recoveries	-	-	-	1,565,000	-
Issuance of Debt	-	1,560,336	-	-	706,713
Total Other Financing Sources(Uses)	308,107	2,875,225	(154,227)	2,056,837	55,936
Special Item:					
Extraordinary Gain (Loss) RDA Dissolution	-	-	-	-	-
Prepayment of Pension Obligations	-	-	-	-	-
Net Change in Fund Balances	\$ (3,836,572)	\$ (2,654,245)	\$ 3,024,386	\$ 10,323,390	\$ (182,925)
	\$ 7,861,972	\$ 5,707,439	\$ 9,180,716	\$ 8,598,811	\$ 12,016,644
Debt Service as a Percentage					
of Non Capital Expenditures	0.00%	0.08%	0.30%	0.35%	0.46%

Concluded

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses & Permits under Charges for Services. The total amount classified in Licenses & Permits in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,33 in FY 2022/23 and \$1,493,184 in FY 2023/24.

Town of Los Gatos
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

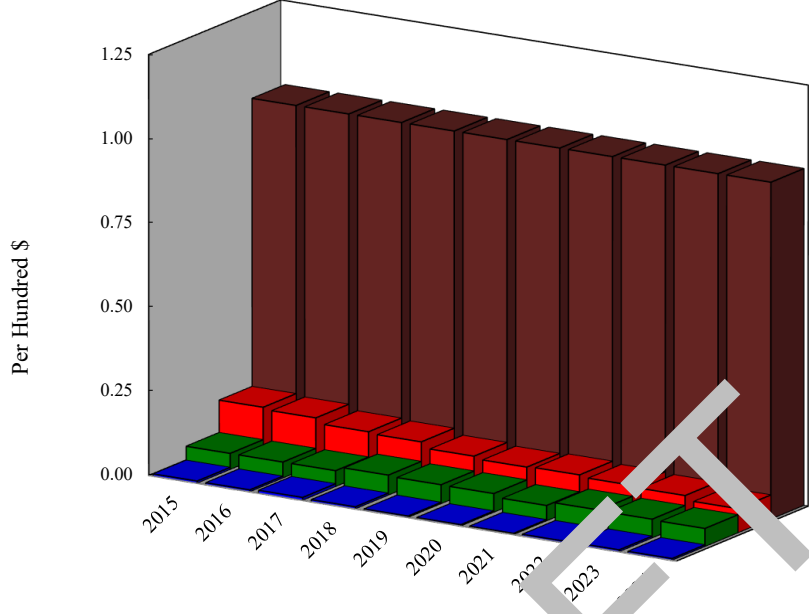
Schedule 5



Fiscal Year	Utility and Unsecured Property	Percent Change	Secured Property	Percent Change	Total Assessed	Estimated Full Market	Total Direct Tax Rate
2015	\$ 227,331,042	1.45%	9,768,250	5.73%	\$ 9,995,113,547	\$ 39,071,130,020	1.0544
2016	217,035,545	4.52%	11,804,357	6.65%	10,634,839,902	41,671,217,428	1.0533
2017	304,443,013	40.27%	11,554,198	7.90%	11,544,997,211	44,962,216,792	1.0560
2018	330,504,871	8.56%	11,969,049,272	6.48%	12,299,554,149	47,876,197,088	1.0659
2019	359,276,665	8.71%	12,795,393,103	6.90%	13,154,669,768	51,181,572,412	1.0607
2020	331,517,212	-7.73%	13,510,676,336	5.59%	13,842,193,548	54,042,705,344	1.0494
2021	308,749,655	-7.07%	14,599,669,332	8.06%	14,908,418,987	58,398,677,328	1.0627
2022	304,460,199	-1.37%	15,255,884,284	4.49%	15,560,344,483	61,023,537,136	1.0616
2023	357,370,065	17.38%	16,404,930,826	7.53%	16,762,300,891	65,619,723,304	1.0591
2024	432,381,651	20.99%	17,623,641,576	7.43%	18,056,023,227	70,494,566,304	1.0591

Source: Santa Clara County Assessed Value Report

Town of Los Gatos
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years



Santa Clara Valey Water District County
 County Bonds and Levies
 School District Bonds and Loans
 Basic County Wide Levy

Fiscal Year	Basic County Wide Levy	County Bonds and Levies	Santa Clara Special Districts	School District Bonds and Loans	Total
2015	1.0000	0.0479	0.0065	0.1442	1.1986
2016	1.0000	0.0476	0.0057	0.1381	1.1914
2017	1.0000	0.0474	0.0086	0.1223	1.1783
2018	1.0000	0.0597	0.0062	0.1177	1.1836
2019	1.0000	0.0565	0.0042	0.1006	1.1613
2020	1.0000	0.0557	0.0041	0.0935	1.1533
2021	1.0000	0.0457	0.0037	0.0959	1.1453
2022	1.0000	0.0576	0.0051	0.0902	1.1529
2023	1.0000	0.0559	0.0057	0.0854	1.1470
2024	1.0000	0.0538	0.0053	0.0720	1.1311

Source: Santa Clara County Book of Tax Rates

Town of Los Gatos
Principle Property Tax Payers
Last Ten Fiscal Years *

ASSESSEE NAME	2014/15		2015/16		2016/17		2017/18		2018/19	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
750 University LLC	\$ 19,000,000	0.17%	\$ 19,379,620	0.19%	\$ 19,675,159	0.18%	\$ 25,241,863	0.21%	\$ 25,746,699	0.20%
980 JR LLC									19,277,879	0.15%
140 Toll House Hotel LLC										
17443 Farley Rd LLC										
Alberto Way Holdings LLC	23,715,141	0.21%	24,188,966	0.23%	24,557,845	0.22%	25,048,998	0.21%	25,549,975	0.20%
A W Los Gatos LLC										
Boccardo Corporation	38,772,905	0.34%	21,617,318	0.21%	21,918,921	0.20%	22,211,650	0.19%	22,651,732	0.18%
D&K Los Gatos LLC	15,974,003	0.14%	16,293,163	0.16%						
David A. and Shari Flick Trustee	15,388,884	0.14%								
Donahue Schriber Realty Group LP							53,872,083	0.45%	56,370,186	0.44%
DS Downing Los Gatos LLC	20,006,861	0.18%	21,980,568	0.21%	22,315,770	0.20%				
DS Village Square					22,799,599	0.20%				
El Camino Hospital	20,803,609	0.19%	26,477,160	0.25%	26,880,933	0.24%	23,353,576	0.20%	28,596,104	0.22%
El Gato 15 LLC										
Equestrian 3 Investments LLC							29,584,251	0.25%	28,563,864	0.22%
Fox Creek Fund LLC									21,558,664	0.17%
Good Samaritan Hospital LP	19,602,594	0.17%	19,880,366	0.19%	22,402,756	0.20%	22,516,823	0.19%	22,934,274	0.18%
Grade Way Associations VI	15,163,152	0.13%								
Grosvenor USA Ltd.	22,990,624	0.20%	23,449,975	0.23%						
Health Care REIT Inc.	20,765,810	0.18%	20,089,903	0.19%	20,396,274	0.19%				
International Hotel										
Kay K. & Go Sasaki Sr., Trustee			24,744,983	0.24%	25,122,137	0.22%	30,144,617	0.25%	30,747,509	0.24%
Knowles Los Gatos LLC	48,204,708	0.43%	49,167,836	0.47%	49,917,000	0.46%	50,915,995	0.43%	51,934,313	0.41%
KSL Capital Partners	43,580,326	0.39%	30,134,614	0.29%	30,100,945	0.27%	25,893,946	0.22%	26,411,820	0.21%
Leland E Lester, Trustee					104,169	0.26%				
LG Business Park Bldg 3 LLC			61,947,284	0.59%			53,465,724	0.45%		
LG Business Park Bldg 4 LLC							43,937,857	0.37%		
LG Business Park LLC	39,347,485	0.35%	17,507,261	0.17%	31,070,511	0.28%				
LG Hotel LLC	15,448,057	0.14%	15,497,395	0.15%						
Los Gatos Hotel Corp.	15,573,314	0.14%	15,676,113	0.15%						
Preylock Los Gatos LLC										
Safeway Inc.							24,394,468	0.20%		
San Jose Water Works	36,693,453	0.33%	37,081,040	0.36%	38,000,728	0.34%	41,202,805	0.34%	46,150,577	0.36%
Serramonte Corporate Center LLC									200,844,610	1.57%
SF Los Gatos LLC										
SHP Newark LLC										
Si 32 LLC	150,563,119	1.34%	141,348,894	1.36%	140,042,269	1.28%	146,317,944	1.22%	149,208,182	1.17%
Sobrato Interests IV LLC	20,869,338	0.19%	20,930,482	0.20%	42,240,994	0.38%	43,071,837	0.36%	43,919,879	0.34%
SRI Old Town LLC	31,122,427	0.28%	31,000,425	0.29%	32,228,351	0.29%	32,872,917	0.27%	33,530,374	0.26%
Summerhill N40 LLC										
Summerhill Prospect Avenue LLC					18,274,508	0.16%				
Wealthcap Los Gatos 121					109,100,000	0.97%	111,282,000	0.93%	113,507,640	0.89%
Wealthcap Los Gatos 31					84,000,000	0.75%	85,680,000	0.72%	87,393,600	0.68%
Total - Principal taxpayers	\$ 633,585,810	6.49%	\$ 663,137,202	6.37%	\$ 814,164,568	7.24%	\$ 916,633,381	7.66%	\$ 1,061,033,843	8.29%
Total - All real properties assessed by the Town (1)	\$ 9,766,765	0.09%	\$ 10,416,786,877	0.10%	\$ 11,239,536,718	0.10%	\$ 11,968,031,792	0.10%	\$ 12,793,751,423	0.10%

(1) Assessed value includes only net secured real properties.

(2) Excludes the value of tax-exempt properties

Source Data: California Municipal Statistics, Inc.

Continued

Town of Los Gatos
 Principle Property Tax Payers
 Last Ten Fiscal Years *

ASSEESSEE NAME	2019/20		2020/21		2021/22		2022/23		2023/24	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
750 University LLC	\$ 26,261,632	0.19%	\$ 26,786,863	0.18%	\$ 27,064,374	0.19%	\$ 27,605,660	0.17%	\$ 28,157,772	0.16%
980 JR LLC										
140 Toll House Hotel LLC			35,043,180	0.24%	35,499,104	0.24%	34,808,066	0.21%	35,490,590	0.20%
17443 Farley Rd LLC									29,000,000	0.16%
Alberto Way Holdings LLC	24,158,350	0.18%	24,641,514	0.17%	24,896,799	0.17%				
A W Los Gatos LLC							26,749,500	0.16%		
Boccardo Corporation	23,099,314	0.17%					24,268,078	0.15%		
D&K Los Gatos LLC										
David A. and Shari Flick Trustee										
Donahue Schriber Realty Group LP	57,497,587	0.43%	58,647,535	0.40%	59,255,121	0.41%	60,440,222	0.37%	61,649,025	0.35%
DS Downing Los Gatos LLC										
DS Village Square										
El Camino Hospital	30,789,155	0.23%	42,611,768	0.29%	50,456,560	0.35%	43,379,731	0.26%	42,156,737	0.24%
Equestrian 3 Investments LLC	25,525,880	0.19%	26,036,395	0.18%	26,306,130	0.18%	26,832,251	0.16%	36,719,999	0.21%
Fox Creek Fund LLC					27,231,335	0.19%	27,078,255	0.17%	28,331,465	0.16%
Good Samaritan Hospital LP	23,391,289	0.17%	23,846,402	0.16%	24,111,608	0.17%	24,569,780	0.15%		
Grade Way Associations VI										
Grosvenor USA Ltd.										
Health Care REIT Inc.										
International Hotel	31,362,458	0.23%	31,989,706	0.22%						
Kay K. & Go Sasaki Sr., Trustee	28,864,942	0.21%	27,190,951	0.19%	27,471,400	0.19%	28,020,326	0.17%	28,585,258	0.16%
Knowles Los Gatos LLC	52,972,998	0.39%	54,032,455	0.37%	54,590,000	0.37%	55,684,072	0.34%	56,797,751	0.32%
KSL Capital Partners	33,069,058	0.24%	33,118,759	0.23%	33,050,818	0.23%	32,098,542	0.20%	31,484,883	0.18%
Leland E Lester, Trustee										
LG Business Park Bldg 3 LLC										
LG Business Park Bldg 4 LLC										
LG Business Park LLC										
LG Hotel LLC										
Los Gatos Hotel Corp.										
Preylock Los Gatos LLC	89,141,472	0.66%	95,880,000	0.66%	93,373,316	0.66%	98,810,782	0.60%	96,498,189	0.55%
Safeway Inc.	25,752,231	0.19%	25,577,034	0.18%						
San Jose Water Works	47,777,432	0.35%	49,649,150	0.34%	50,000,614	0.37%	51,657,625	0.31%	52,511,158	0.30%
Serramonte Corporate Center LLC	204,861,501	1.52%	208,958,729	1.52%	211,100,000	1.45%	215,346,008	1.31%	219,652,926	1.25%
SF Los Gatos LLC					33,214,000	0.23%				
Si 32 LLC	152,166,578	1.13%	155,181,793	1.06%	150,032,236	1.08%	159,929,209	0.97%	163,243,322	0.93%
Sobrato Interests IV LLC	44,781,377	0.33%	45,882,006	0.33%	46,155,127	0.32%	47,067,863	0.29%	48,004,098	0.27%
SRI Old Town LLC	34,200,980	0.25%	34,199,999	0.25%	35,246,406	0.24%	35,951,333	0.22%	36,670,359	0.21%
Summerhill N40 LLC	56,244,782	0.42%	57,000,661	0.41%	59,462,462	0.41%	71,006,795	0.43%	42,705,086	0.24%
Summerhill Prospect Avenue LLC										
Wealthcap Los Gatos 121	115,777,792	0.85%	115,000,000	0.81%	119,316,793	0.82%	121,703,128	0.74%	124,137,190	0.70%
Wealthcap Los Gatos 31										
Total - Principal taxpayers	\$ 1,127,696,808	8.35%	\$ 1,175,222,251	8.05%	\$ 1,202,767,594	8.24%	\$ 1,244,806,776	7.39%	\$ 1,220,964,252	6.93%
Total - All real properties assessed by the Town (1)	\$ 13,509,034	0.10%	\$ 13,598,027,652	0.10%	\$ 15,254,242,604	0.10%	\$ 16,403,289,146	0.10%	\$ 17,621,748,976	0.10%

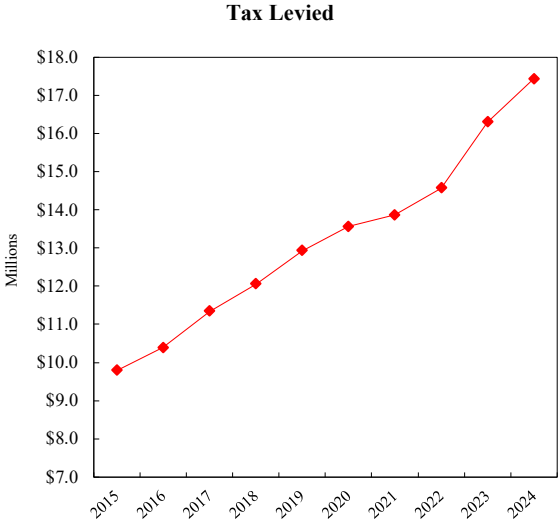
(1) Assessed value includes only net secured real properties.

(2) Excludes the value of tax-exempt properties

Source Data: California Municipal Statistics, Inc.

Concluded

Town of Los Gatos
 Property Tax Levies and Collections
 Last Ten Fiscal Years



Fiscal Year	Town Property Tax Levied and Collected	Redevelopment Property Tax Levied and Collected	Total Property Tax Levied and Collected	Value of Town Property subject to Local Tax Rate	Value of Redevelopment Agency Property Subject to Local Tax Rate	Value of Property Subject to Local Tax Rate
2015	\$ 9,787,519	-	9,787,519	\$ 9,995,113,547	\$ 1,318,214,863	\$ 11,313,328,410
2016	10,388,424	-	10,388,424	10,634,839,902	1,395,509,489	12,030,349,391
2017	11,345,588	-	11,345,588	11,544,997,211	1,537,577,241	13,082,574,452
2018	12,060,228	-	12,060,228	12,299,554,149	1,650,746,473	13,950,300,622
2019	12,924,592	-	12,924,592	13,154,669,768	1,717,358,555	14,872,028,323
2020	13,559,587	-	13,559,587	13,842,193,548	1,715,982,555	15,651,922,606
2021	13,864,271	-	13,864,271	14,908,418,987	1,809,729,058	16,718,148,045
2022	14,566,808	-	14,566,808	15,560,344,483	1,891,297,788	17,451,642,271
2023	16,300,797	-	16,300,797	16,762,300,891	2,047,530,717	18,809,831,608
2024	17,431,668	-	17,431,668	18,056,023,227	2,162,668,731	20,218,691,958

Sources: Santa Clara County Auditor-Controller Office and the Town of Los Gatos

Town of Los Gatos
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 9

Governmental Activities

Fiscal Year	PG&E Loan	SBITA's	Total Governmental Activities	Total Primary Government	Percentage of Personal Income	Per Capita
2015	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2016	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2017	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2018	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2019	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2020	\$ -	\$ -	\$ -	\$ -	0.0%	0.00
2021	\$ 1,508,325	\$ -	\$ 1,508,325	\$ 1,508,325	96.4%	48.91
2022	\$ 1,352,291	\$ -	\$ 1,352,291	\$ 1,352,291	95.5%	40.90
2023	\$ 1,196,257	\$ 594,934	\$ 1,791,191	\$ 1,791,191	118.7%	36.14
2024	\$ 1,040,224	\$ 1,083,858	\$ 2,124,082	\$ 2,124,082	108.9%	31.30

Debt was transferred to the Successor Agency Trust Fund as part of the RDA dissolution in FY 2011

DRAFT

Town of Los Gatos
Direct and Overlapping Governmental Activities Debt
June 30, 2024

2023/24 Assessed Valuation:	\$18,056,023,227		Estimated Share of Direct and Overlapping Debt at June 30, 2024
DIRECT AND OVERLAPPING BONDED DEBT:	% Applicable ⁽¹⁾	Total Debt at June 30, 2024	
Overlapping Tax & Assessment Debt			
Santa Clara County	2.735%	\$ 1,041,125,000	\$ 26,167,660
West Valley-Mission Community College District	9.553%	\$ 694,320,000	\$ 63,340,211
Campbell Union High School District	7.894%	\$ 354,085,000	\$ 26,538,444
Los Gatos-Saratoga Joint Union High School District	36.786%	\$ 81,235,000	\$ 28,759,295
Cambrian School District	0.757%	\$ 96,314,944	\$ 678,423
Campbell Union School District	7.886%	\$ 205,899,324	\$ 19,739,393
Los Gatos Union School District	74.219%	\$ 62,020,000	\$ 42,364,205
Saratoga Union School District	0.049%	\$ 15,206,197	\$ 5,778
Union School District	20.070%	\$ 144,497,533	\$ 28,183,190
Midpeninsula Regional Open Space District	4.444%	\$ 82,680,000	\$ 3,586,308
Santa Clara Valley Water District Benefit Assessment District	2.735%	\$ 38,900,000	\$ 799,577
Total Overlapping Tax and Assessment Debt			\$ 240,162,484
Overlapping General Fund Debt			
Santa Clara County General Fund Obligations	2.735%	\$ 1,057,709,440	\$ 28,928,353
Santa Clara County Pension Obligation Bonds	2.735%	\$ 323,733,582	\$ 8,854,113
Santa Clara County Board of Education Certificates of Participation	2.735%	\$ 12,073,098	\$ 330,199
West Valley-Mission Community College District General Fund Obligations	9.553%	\$ 2,520,000	\$ 240,736
Campbell Union High School District General Fund Obligations	7.894%	\$ 13,500,000	\$ 1,065,690
Campbell Union School District General Fund Obligations	7.886%	\$ 1,230,000	\$ 96,998
Saratoga Union School District Certificates of Participation	0.049%	\$ 1,455,000	\$ 713
Town of Los Gatos	100.000%	\$ -	\$ 2,123,381
Santa Clara County Vector Control District Certificates of Participation	2.735%	\$ 945,000	\$ 25,846
Santa Clara County Central Fire Protection District Certificates of Participation	26.139%	\$ 27,130,000	\$ 7,091,511
Midpeninsula Regional Open Space Park District General Fund Obligations	4.444%	\$ 79,795,600	\$ 3,546,116
Total Gross Overlapping General Fund Debt			\$ 52,303,656
Less: Santa Clara County Supported Obligations			\$ 72,751
Total Overlapping General Fund Debt			\$ 52,230,905
Overlapping Tax Increment Debt (Successor Agency)			
Town of Los Gatos Certificated of Participation			\$ 10,015,000
Total of Overlapping Tax Increment Debt			\$ 10,015,000
Total Direct Debt			
Total Gross Overlapping Debt			\$ 302,481,140
Total Net Overlapping Debt			\$ 302,408,389
Gross Combined Total Debt			\$ 302,481,140 ⁽²⁾
Net Combined Total Debt			\$ 302,408,389

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2023/24 Assessed Valuation:

Total Overlapping Tax and Assessment Debt: 1.33%
Total Direct Debt: 0.00%
Gross Combined Total Debt: 1.66%
Net Combined Total Debt: 1.66%

Ratios to Redevelopment Incremental Valuation (\$1,916,471,918):

Overlapping Tax Increment Debt: 0.52%

Town of Los Gatos
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (In Thousands of Dollars)

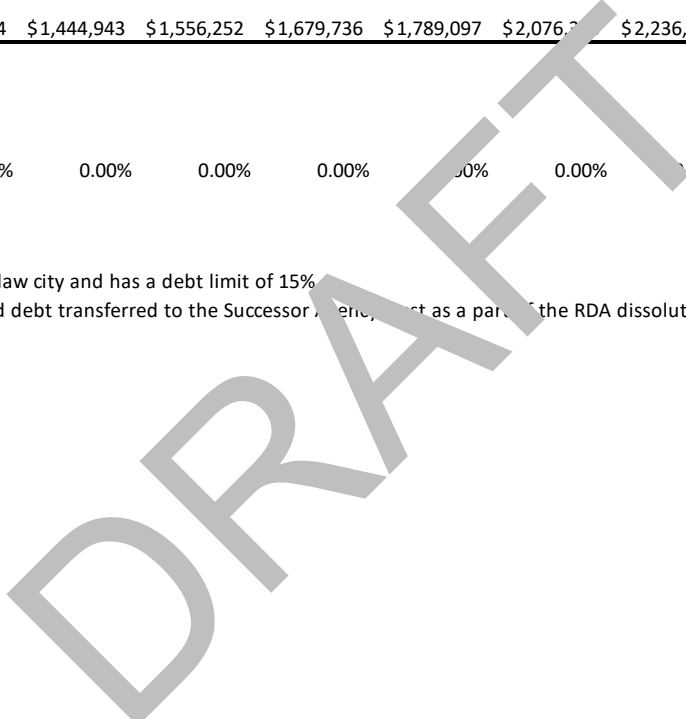
Legal Debt Margin Calculation
 for Fiscal Year 2023/24

Assessed Value	\$	18,056,023,227
Debt Limit		2,708,403,484
Debt Applicable to Limit:		
Legal Debt Margin	\$	2,708,403,484

	Fiscal Year									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Debt Limit	\$1,379,254	\$1,444,943	\$1,556,252	\$1,679,736	\$1,789,097	\$2,076,329	\$2,236,263	\$2,334,052	\$2,514,345	\$2,708,403
Debt Applicable to Limit	-	-	-	-	-	-	-	1,352	1,196	1,040
Legal Debt Margin	\$1,379,254	\$1,444,943	\$1,556,252	\$1,679,736	\$1,789,097	\$2,076,329	\$2,236,263	\$2,332,700	\$2,332,699	\$2,707,363
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.05%	0.04%

Notes:

- (1) The Town of Los Gatos is a general law city and has a debt limit of 15%.
- (2) Excludes RDA assessed valuation and debt transferred to the Successor Agency, as a part of the RDA dissolution.



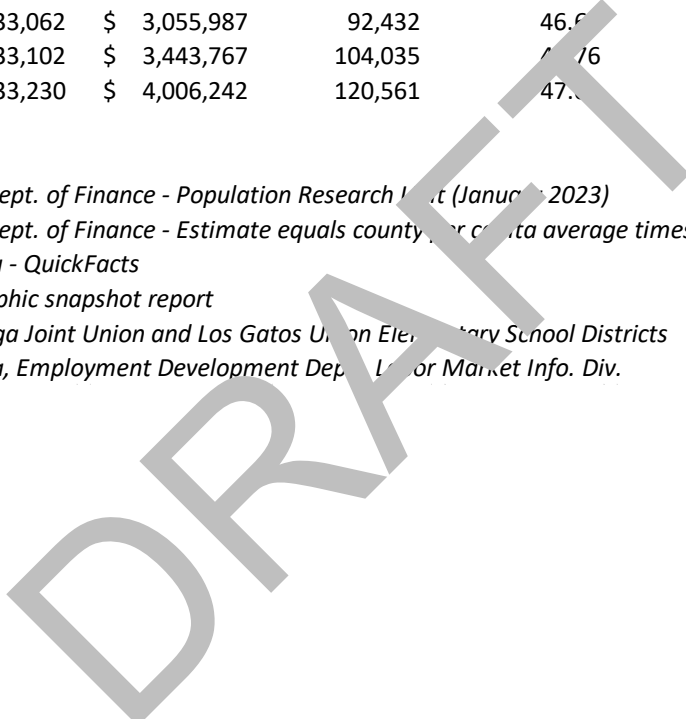
Town of Los Gatos
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Schedule 12

Fiscal Year Ended	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (5)	County Unemployment Rate (6)
2015	30,505	\$ 2,197,885	72,050	46.10	6,622	3.8%
2016	31,376	\$ 2,286,087	72,861	46.30	6,646	3.5%
2017	31,314	\$ 2,281,569	72,861	46.50	6,631	3.8%
2018	30,601	\$ 2,290,638	74,855	46.81	6,588	2.6%
2019	30,998	\$ 2,365,178	76,301	46.72	6,544	2.6%
2020	31,439	\$ 2,546,748	81,006	46.83	6,520	10.7%
2021	30,836	\$ 2,686,155	87,111	46.83	6,180	5.2%
2022	33,062	\$ 3,055,987	92,432	46.6	6,000	2.2%
2023	33,102	\$ 3,443,767	104,035	47.76	5,895	3.7%
2024	33,230	\$ 4,006,242	120,561	47.1	5,856	4.1%

Source:

- (1) California State Dept. of Finance - Population Research Report (January 2023)
- (2) California State Dept. of Finance - Estimate equals county per capita average times population
- (3) US Census Bureau - QuickFacts
- (4) Claritas demographic snapshot report
- (5) Los Gatos Saratoga Joint Union and Los Gatos Union Elementary School Districts
- (6) State of California, Employment Development Department Labor Market Info. Div.



Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

Principal Employers	2014/15		2015/16		2016/17		2017/18		2018/19	
	Percentage of Total Town		Percentage of Total Town		Percentage of Total Town		Percentage of Total Town		Percentage of Total Town	
	Emp.	Employment	Emp.	Employment	Emp.	Employment	Emp.	Employment	Emp.	Employment
Columbia Health Care Assoc/Mission Oaks Hospital	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
El Camino Hospital, Los Gatos	560	3.73%	560	3.53%	560	3.49%	560	3.43%	560	3.49%
Los Gatos Union School District	273	1.82%	280	1.76%	274	1.71%	267	1.64%	281	1.75%
Los Gatos-Saratoga High School District	157	1.05%	157	0.99%	370	2.30%	367	2.25%	367	2.28%
Netflix	1,530	10.19%	1,976	12.45%	1,864	11.61%	2,117	12.98%	2,314	14.41%
Safeway	314	2.09%	314	1.98%	314	1.95%	314	1.92%	314	1.95%
Alain Pinel Realtors	156	1.04%	146	0.92%	148	0.92%	131	0.80%	131	0.82%
Courtside Tennis Club	440	2.93%	440	2.77%	468	2.91%	542	3.32%	542	3.37%
Town of Los Gatos	157	1.05%	158	1.00%	160	1.00%	159	0.97%	160	1.00%
Whole Foods	179	1.19%	179	1.13%	179	1.11%	179	1.10%	125	0.78%
Vasona Creek Health Care Center	233	1.55%	233	1.47%	233	1.45%	233	1.43%	233	1.45%
Good Samaritan Regional Cancer Center	200	1.33%	200	1.26%	200	1.25%	200	1.23%	200	1.25%
Roku	-	0.00%	487	3.07%	554	3.45%	664	4.07%	516	3.21%
Terraces of Los Gatos	-	0.00%	228	1.44%	228	1.42%	228	1.40%	228	1.42%

Source: Town of Los Gatos, Finance
Department and Muniservices

Continued

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Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

	2019/20		2020/21		2021/22		2022/23		2023/24	
	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment
<u>Principal Employers</u>										
Columbia Health Care Assoc/Mission Oaks Hospital	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
El Camino Hospital, Los Gatos	560	3.49%	560	3.35%	517	3.09%	509	3.04%	548	3.45%
Los Gatos Union School District	281	1.75%	281	1.68%	281	1.68%	281	1.68%	287	1.81%
Los Gatos-Saratoga High School District	367	2.28%	320	1.92%	320	1.91%	320	1.91%	320	2.01%
Netflix	2,314	14.41%	2,524	15.11%	2,278	13.62%	2,263	13.53%	2,444	15.39%
Safeway	314	1.95%	314	1.88%	314	1.88%	314	1.88%	314	1.98%
Alain Pinel Realtors	131	0.82%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Courtside Tennis Club	542	3.37%	542	3.24%	542	3.24%	542	3.24%	342	2.15%
Town of Los Gatos	160	1.00%	161	0.96%	165	0.99%	163	0.97%	165	1.04%
Whole Foods	125	0.78%	125	0.75%	180	1.08%	132	0.79%	133	0.84%
Vasona Creek Health Care Center	233	1.45%	250	1.50%	250	1.49%	250	1.49%	250	1.57%
Good Samaritan Regional Cancer Center	200	1.25%	200	1.20%	200	1.20%	200	1.20%	111	0.70%
Roku	516	3.21%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Terraces of Los Gatos	228	1.42%	228	1.36%	200	1.20%	200	1.20%	230	1.45%

Source: Town of Los Gatos, Finance
Department and Muniservices

Concluded

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Town of Los Gatos
 Full-time-Equivalent Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
General Government	20.97	20.97	21.35	21.97	22.16	21.80	21.80	22.06	22.05	22.06
Police	60.00	59.00	59.00	59.00	59.00	60.00	60.00	60.00	60.00	60.00
Economic Development	0.63	0.63	0.63	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Library	10.80	11.00	12.25	12.25	12.50	12.50	12.50	12.50	13.50	13.50
Planning	19.50	19.00	19.26	19.63	20.08	20.08	20.20	20.20	20.20	20.45
Public Works	32.00	33.50	33.50	34.50	34.50	34.50	34.75	34.75	36.75	35.75
Total	143.90	144.10	145.98	148.10	148.99	149.33	150.00	150.26	153.25	152.51

Full-time equivalent employment is calculated as one or more employee positions totaling one full year of service or approximately 2,080 hours a year.

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Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

FUNCTION/PROGRAM

	Fiscal Year				
	2014/15	2015/16	2016/17	2017/18	2017/18
General government					
Building Permits Issued					
Residential Permits Issued	805	899	744	849	814
Residential Permits Value	76,896,111	85,000,754	53,625,891	63,083,249	80,030,846
Commercial Permits Issued	133	147	135	105	122
Commercial Permits Value	178,195,997	20,185,884	50,024,177	16,626,196	13,295,999
Publically Owned Permits Issued	-	-	-	-	-
Publically Owned Permits Value	-	-	-	-	-
Residential Parking Permits					
Number of Special Event Permits Issued	127	107	118	113	78
Number of Annual Permits Issued	1,570	1,363	1,251	1,342	1,395
City Clerk					
Number of Council Resolutions Passed	72	61	69	69	59
Number of Ordinances Passed	9	11	5	17	11
Number of Contracts Passed	222	283	240	262	245
General Services					
Number of Purchase Orders Issued	277	334	331	322	343
Police					
Physical Arrests	695	987	1,030	1,164	1,138
Parking Violations	13,721	13,975	12,863	11,784	6,817
Traffic Violations	4,634	5,400	4,634	4,757	2,877
DUI Arrests	4	58	60	51	70
Library					
Number of Library Visits	-	-	-	-	-
Annual Circulation	-	-	-	-	-
Number of Library Card holders	-	-	-	-	-
Circulated e-audiobooks	5,867	7,761	10,006	8,844	12,130
Other Public Works					
Street Resurfacing/Overlay/Reconstruction (miles)	1.8	8.0	10.0	2.6	5.8
ADA Compliance: Curb Ramps	23	11	30	68	49
Traffic Circles	1	1	1	1	1
Street Poles	1,609	1,609	1,609	1,762	1,830
Planning and Development Department					
Building & Safety Inspections Performed	11,652	8,655	14,722	13,918	13,966
Redevelopment: Number of active projects	-	-	-	-	-

Source: Town of Los Gatos, Finance Department

Continued

Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

FUNCTION/PROGRAM

	Fiscal Year				
	2019/20	2020/21	2021/22	2022/23	2023/24
General government					
Building Permits Issued					
Residential Permits Issued	898	1,128	1,144	1,118	957
Residential Permits Value	47,961,529	111,242,724	132,784,439	73,432,645	63,352,925
Commercial Permits Issued	92	68	117	84	62
Commercial Permits Value	12,389,688	37,285,259	23,442,964	19,422,918	31,245,689
Publically Owned Permits Issued	-	-	-	-	-
Publically Owned Permits Value	-	-	-	-	-
Residential Parking Permits					
Number of Special Event Permits Issued	-	-	-	-	- (1)
Number of Annual Permits Issued	1,400	1,568	1,958	1,827	1,847
City Clerk					
Number of Council Resolutions Passed	57	55	64	71	69
Number of Ordinances Passed	24	9	14	10	14
Number of Contracts Passed	242	205	205	275	322
General Services					
Number of Purchase Orders Issued	359	376	306	296	302
Police					
Physical Arrests	65	360	504	522	642
Parking Violations	4,021	1,584	4,678	8,569	8,644
Traffic Violations	1,225	764	1,245	1,427	1,787
DUI Arrests	64	23	49	42	51
Library					
Number of Library Visits	-	-	150,198	206,874	249,120 (3)
Annual Circulation	-	-	432,707	397,517	422,733 (3)
Number of Library Card holders	-	-	29,322	29,815	33,551 (3)
Circulated e-audiobooks	57,839	54,614	-	-	- (2)
Other Public Works					
Street Resurfacing/Overlay/Reconstruction (miles)	16.2	10.0	9.9	10.9	10.1
ADA Compliance: Curb Ramps	68	91	59	50	69
Traffic Circles	1	1	1	1	1
Street Poles	1,830	2,113	2,113	2,113	2,113
Planning and Development Department					
Building & Safety Inspections Performed	13,633	13,806	16,906	16,641	14,696
Redevelopment: Number of active projects	-	-	-	-	-

(1) The Town streamlined the special event application where multiple events require only one permit.

(2) Changed operating indicators to fully reflect Department's efficiency metrics starting FY 2021/22.

(3) New metrics being presented in FY 2021/22.

Source: Town of Los Gatos, Finance Department

Concluded

Town of Los Gatos
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Police										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	14	14	14	14	14	14	14	14	14	14
Parking Enforcement Vehicles	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	132	132	132	132	132	132	132	132	112	112 ⁽¹⁾
Streetlights	1,609	1,609	1,609	1,762	1,830	1,830	2,113	2,113	2,113	2,113
Traffic Signals	29	30	30	30	31	31	31	31	31	31
Parks and Recreation										
Number of Parks	12	12	12	12	N/A	N/A	N/A	N/A	N/A	N/A
Number of Community Centers	1	1	1	1	1	1	1	1	1	1
Number of Parks & Open Spaces	N/A	N/A	N/A	N/A		17	17	17	17	17
Parking										
Number of Parking Garages	1	1	1		1		1	1	1	1
Number of Parking Lots	22	22	22	22	22	22	22	22	22	22
Number of Off Street Parking Garage Spaces	1,126	1,126	1,126	1,126	N/A	N/A	N/A	N/A	N/A	N/A
Number of Downtown Off-Street Parking Spaces	N/A	N/A	N/A		1,269	1,269	1,269	1,269	1,269	1,269

(1) Based on Metropolitan Transportation Commission (MTC) funded Pavement Technical Assistance Program (P-TAP) inventory for year 2022.

Source: Town of Los Gatos, Finance Department

Other Independent Auditor's Reports

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**INDEPENDENT AUDITOR'S 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***

To the Honorable Mayor and Members of the
 Town Council of the Town of Los Gatos
 Los Gatos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Los Gatos (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 11, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



Chavan and Associates, LLP
Certified Public Accountants

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

Morgan Hill, California
November 11, 2024

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Comments and questions on the FY 2023/24 Draft Annual Comprehensive Financial Report

The following are comments, questions, and recommendations made by members of the Finance Commission. In accordance with Section 2.50.225 (a)(3), the Finance Commission is to review the [Annual Comprehensive Financial Report] and the Town Manager is to respond in writing regarding their rationale for accepting or rejecting each comment and recommendation. The following responses as well as the changes proposed in Attachment 1 represent the Town Manager's written response.

1. The transmittal letter doesn't call out the change in Town Manager - I know Chris wasn't there for the reported fiscal year but he is issuing the transmittal - within the letter the listed officials for the fiscal year (appropriately) has Laurel. It might be helpful to mention the change in the body of the letter to avoid confusion.

Added. See Footnote on page 8 of the ACFR. There is also a correction to change the Human Resources Director to the appropriate reference.

2. It is mentioned that the assumed vacancy rate for staffing/salaries of 4.6% was exceeded? Was that avg across the town departments? What was the actual vacancy rate (by dept?). Do we need to consider updating the budget assumption?

Not added. The discussion is more appropriate for Mid-Year and Budget discussions. Here is the summary provided at the meeting:

The final General Fund salaries and benefits budgets of \$35,611,692, include a negative \$1,670,530 original salary savings and a positive \$714,666 budget restoration for Departments that were fully staffed. In addition, the General Fund had \$1,041, 299 salaries and benefits savings. While individual Departments had various savings, the Townwide salaries and benefits savings would translate to 5.6% if all positions are budgeted without vacancy savings factors. At this time, staff do not believe a change in assumption is necessary; however, staff remains open to continuing the conversation during the budget process.

3. On the 4th bulletin within the MD&A highlights - could we show the breakout of the transfers out of capital projects and general liability?

Added. See page 18 of the ACFR. During FY 2023/24, the General Fund had an excess of revenues over expenditures of \$4.0 million, excluding transfers. Transfers out exceeded transfers in by \$3.2 million. The principal purpose of the Town's interfund transfers was contributions toward capital projects (\$3.1 million) and general liability (\$.43 million). The detail of the interfund transfers is illustrated in Note #5.

4. On the second bulletin within in the MD&A highlights - it is noted that while the net positive of \$5.9M in position the net difference from the prior year was \$15.1 (61%). Given the size of the difference can we understand what was different from 22 to 23 - was this an anomaly?

Added. See deletion and recommended changes per Commissioner's recommendation on page 18 of the ACFR. This is shown as the 2nd bullet under "Financial Highlights."

"The Town's total net position increased by \$5.9 million in FY 2023/24. The overall increase of \$5.9 million is primarily due to the combined effect of infrastructure capitalization, grant revenue recognition, and changes to pension expenses."

5. On page 75 of the packet, 4th paragraph in the discussion on sales tax revenue - notes the reduction in business-to-business activities, less sales tax activity and decrease to gas stations due to popularity of EV's. How do we know these causes for the difference - asking because I think this could be helpful information to know in the scorecard process. Also, given the evolution to EV's - have we thought about how we will replace traditional gas related revenues with EV driven revenue? These thoughts aren't really about changing the MD&A but broader questions.

Not added. Great observations, but the discussion is more appropriate when performance metrics are discussed.

6. On page 76 of the packet, bottom of the page - \$1.5 variance in salary and benefits - see my first note but another reason I was asking the overall staffing/salary/benefits question. We had several factors influencing one of our largest expense categories - labor negotiation, staffing/vacancy and benefits. Might be helpful to provide a chart of this category? I'm also really trying to understand the validity of our underlying assumptions.

Not added. Please see response to Question 2.

7. Pages 81-83 Changes in Budgets (org and updated), Budgets (org and updated) vs Actuals. Not sure if we need two separate walk downs: The second set of charts showing all 3 histograms with a walk down of the differences including updated budget and actuals might suffice. I'm OK if others think this is helpful but offer it as a suggestion to tighten up the MD&A.

Added. See streamlined presentation starting on page 31 et seq. of the ACFR. Staff removed and modified the graphics.

Town Manager Letter

8. While the \$63m in unfunded pension liability increased from FY 2023 level of \$59.9m, the major impact has been the Town's total pension expense has materially increased. In FY 2024 total pension expense was \$11.2m which was a 91% or \$5.3m increase from FY 2023 pension expense of \$5.9m. This is the single largest cost increase the Town experienced in FY 2024.

Not added. See page 4 of the Management Letter which talks about variability. Here is the summary provided at the meeting.

Pension expense is a combination of net changes in net pension liability, deferred inflows and outflows of resources, and contributions in the current measurement period. Pension expense varies year to year based on actual market performance and actuarial assumptions. For example, FY 2022/23 was \$5.9 million, FY 2021/22 was \$3.4 million, and FY 2019/20 was \$10.8 million.

9. There have been no ADP's made since \$4.8m ADP in FY 2020 and \$5.6m ADP in FY 2021.

Confirmed. No further response is necessary.

10. FY2024's capital outlay of \$12.4m was the largest single-year capital outlay in the past 10 years and represented a 39% increase over FY 2023. The next highest year was FY 2022 with \$10.4m. For the 5-year period FY 20 – FY 24, the Town incurred a total capital outlay of \$45.4m as compared to the prior 5-year period FY15 – FY19 of \$31.6m. This represents a 44% increase.

Noted. See additional information provided on page 34 in the Fixed Asset Presentation. The \$7.1 million addition to construction in progress is comprised of \$3.8 million for pathways projects, \$1.2 million for streets and curbs improvements, \$0.9 million for land and building improvements, \$0.6 million for bridges, \$0.4 million for equipment, and \$0.2 million for retaining walls, traffic signals, parking lots, and park improvements.

Independent Auditor's Report

11. Confirm the auditor has "audited the accompanying financial statements" and is expressing an opinion on "the financial statements" as opposed to the trial balance, which is an underlying record.

Confirmed by auditor.

12. Confirm the auditor prepared the financial statements applying appropriate risk mitigation and the Town management accepts responsibility for the preparation and fair presentation of the financial statements.

Confirmed by auditor.

Management's Discussion and Analysis

Financial Highlights

13. Separate the discussion of the FY 2024 increase in net position of \$5.9m from the discussion of the change in the change in net position from the prior year. The \$5.9m increase in net position for FY 2024 was because total revenues exceeded total expenses. The fact that the FY 2024 \$5.9m increase was less than the prior year's increase of \$15.1m is due to total expenses in FY 2024 increased \$9.3m from FY 2023 level of \$49.3m while total revenues remained relatively flat. As written, the discussion is confusing.

Added. Please see the response to Question 4.

14. Staff should consider adding a full-throated disclosure of the \$7.2m in ARPA/SLRF grant money the Town has received. The ARPA funds need to be fully committed to contracts and projects by December 2024 and fully expended by December 2026. Last year the Town reported separately an ARPA fund which had a balance of \$3.6m which was transferred out. A discussion of how the full \$7.2m was spent is an important disclosure. No one understands this.

Added. Please see page 35 of the ACFR.

General Fund Monies Made Available because of the ARPA Grant

The Town recognized the American Rescue Plan Act (ARPA) operating revenue over three fiscal years including FY 2020/21 (\$200,911), FY 2021/22 (\$3,413,961), and FY 2022/23 (\$3,614,872) for allowable expenditures under the standard allowance provision of the ARPA federal rules. The funds were received in the ARPA special revenue fund and were transferred out to other funds and used for qualifying public safety expenditures under the provisions of the Act.

The Utilization of the ARPA grant, enabled the Town to support the following activities using unrestricted resources:

Unrestricted Funds Available	\$7,229,744
Less Council Approved Uses	
Parklets (Downtown Economic Recovery Efforts)	\$ 930,000
Rent Waivers	746,463
CUP/ADA Fee Waivers	54,346
Destination Marketing	55,000
K-Rails (Downtown Economic Recovery Efforts)	88,654
Promenades	188,667
Direct Grants	110,000
Enhanced Senior Services	500,000
Capital Improvement Program Support Transfers	2,900,000
One-Time Community Grant (Council Action 2-21-2023)	150,000
One-Time to LGS REC 55+ Program (Council Action 2-21-2023)	225,000
One-Time to KCAT Producers (Council Action 2-21-2023)	100,000
One-Time Unhoused Residents Efforts (Council Action 2-21-2023)	25,000
One-Time Rent Forgiveness LGS REC (Council Action 3-21-2023)	200,000
One-Time Rent Forgiveness NUMU (Council Action 3-21-2023)	21,000
One-Time Unhoused Residents Efforts (Council Action 4-4-2023)	25,000
One-Time - Additional Chambers of Commerce (Council Action 5-2-2023)	33,000
One-time - Adult Recreation Center Interim Community Center (Council Action 8-15-2023 & FY 2024/25 Proposed Budget)	877,614
Total	\$7,229,744

Net Position Discussion

15. Please explain “unavailable revenue classification (to revenue) of \$2.3m. What is this?”

Not added. Please see response provided at the meeting. Under modified accrual bases of accounting, receivables that are not received within 60 days of year-end have to be reclassified as a liability. The unavailable revenue classification is the liability reclassification back to revenue under the accrual bases of accounting for the government wide financial statements.

Governmental Activities

16. Why not restate FY 2023 to reflect the reclassification of garbage franchise fees so FY 2024 and FY 2023 are presented on a comparable basis? As presented it is confusing for the reader. At least disclose the amount of the reclassification.

Added. See footnote on pages 23 and 29.

“(1) Starting with the March 2024 services, Garbage Franchise Fees are categorized as encroachment fees under Charges for Services. The total amount classified in Charges for Services in FY 2023/24 was \$765,900.”

17. Provide more transparency regarding the \$1.7m increase in capital grant activity. What were the specific grants that drove this increase?

Added. See page 25 of the ACFR where discussion “Governmental Activities Revenue Discussion” exists.

“\$1.7 million net increase in capital grant activity including grants received toward the Los Gatos Creek Trail to Highway 9 Trailhead Connector project.”

18. What is Town Management trying to accomplish by establishing an assigned “market fluctuation reserve”? I realize this is in the Fund Reserve Policy, but does this really accomplish anything? Should it be classified as nonspendable?

Not added. Staff cursorily reviewed the item and will continue to research the classification. For the FY 2023/24 ACFR, the market fluctuation reserve is kept as assigned consistent with the resolution approved by the Council before June 30, 2024.

19. Governmental total expenses increased \$9.3m. \$7.7m of the increase is discussed. What is the cost force that contributed the additional \$1.6m? Are these increases “one-time” or recurring?

Not Added. The other \$1.6 million increase is attributable to multiple ongoing cost increases such as retiree medical expenses, utilities, landscape maintenance, safety supplies and equipment, and one-time costs in temporary employee services, labor relations services, consultant services, one-time grants, and building maintenance repairs. After further discussion at the December 9 Finance Commission meeting, the Commissioners recommended removing the detail originally provided since the change was due to multiple miscellaneous items.

Governmental Funds Discussion

20. Disclose the cost force that caused the general operating increase of \$1.5m. Why did this occur?

Not Added. The other \$1.5 million increase is attributable to multiple ongoing cost increases such as retiree medical expenses, utilities, landscape maintenance, safety supplies and equipment, and one-time costs in temporary employee services, labor relations services, consultant services, one-time grants, and building maintenance repairs. After further discussion at the December 9 Finance Commission meeting, the Commissioners recommended removing the detail originally provided since the changes were due to multiple miscellaneous items.

21. Discuss the capital outlay increase of \$3.4m. What was this for?

Added. Discussed in the Capital Asset section of the ACFR. See the response to Question 26.

22. Explain the \$4.6m increase in General Fund expenditures from FY 23 level of \$44.9m to FY 24 level of \$49.5m. Why did this occur?

Not added. Paragraphs 4, 5, and 6 on page 31 already describe the Governmental Funds General Fund portion. See detailed description.

23. Clarify the \$2.6m from other financing sources for the Appropriated Reserves Fund was transfers in from the General Fund.

Clarified. Refer to Note 5. Total transfer in including the 50% of Measure G proceeds is \$3.1 million, the total transfer out is \$0.5 million.

General Fund Budgetary Highlights

24. Consider adding a discussion of the operating surplus (e.g., excess of revenues over expenditure). It is not disclosed that the General Fund surplus for FY 2024 was \$4.0m. Discuss if this was the result of onetime events or if the surplus reflected a structure where recurring revenues exceeded recurring expenditures.

Added. See page 33.

“The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (GAAP) for Fiscal Year Ended June 30, 2024, reports an approximate favorable variance overall with the final budget of approximately \$3.6 million. During FY 2023/24, the General Fund had an excess of revenues over expenditures of \$4.0 million, excluding transfers. This favorable variance was created largely by the net effect of the following factors.”

Variance with the Final General Fund Budget

25. Provide more detail regarding the \$0.8m in operational “savings” Town-wide. What exactly is an “operational savings”?

Added. See page 34.

“Actual expenditures ended the fiscal year at \$1.8 million below final budgeted expenditures. Significant factors affecting actual expenditures include: \$1.0 million savings in salaries and benefits in limited term vacancies throughout the organization combined with \$0.8 million less actual expenditures than budgeted in multiple categories Town-wide. The chart below illustrates the original expenditure budget, final expenditure budget and actual expenditures.”

Capital Assets

26. As a general comment this section needs additional work given the magnitude of the capital expenditures made in FY 24. Total capital expenditures were \$12.0m with \$7.1m in CIP and \$3.9m for Infrastructure (streets and other). This is a material change from the prior year profile where total capital expenditures were \$8.6m with \$0 for CIP and \$8.0m for infrastructure (streets and other). Why the \$4.1m decrease in street investment year over year? There needs to be more discussion as to what specific projects are included in CIP and the year-over-year change in total capital expenditures.

Added. Please see page 35 of the ACFR and Note 6.

“The \$7.1 million addition to construction in progress is comprised of \$3.8 million for pathways projects, \$1.2 million for streets and curbs improvements, \$0.9 million for land and building improvements, \$0.6 million for bridges, \$0.4 million for equipment, and \$0.2 million for retaining walls, traffic signals, parking lots, and park improvements.”

Capital Assets
Town of Los Gatos
For the Year Ended June 30, 2024

	Capital Assets	Accumulated Depreciation	Capital Assets, Net
Infrastructure - Streets	\$ 86,301,911	\$ (40,509,975)	\$ 45,791,936
Infrastructure -Other	28,491,627	(10,552,383)	17,939,244
Subscription Right of Use Assets	1,622,573.00	(422,512.00)	1,200,061
Buildings	42,862,716	(11,995,280)	30,867,436
Land	26,064,735	-	26,064,735
Equipment	12,893,445	(10,870,937)	2,022,508
Construction in Progress	15,491,043	-	15,491,043
	<u>\$ 213,728,050</u>	<u>\$ (74,351,087)</u>	<u>\$ 139,376,963</u>

“During the year, the Town transferred \$2,907,014 from construction in progress (CIP) to buildings and improvements and \$141,324 to infrastructure streets for capital projects that were completed and placed in service. The transfers out were offset by \$3,894,579 of transfers in. The Town transferred \$3,891,824 from infrastructure - streets back into CIP since these assets were not available for service. The net transfers out of infrastructure - streets of \$3,750,500 include the \$3,891,824 transfer out to CIP net of the \$141,324 transfer in from CIP as reported in the above schedule. There was also a reclassification of equipment back into CIP of \$2,751. Total transfers into buildings and improvements included a land reclassification of \$1,368 for a total transfer in of \$2,908,377. The assets reclassified to CIP had not been depreciated.”

27. The schedule of “notable additions” should be gross additions and exclude current year depreciation. As shown, the schedule understates the magnitude of gross additions made.

Added. Discussed in the Capital Asset section of the ACFR. See the response to Question 26.

28. Consider reporting depreciation and amortization expense separately. For FY 24 total depreciation expense was \$5.0m and amortization expense was \$220k.

Not added. Not required by the Government Accounting Standards Board, and the amortization expense is not material to the total amount of the expense.

Economic Factors, Next Year's Budget, and Rates

29. In my opinion there is a major disconnect between the actual results for FY 24 and the FY 25 budget. This section references the "Five Year Forecast" which the FC reviewed and provided extensive comments. There is no information provided regarding the Five-Year forecast, so the reader does not have the ability to judge the merit of the comment "endeavored to maintain essential public services while controlling operational costs." The fact is the FY 24 GF results reported a surplus of \$4.0m. Even if we adjust for the Mark to Market adjustment of \$1.7m and exclude the "unplanned" capital outlay of \$700k, there was an adjusted surplus of \$3.0m. Unfortunately, for many years the GF budget has not been an effective fiscal management tool because there has been a negative bias in forecasting revenues and expenditures. This can easily be seen by comparing the GF original FY 24 budget, the GF final FY 24 budget and the actual results for "excess of revenues over expenditures". Historically revenues exceed the budget, and expenditures are favorable to the budget. When viewed in this historical context, I am unclear as to the purpose of this section.

Added. Please see the additional discussion starting on page 37. This entire section is revised to present the economic outlook in a more understandable fashion.

Note 1

30. Reclassification – why not disclose the reclassification of the garbage fee? Are there any other reclassifications?

Not added. See additional footnotes on pages 23 and 29. The revisions do not include a reclassification of the garage fee as this is not the result of an error. We added the below footnote to provide clarity for the user for the financial statements.

"(1) Starting with the March 2024 services, Garbage Franchise Fees are categorized as encroachment fees under Charges for Services. The total amount classified in Charges for Services in FY 2023/24 was \$765,900."

31. Why not adopt GASB 103 early?

Not adopted. GASB 103, Financial Reporting Model Improvements will be effective for fiscal years ending June 30, 2026. Staff will consider an early adoption for the next fiscal year ACFR. One of the major changes will be that the analysis of budgetary variations will be included in Required Supplementary Information not in the MD&A.

Note 5

32. Is there a better description than “non-departmental”? It is difficult to understand what the source of transfers from the General Fund is and how this is linked to the Fund Balance.

Not added. Appropriated funds are provided in the Non-Departmental Program to account for a variety of Town Services and activities not specifically attributable to individual Departments. Most of the transfers are expended in the Non-Departmental Program. We considered but did not identify a better term to provide clarity.

Note 6

33. Please explain the “transfers” column. What caused a \$3.8m transfer from Infrastructure – Streets and a \$2.9m transfer in of buildings and improvements? Does this suggest an internal control issue?

Added. See Note 6 (a more detailed description provided below).

“During the year, the Town transferred \$2,907,014 from construction in progress (CIP) to buildings and improvements and \$141,324 to infrastructure streets for capital projects that were completed and placed in service. The transfers out were offset by \$3,894,579 of transfers in. The Town transferred \$3,891,824 from infrastructure - streets back into CIP since these assets were not available for service. The net transfers out of infrastructure - streets of \$3,750,500 include the \$3,891,824 transfer out to CIP net of the \$141,324 transfer in from CIP as reported in the above schedule. There was also a reclassification of equipment back into CIP of \$2,751. Total transfers into buildings and improvements included a land reclassification of \$1,368 for a total transfer in of \$2,908,377. The assets reclassified to CIP had not been depreciated.”

34. Why not show separate depreciation and amortization by government activities?

Not added. Not required by the Government Accounting Standards Board, and the amortization expense is not material to the total amount of the expense.

Note 10

35. Please explain the “deletions” for ERAF Risk and Economic Recovery. What is the counter entry?

Added. Please see page Note 10. ERAF Risk should only show addition. Staff redlined the correction.

36. The FY 25 CIP budget shows for the GFAR an “assigned” beginning fund balance of \$1.2m for ARPA. Why wouldn’t this be included in the Governmental Fund schedule?

Not added. CIP Budget will be updated with the correct terminology.

37. What is the reasoning for an ERAF assigned fund balance? If there is concern that this is true liability, why wouldn’t we establish contingent liability on the General Fund Balance sheet?

Not added. A future obligation is not a current liability, it can be assigned fund balance. The assigned fund balance was established by resolution.

38. What is the reasoning for not having an unassigned fund balance which could absorb unplanned revenue shortfalls or unplanned expenditures? Historically the Capital/Special Projects reserve has been tapped to fund this, which does not comply with the intent of the assigned reserve.

Not added. An unassigned fund balance would be welcomed; however, a broader discussion of fund balances and the Town’s approach to reserving resources should occur prior to changes. The Finance Commission will review the General Fund Reserve Policy at its December meeting.

39. The footnote on page 23 should also disclose the amount of the garbage franchise fee for FY 2022/23 since the schedule shows FY 2022/23. This will help the reader understand the full impact of the change in reporting year over year.

Partially Added. See footnote on pages 23 and 29.

“(1) Starting with the March 2024 services, Garbage Franchise Fees are categorized as encroachment fees under Charges for Services. The total amount classified in Charges for Services in FY 2023/24 was \$765,900. The garbage Franchise Fees were \$2,051,335 in FY 2022/23 and \$1,493,184 in FY 2023/24.”

40. On page 38, there is a comment sales tax is expected to stagnate or decline. How does this square with the sales tax analysis prepared by outside consultants in evaluating the fiscal impact of the household growth in the adopted the 2040 General Plan (source: Land Use Alternatives Report – December 2019)? The 2040 General Plan EIR studied a potential increase of 3,738 household units (8,971 people) by 2040 which represents a 27% increase from 13,637 units in 2021. Until a proper fiscal impact analysis is prepared, I am unsure the Town has a good understanding of the longer-term fiscal impact on revenues, operating expenditures and capital requirements stemming from the anticipated growth. Shouldn’t there be a discussion of this point?

Not Added. The current sales tax forecast is based on the existing businesses and market environment. Historical data demonstrated flattening sales tax collection.

When the longer-term fiscal analysis is available, staff will update the sales forecast.

41. On page 45, setting aside the broader discussion of the General Fund Reserve Policy, why isn't the Market Fluctuation reserve fund balance classified as a non-spendable fund balance?

Not Added. Staff cursorily reviewed the item and will continue to research the classification. For the FY 2023/24 ACFR, the market fluctuation reserve is kept as assigned consistent with the resolution approved by the Council before June 30, 2024. Please refer to Question # 18.

42. One other point we should discuss is whether or not the ERAF assigned fund balance should be recorded as a contingent liability on the face of the balance sheet. If the liability is likely to occur and is measurable, then that would meet the test according to GAAP. What has the auditor done to assure himself that this isn't a contingent liability?

Not Added. Staff and auditor confirmed that it is not a contingent liability because of the uncertainty as to whether or not the expenditures will be incurred and because it has not been incurred as of 6/30/2024.



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 15

ITEM NO. 15.

DATE: December 12, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Adopt the Town of Los Gatos Community Wildfire Protection Plan (Annex 9 of the Countywide Community Wildfire Protection Plan)

RECOMMENDATION:

Adopt the Town of Los Gatos Community Wildfire Protection Plan (Annex 9 of the Countywide Community Wildfire Protection Plan)(Attachment 1).

BACKGROUND:

In 2003 the U.S. Congress recognized the widespread decline in forest health and the increased incidence of wildfire risk nationwide by passing the Healthy Forests Restoration Act (HFRA). The HFRA was revised in 2009 to address changes to funding and provide a renewed focus on wildfire mitigation.

The HFRA expedites the development and implementation of hazardous fuels reduction projects on federal land and emphasizes the need for federal agencies to work collaboratively with local communities. A key component of the HFRA is the recommended development of Community Wildfire Protection Plans (CWPPs), to facilitate the collaboration between federal agencies and local communities to develop hazardous fuels reduction projects and place priority on treatment areas identified by communities in a CWPP.

In addition, communities with an established CWPP are given priority for funding of hazardous fuels reduction projects carried out in accordance with the HFRA.

PREPARED BY: Paul Horvat
Emergency Services Coordinator

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

PAGE 2 OF 3

SUBJECT: Adopt the Town of Los Gatos Community Wildfire Protection Plan

DATE: December 12, 2024

DISCUSSION:

In 2023, Santa Clara County completed the preparation of the [Santa Clara County Community Wildfire Protection Plan](#).¹ The CWPP document is intended to identify wildfire risks in communities that are most likely to see wildfires and present options for mitigating those hazards. It is a tool designed for identifying, prioritizing, and tracking wildland fire mitigation measures across complex jurisdictional boundaries. The Santa Clara County CWPP includes a series of annexes for the jurisdictions in its service area that address specific issues and mitigation measures unique to those communities. Since Los Gatos is served by the Santa Clara County Fire Department, a CWPP annex to (Annex 9) was prepared for the Town (Attachment 1).

Community wildfire protection planning is the basis for a community's long-term strategy to reduce wildland fire risk through the ongoing evaluation and analysis of an ever-changing environment. This CWPP annex identifies the Town's wildland fire risks and provides a plan for departments, stakeholders, and the community to reduce those risks through various mitigation and educational outreach efforts.

The Town's comprehensive approach to wildland fire mitigation employs the following varied techniques:

- **Prevention:** the Town utilizes administrative and regulatory actions, such as planning and zoning requirements, that influence the way land and buildings are developed to reduce wildfire risks.
- **Natural Resource Protection:** actions minimize wildfire risk and preserve or restore the functions of natural systems via vegetation management and post-wildfire watershed management.
- **Property Protection:** vegetation management projects are implemented to reduce the risk of life and property.
- **Public Education and Awareness:** informing the public, residents and businesses about wildland fire hazards and ways to reduce their own loss and to lower risk in the community.

This CWPP Annex is designed to be used as a hazard identification and analysis reference document that is part of the overall County of Santa Clara Community Wildfire Protection Plan.

CONCLUSION:

This CWPP Annex is a vital component of the Town's emergency management goals. Staff recommends adoption of the Town of Los Gatos CWPP.

¹ <https://santa-clara-cwpp-sccfc.hub.arcgis.com/>

PAGE 3 OF 3

SUBJECT: Adopt the Town of Los Gatos Community Wildfire Protection Plan

DATE: December 12, 2024

COORDINATION:

This CWPP Annex has been coordinated with the Parks and Public Works Department, Town Manager's Office, Santa Clara County Fire Department, County of Santa Clara Department of Emergency Management, and the County Fire Safe Council.

FISCAL IMPACT:

There is no fiscal impact associated with adopting the Town's CWPP annex. Fire mitigation efforts are ongoing and any additional funding required will be requested as part of the Town's budgeting process.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Town of Los Gatos Community Wildfire Protection Plan (Annex 9 of the Countywide CWPP)

ANNEX 9

TOWN OF LOS GATOS COMMUNITY WILDFIRE PROTECTION PLAN (CWPP)

Organization and Jurisdiction

The Town of Los Gatos is located at the base of the Sierra Azul mountains in the southwestern portion of Santa Clara County, where the Santa Clara Valley meets the lower slopes of the Santa Cruz Mountains. Los Gatos encompasses a wide variety of terrain, ranging from flat topography at the edge of the valley floor to densely wooded hillsides. Both the valley and hillsides are interspersed with creeks, streams and riparian habitat. The sharp contrast between the valley floor and the hillsides provides the Town's picturesque background. The population is estimated to be 33,529 in a 14-square-mile area.

The Town of Los Gatos is governed by a publicly elected Town Council and has authority for General Plan land use planning, code adoption, and permit processing. The Town of Los Gatos does not have a Town fire department; Los Gatos is within the Central Fire Protection District. Fire protection services for Los Gatos are provided by Santa Clara County Central Fire Protection District (dba Santa Clara County Fire Department), including emergencies in State Responsibility Areas (SRAs) in unincorporated areas of the wildland urban interface (WUI), adjacent to Los Gatos.

State law designates all lands within the Town limits of Los Gatos as a Local Responsibility Area (LRA) for purposes of wildland fire protection. Most State fire prevention and defensible space laws do not apply within LRAs. Recent legislation requires State review and input on General Plan Safety Element updates where wildland fire is a hazard (Government Code Section 65040.20).

Planning Team Participation

The Los Gatos community is represented on the Core Team by representatives of the Santa Clara County Fire Department, Santa Clara County Firesafe Council, the Town's Parks and Public Works and Community Development Departments, and the Town Manager's Office. The community has been engaged in the Community Wildfire Protection Plan (CWPP) planning process through two rounds of meetings held in 2022 and 2023.

Risk-Hazard Summary

Community hazard assessments include ratings of community conditions compared to best practices for WUI fire mitigation. Community hazard ratings include consideration of applicable State codes, local ordinances, and recognized best practices guidelines.

The National Fire Protection Association Standard 1144 (NFPA 1144) defines WUI hazards and risks at the community and parcel level. This plan utilizes components of NFPA 1144, California laws and local ordinances to evaluate neighborhood WUI hazard and risk. California Public Resource Code (PRC) 4290 and 4291 sections address best practices WUI community design and defensible space standards.

The NFPA 1144 community risk assessment completed for the Los Gatos Hills Community assigned the WUI community a risk rating of High with a score of 89 (<40= low, >40 = moderate, >70 = High, >112 = Extreme) see tabulated list below. Factors that contributed to the risk are illustrated below. Averages are taken across the community for each of these parameters.

In addition to the on-the-ground hazard assessment, the CWPP also includes a Composite Fire Risk/Hazard Assessment, which uses fire behavior modelling to determine potential fire behavior and is based on fuel characteristics, topography, weather, and fire history. The Composite Risk/Hazard Assessment for the planning area is shown in Figure 9.5. For more information on the methodology for this assessment please refer to Chapter 3 of the [County of Santa Clara CWPP](#). For mapping on Wildfire risk to homes, likelihood, exposure, and vulnerable populations visit the following link: <https://wildfirerisk.org/explore/overview/06/06085/0600044112/>.

WUI Area Description

WUI Area Defined

The Los Gatos WUI planning area includes primarily Very High Fire Hazard Severity Zone areas on the southern side of Los Gatos (Figure 9.1). The WUI area is best described as a wildland-urban intermix with homes scattered amongst wildland fuels.

Fire History

For fire history information, please see Figure 2.9 in the main [County of Santa Clara CWPP](#) document.

Hazardous Fuel Characteristics

The Los Gatos planning area comprises a range of vegetation communities that differ depending upon elevation, precipitation, and slope. Chaparral vegetation is often found on south facing slopes, where winter precipitation is relatively high, but dry summers are common. The chaparral will have long flame lengths under either moderate or extreme weather scenarios. The nature of these fuels is to burn quickly and intensely. Oak woodlands comprised of a variety of oak species are also interspersed throughout as well as mixed conifer comprising knob cone pine and grey pine. A fire in either the mixed conifer or hardwood would likely be a surface fire with patches of active behavior and low rates of spread. However, active fire behavior is possible in this vegetation type under extreme weather conditions, especially where there is high surface loading. Coastal coniferous forest communities such as redwoods and Douglas fir are located at lower elevations where precipitation is high, fog is common, and temperatures are moderate. Fire spread is generally limited in this fuel type; however, given the right combination of weather conditions, surface fire can be expected to burn uphill. Areas with increased fuel loading from dead and down materials may experience crowning under the right conditions. The varied vegetation composition result in the Los Gatos WUI comprising a range of wildfire hazards.

Photo of Chaparral vegetation



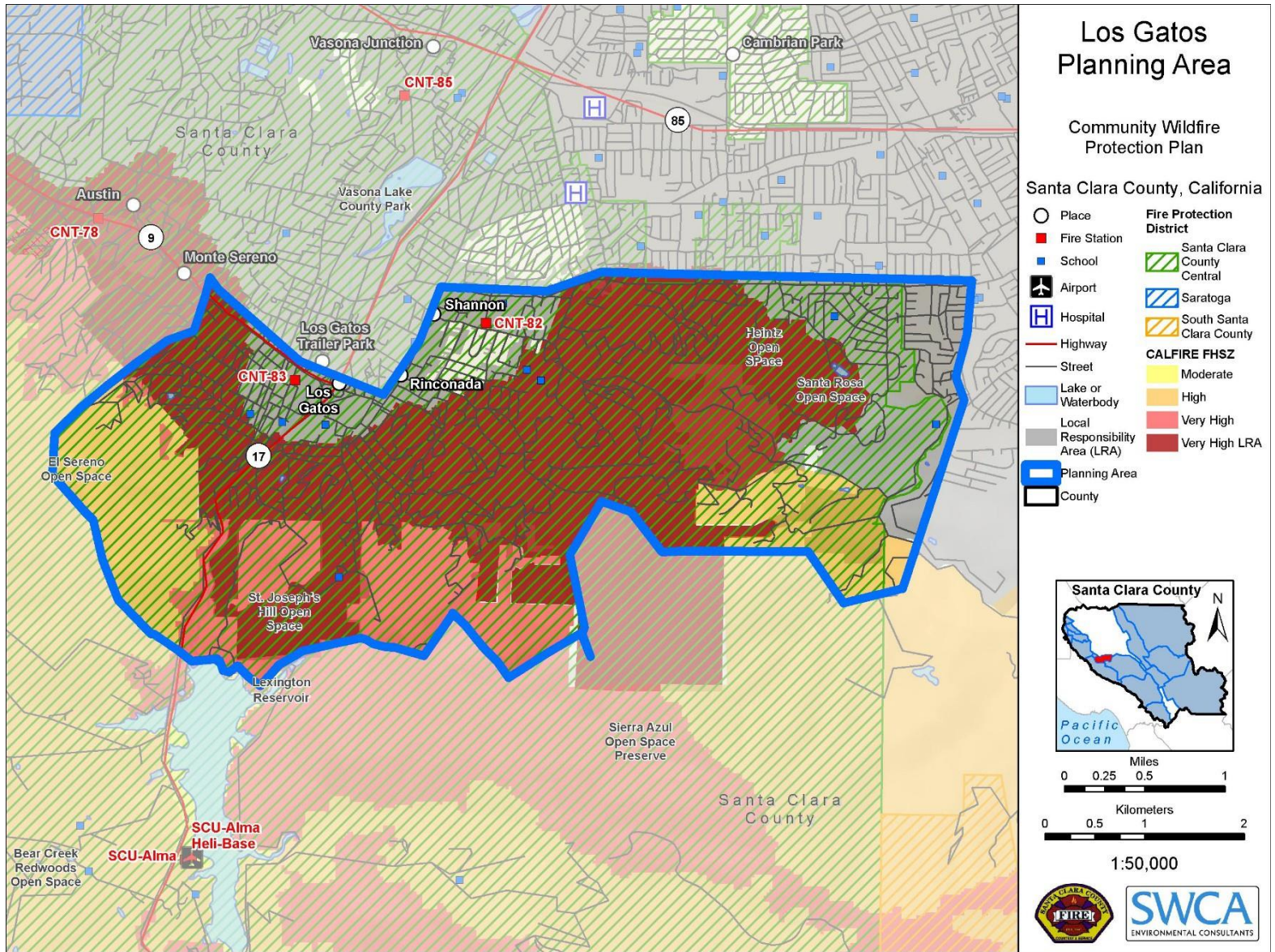


Figure 9.1. Los Gatos planning area.

Neighborhood and Structural Characteristics

The foothills above Los Gatos (shown in Figure 9.2 below) are characterized by steep, winding, and narrow roads that pose potentially difficult ingress and egress during events requiring emergency response and evacuations. Some areas may experience slow response times due to the distance from the nearest fire station and existing road conditions. Some homes have minimal turnaround space, posing a concern to emergency responders due to potential entrapment. There are several dead-end roads and narrow driveways.

Most homes have moderate defensible space (at least 30 feet) but some homes do not meet the necessary 70- to 100-foot space. Homes are inspected by Santa Clara County Fire Department (SCCFD) personnel at least every three years. Most homes have non-combustible siding, but the majority have combustible decks and fencing that abuts directly next to wildland fuels. Some homes have wood shake roofs which put the property and neighborhood at risk. Many subdivisions are managed by homeowner associations (HOAs), which provide a conduit for fire prevention and public education and outreach messages regarding structural ignitability and defensible space. Many 7A compliant new build properties (Figure 9.3) are interspersed with older properties, many are on large lots with good separation and have well maintained yards. Many homes are landscaped by contracted landscape companies; outreach regarding defensible space and non-flammable landscape vegetation could be targeted at those companies. Vulnerable populations, such as retirement homes, are a concern to law enforcement and fire department personnel, due to evacuation concerns along narrow roads. Defensible space in these areas is a priority, particularly where vegetation is close to the property (Figure 9.4).

Many homes are located upslope from thick scrub fuels, with continuous canopies. Homes are located on steep slopes with often minimal set-back from the slope. Topography is a concern due to the influence steep slopes have on potential fire behavior.

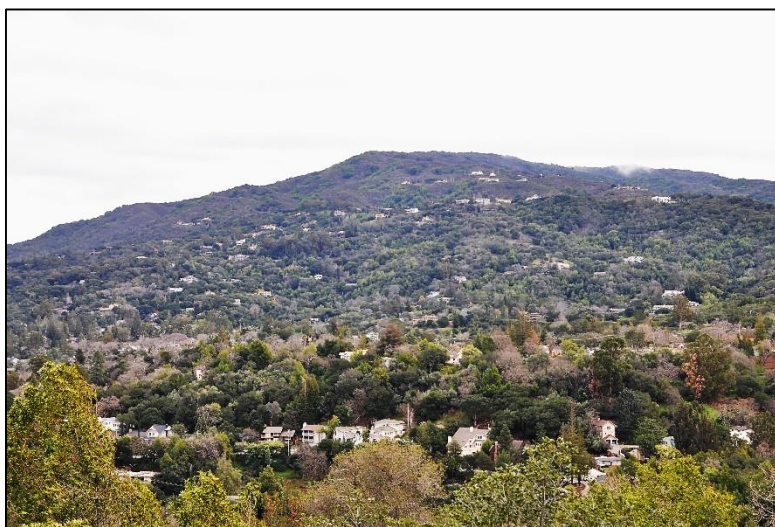


Figure 9.2. Overview of Los Gatos WUI community.

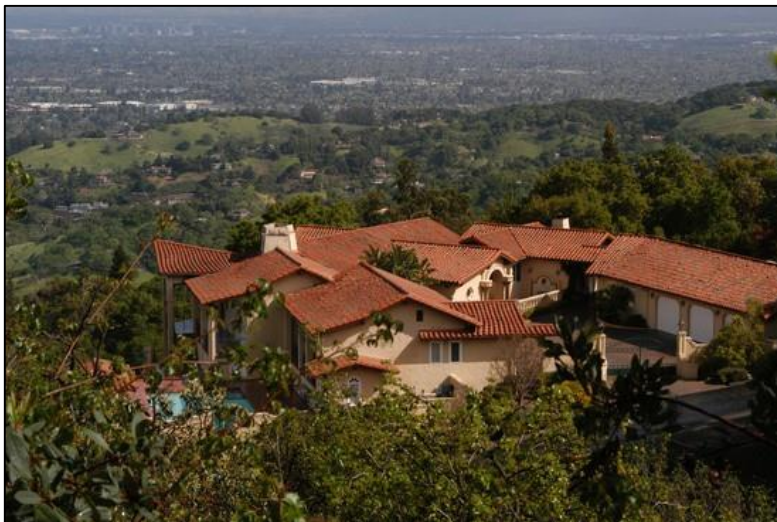


Figure 9.3. New build property, built to 7A compliance.

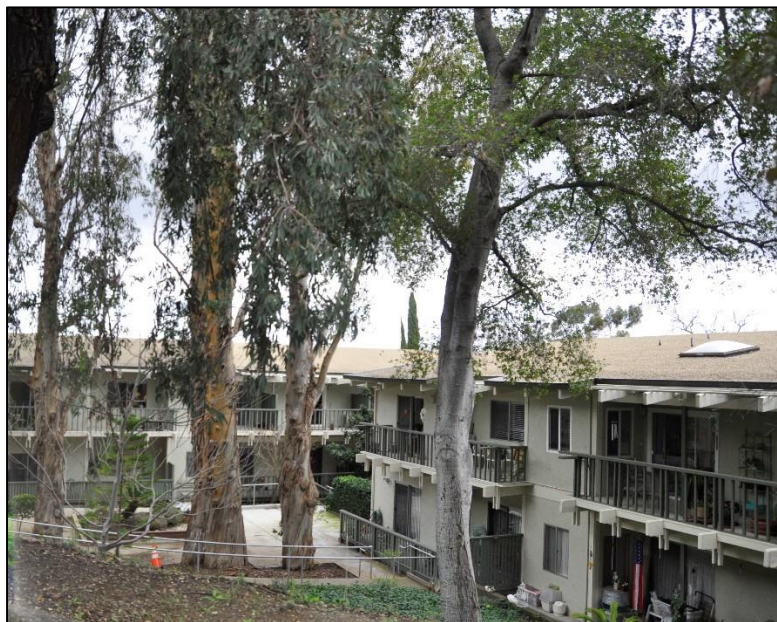


Figure 9.4. Eucalyptus close to units in a former retirement community in hills above Los Gatos.

Emergency Response Capacity

Fire Response

Fire suppression for the Los Gatos WUI area is provided by:

- Santa Clara County Central Fire Protection District:
 - Los Gatos Fire Station, 306 University Ave, Los Gatos
 - Shannon Fire Station, 16565 Shannon Rd, Los Gatos
 - Winchester Fire Station, 14850 Winchester Blvd, Los Gatos

Public Education and Outreach Programs

Santa Clara County Fire Department, Fire Prevention Division provides a comprehensive fire and life safety educational program within Los Gatos. More information can be found on its website: <http://www.sccfd.org/community-education/overview>.

The Santa Clara County Fire Safe Council is actively involved in the Town of Los Gatos and surrounding communities (<https://sccfiresafe.org/>). This organization provides information regarding chipping programs, defensible space mitigation, forest health issues, and much more. They also offer public meetings and forums to support wildfire awareness.

The Town of Los Gatos provides comprehensive emergency preparedness information on its website: <https://www.losgatosca.gov/2026/Emergency-Preparedness>. In addition, the Town has an active CERT program: <http://www.town.los-gatos.ca.us/152/CERT-Emergency-Management>.

Social Vulnerabilities

The Town has a large senior population, some individuals with disabilities, and some with low income and language barriers. The Town of Los Gatos will outreach to these communities to provide education and awareness on disaster preparedness. The 55 Plus program maintains a list of senior living communities in Los Gatos and other senior services that can be found here: <https://www.lgsrecreation.org/55-plus/hub/>.

Los Gatos, CA, has a population of more than 25,000 and does not meet the population criteria for the Slip-On Tanker program, which can be used by local governments to purchase slip-on tanker units that allow trucks and other vehicles to be operated as wildland fire engines. Local governments that provide emergency services to areas with a population of 25,000 or less are eligible to apply.

Policies, Regulations, Ordinances, and Codes

Buildings within the Town of Los Gatos would be subject to the Municipal Code of Los Gatos. Chapter 9 Fire Protection and Prevention outlines codes and ordinances pertaining to wildfire: https://library.municode.com/ca/los_gatos/codes/code_of_ordinances?nodId=CO_CH9FIPRPR.

California Fire Code Section 4907.1 states, “Defensible space will be managed around all buildings and structures in State Responsibility Areas (SRA) as required in Public Resources Code 4291.”

In addition, buildings and structures within the Very High Fire Hazard Severity Zones of an LRA shall maintain defensible space as outlined in Government Code 51175 - 51189 and any local ordinance of the authority having jurisdiction.

Refer to Chapter 49 of the California Fire Code as amended and adopted by the Town of Los Gatos for all of the requirements for Wildland Urban Interface Fire Areas in the Town. Refer to Section 9 of the Town Code for more information.

Risk-Hazard Assessment

As mentioned in the Risk Hazard Summary, the NFPA 1144 community risk assessment completed for the Los Gatos Hills Community assigned the WUI community a risk rating of High with a score of 89 (<40= low, >40 = moderate, >70 = High, >112 = Extreme) see tabulated list below. Factors that contributed to the risk are illustrated below. Averages are taken across the community for each of these parameters.

Los Gatos

Parameter	Condition	Rating
Access	Two roads in and out but access still concern	+/-
	Narrow road width	-
	Surfaced road with greater than 5% grade	+
	Poor fire access, dead end spurs, lack turnaround	-
	Street signs are present, some are non-reflective	+/-
Vegetation	Adjacent fuels: Medium	+/-
	Defensible space: >30 feet < 70 feet around structure	+/-
Topography within 300 feet of structure	21%–30%	-
Topographic features	Moderate to high concern	+/-
History of high fire occurrence	Low	+
Severe fire weather potential	Low	+
Separation of adjacent structures	Good separation	+
Roofing assembly	Class C	-
Building construction	Combustible siding and deck	-
	Building set back <30 feet to slope	-
Available fire protection	Water: hydrants present with variable pressure	+
	Response: Station <5 miles from structure	+
	Internal sprinklers: some newer 7A compliant homes	+/-
Utilities	One above and one below ground	+/-
Risk Rating- High (89)		

In addition to the on-the-ground hazard assessment, the CWPP also includes a Composite Fire Risk/Hazard Assessment, which uses fire behavior modelling to determine potential fire behavior and is based on fuel characteristics, topography, weather, and fire history. The Composite Risk/Hazard Assessment for the planning area is shown in Figure 9.5. For more information on the methodology for this assessment please refer to Chapter 3 of the [countywide CWPP](#).

PARCEL LEVEL ASSESSMENT

A model for determining parcel level risk and effect of mitigations has been developed through this CWPP project. The model can use information available through public record for basic analysis but can be further refined with a site visit with property owner for a thorough analysis of risk score. The County will be seeking funding to fully implement this parcel level assessment in the future. The goal is for the property owner to be able to use this analysis to determine the most effective steps they can take to reduce their risk. For more information refer to Chapter 3 in the [countywide CWPP](#).

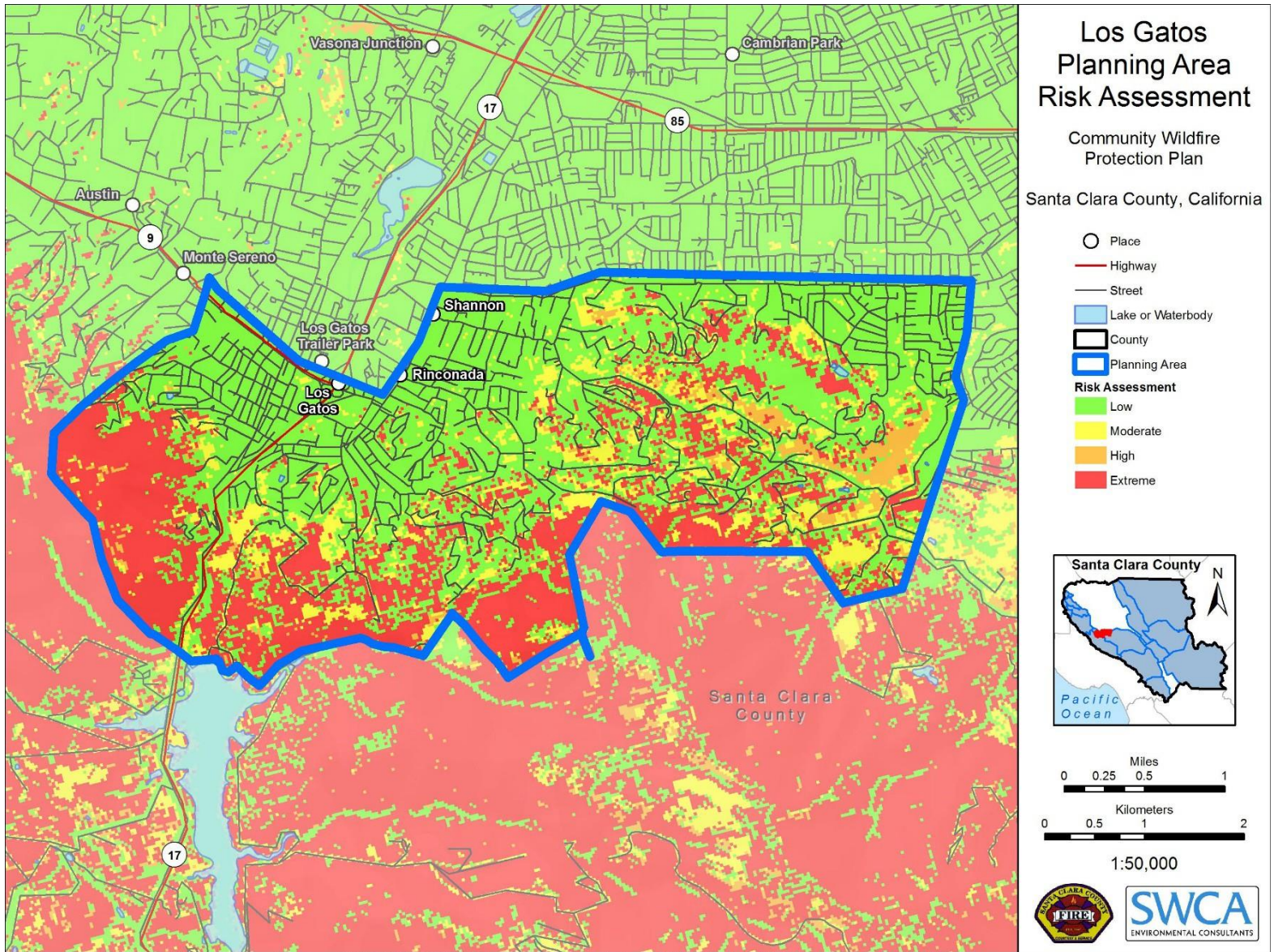


Figure 9.5. Composite Risk and Hazard Assessment for Los Gatos WUI community.

CALFIRE Fire Hazard Severity Zones

The CALFIRE Fire Hazard Severity Zones (FHSZ) system is a science-based system where severity zones are defined based on vegetation, topography, and weather (temperature, humidity, and wind), and represent the likelihood of an area burning over a 30- to 50-year time period without considering modifications such as fuel reduction efforts. The CALFIRE FHSZ maps present wildfire hazard and not wildfire risk. Wildfire risk takes building construction materials, vegetation management projects, distance to fire station and water supply into account. In California, CAL FIRE maintains FHSZ data for the entire State. There are three classes of fire hazard severity ratings within FHSZs: Moderate, High, and Very High (CA GOPR 2020).

Critical Infrastructure and Community Values at Risk

Critical utility infrastructure such as, electric power supply lines, substations, and natural gas lines are essential to supply services to residents and businesses that are in some cases are critical to health and life safety. In many parts of the project area, electric power is needed to operate pumps for domestic water supply, and to provide heating and lighting. Wildfire is a significant threat to the electric utility supply.

The project area has several watersheds that contain infrastructure and vegetation which can both impact water distribution and quality when exposed to a wildland fire. Watersheds need to be maintained and protected from catastrophic wildfire damage to prevent erosion, sedimentation and water contamination (Taylor et al. 1993). Long-term issues that could result from damage to watersheds include increased run off, poor soil retention, and decreased water quality.

The WUI area surrounding Los Gatos is comprised of open space areas, including El Sereno Open Space, St. Josephs Hill Open Space, Heintz Open Space, Sierra Azul Open Space, and Santa Rosa Open Space. These open space areas are valued both for their natural resources and for the recreational opportunities they provide.

In addition to open space areas, other community assets at risk from possible wildfire include: life safety, homes and property values, infrastructure, recreation and lifestyle, wildlife habitat, watershed protection, environmental resources, and commercial business. For example, a number of wineries/vineyards are located within the WUI, including the Testarossa Winery, McCarthy Family Estate Vineyards, La Rusticana D’Orsa Vineyard, and Perrucci Family Vineyard. See Town of Los Gatos critical infrastructure in the link below can be copied and pasted in your browser to view the Town of Los Gatos critical infrastructure: https://www.losgatosca.gov/DocumentCenter/View/31982/6-LGGP_2040_Public-Facilities-Services-and-Infrastructure-Element.

Mitigation Projects and Prioritizations

Los Gatos started a Roadside Vegetation Management project with Town funds in 2020 and in 2021. Work completed through the program resulted in the removal of vegetation along Priority 1 and Priority 2 roads as identified in the Vegetation Management Plan that can be found at: <https://www.losgatosca.gov/2620/Vegetation-Management>.

The next phases of work will be undertaken in 2024, with the full 31 miles of priority 1 and 2 roadways expected to be completed by the end of 2025. Vegetation removal completed under this program is designed to provide a clear width of 20 feet and a clear height of 13.5 feet. The work will be funded by a USDA grant supplemented by Town matching funds. This is the same funding that was used to remove 18 eucalyptus trees on Overlook Road.

Table 1- 1. Recommended Projects for Creating Resilient Landscapes (Fuel Reduction Projects) in Town of Los Gatos planning area.

Project ID	Status	Priority (H,M,L)	Timeline for Action	Project Description	Location	Land Ownership/Lead Agency	Methodology/Approach	Serves To:	Monitoring/Maintenance Requirements	Funding Sources
LG.FR.1	Ongoing	H	Ongoing	Identify needed road maintenance and strategic road buffers	Highest risk roadways as identified in the risk assessment for access ingress and egress in the WUI.	County Fire, Cal Fire, FireSafe Council, and Town of Los Gatos	<p><u>Roadway improvements:</u></p> <ul style="list-style-type: none"> While increasing roadway width may not be feasible in many locations, creation of passing areas where possible should be prioritized Grade and maintain roads to reduce hazards to emergency apparatus (potholes and poor surfacing) <p><u>Road ROW vegetation improvements:</u></p> <ul style="list-style-type: none"> Frequent maintenance of ROW Treat surface fuels for a minimum of 10 ft buffer and up to 30ft where possible Trim fuels (limbing-up timber) to allow safe passage of emergency vehicles Control for invasive species that may contribute to rapid fire spread (i.e., weeds and grasses). Conduct assessment of evacuation route that have limited egress 	<p>Provides for safe and effective wildfire response capabilities</p> <p>Creates a strategic fuel break along roadways to create potential firebreak</p> <p>And improve evacuation routes.</p>	Regular maintenance needed to ensure the roads are drivable for emergency response vehicles	<ul style="list-style-type: none"> Grants (FEMA, Ca FireSafe Council, U.S. Forest Service and Cal Fire) and PPW (Town Parks and Public Works) budget
LG.FR.2	Ongoing	H	Ongoing	Improve and maintain existing fuel breaks and potential fire containment features. Define and delineate safe refuge areas.	Highest risk areas as identified in the risk assessment:	County, State, Federal	<p>Strategic placement of fuel breaks will help to limit the spread of wildland fire and increase access to difficult areas. Fuel break prescriptions should be site specific depending on the fuel type, topography, soils, adjacent land management practices and environmental regulations (NEPA/CEQA). The prescriptions will incorporate the use of best management practices for habitat protection (i.e., protection of vulnerable species and habitat and prevention of invasive species).</p> <ul style="list-style-type: none"> Look for opportunities to develop and/or increase fire breaks to double as access within the WUI or difficult to access areas and look for opportunities to widen some public trails to better serve as fuel breaks/fire access roads on lands adjacent to WUI. Encourage clearance of an additional width when possible. Create additional buffer zones between existing development and the forest, ensuring fire suppression access. Maintain existing fire breaks and buffers (<i>Figure X will be a map of existing and planned fuel treatments</i>). Work with adjacent landowners to develop internal capacity to help enhance fire access-through road and trail improvements on those lands Identify Safety zones in case egress is limited 	<p>Protect life and property by mitigating fuels, providing defensible space for firefighters protecting structures.</p> <p>Create a fuel arrangement unlikely to support crown fire</p> <p>Ensure the protection of vulnerable ecosystems and values at risk.</p> <p>Protect life for evacuees in case egress is limited</p>	<p>Regular maintenance needed to ensure the fuel break remains clear of vegetation.</p> <p>Monitor for invasive species.</p> <p>Continued management of fire breaks maintained by grazing, brush breaking, controlled burns.</p> <p>Identification and continued maintenance of safety zones</p>	<ul style="list-style-type: none"> Grants (FEMA, Ca FireSafe Council, U.S. Forest Service and Cal Fire) and PPW budget
LG.FR.3	Ongoing	H	Ongoing	Fire Safe Council to continue community outreach to prioritize treatments along existing trails that could help to provide a more substantial fuel break and break up the continuity of fuels.	Trails that run adjacent to the Community	Open Space Lands Owner	Detailed analysis would be needed in development of treatment location to ensure protection of natural resources.	<p>Provide access when fires occur to reduce spread</p> <p>Enhance Community fire defense by breaking up fuel continuity</p>	Regular maintenance needed to ensure the fuel breaks remain clear of vegetation.	Grants: CA FSC; California Forest Improvement Program (CFIP); Natural Resource Conservation Service (NRCS), FEMA, Green House Gas Reduction Fund (GHGRF)

Project ID	Status	Priority (H,M,L)	Timeline for Action	Project Description	Location	Land Ownership/Lead Agency	Methodology/Approach	Serves To:	Monitoring/Maintenance Requirements	Funding Sources
LG.FR.4	Ongoing	H	Ongoing	Continue roadside brushing/mowing throughout community to increase buffer from wildfire ignitions and provide for safe evacuation. Establish assistance program for hazardous fuel reduction and defensible space for elderly or physically challenged individuals within Los Gatos	Town of Los Gatos roads, Los Gatos neighborhood groups, HOAs in the WUI	Town of Los Gatos PPW, private road associations, PG&E, Cable and Phone companies. Led by SCCFSC.	Determine suite of treatment methods allowed and restriction for roadside hazard reduction including mowing, mastication, chemical, plantings, mulching, etc. Develop treatment plan and rotation schedule for roadside treatments, focusing of primary evacuation or access/egress corridors. Identify barriers to achieving parcel level defensible space and establish assistance program of resources: education, consulting, guidance, people, funding.	Reduce fuel loading around roads and highways to ensure safe passage of vehicles in event of evacuation and reduce unplanned ignitions from vehicles and highway users Ensure that individual properties with poor property hygiene do not put adjoining properties at risk in event of wildfire. For residents who are not capable of implementing good property hygiene	Regular maintenance schedule should be implemented to ensure clearance levels are maintained. Develop standards for road crews. Establish levels of participation by assistance type,	Grants: Federal Emergency Management Agency (FEMA), California Fire Safe Council (CA FSC), Department of Homeland Security (DHS), NRCS, GHGRF
LG.FR.5	Ongoing	H	Ongoing	Create Sustainable programs for creating Defensible Space at the parcel Level within Los Gatos	Town of Los Gatos residents in the WUI	Homeowner, FireSafe Councils, Homeowner Associations, SCCFD, Administrators for SRA fee distributions.	Example projects - Curbside green waste pickup programs, community chipping piles, drive-up chipping, on site chipping.	Ensure that defensible space actions are sustained in all communities	Regular maintenance schedule should be implemented to ensure clearance levels are maintained.	Grants: CA FSC; CFIP; NRCS, FEMA, GHGRF
LG.FR.6	Not Started	H		Identify all wood shake-roofed properties within planning area and target homeowners with outreach on retrofitting roofs.	Homes in the WUI	Town of Los Gatos Community Development Department in conjunction with County Fire	Survey homes in the WUI.	Create a database of wood shake roofs and explore elimination of flammable roofs through attrition or potential Town Code modification	Update list annually.	NA
LG.FR.7	Annual	H	Annual	Participate in an annual community workday to encourage yard clean-up and defensible space maintenance	Homes in the WUI	County Fire, CAL FIRE, FireSafe Council and the Town.				

Table 1-2. Recommended Projects for Creating Fire Adapted Communities (Public Education and Outreach and Structural Ignitability Projects) in Town of Los Gatos planning area

Project ID	Status	Priority (H,M,L)	Timeline for Action	Project Description	Location	Land Ownership/Lead Agency	Methodology/Approach	Serves To:	Monitoring/Maintenance Requirements	Funding Sources
LG.EO.1	Ongoing	H	Ongoing	Identify vulnerable populations located in the WUI	Prioritize high risk areas	Fire Department, HOA's, community leaders	<ul style="list-style-type: none"> The County needs to identify vulnerable populations (elderly, disabled, low income) who may need additional help to mitigate home hazards and to evacuate during a wildfire. Seek grant opportunities to support assistance for vulnerable populations. 	Protect life and property of the most vulnerable members of the community.	Annual review of number of actions taken to address vulnerable populations	
LG.EO.2	Ongoing	M	Ongoing	Identify priority ignition concerns.	Extreme threat areas:	Public agencies, Fire Department, Department of Emergency Management	<p>Utilize fire history data to identify areas with frequent fire starts and develop strategy to reduce incidence of ignitions. Convene a working group to develop strategies to reduce human starts:</p> <ul style="list-style-type: none"> Education campaign Signage Fire response plans Law enforcement 	Reduce unnecessary ignition through unlawful or irresponsible behavior.	<p>Annual evaluation of priority ignition concerns.</p> <p>5-year re-run of risk assessment to determine success in mitigating hazards.</p> <p>Review fire history data on a 2-year frequency to monitor trends.</p>	
LG.EO.3	New	M	2024	Designate a member to the Countywide CWPP Core Team for CWPP updates.	NA	Town of Los Gatos	PPW Wildfire Mitigation Projects Manager to participate in the working group and identify tasks and goals for CWPP updates.	Represent the Town of Los Gatos	Commit to attendance to CWPP meeting annually.	PPW
LG.EO.4	New	M	2025/2026	Develop methods for sustainability of hazardous fuel reduction and collaborate with the SCCFSC on a data collection method for past and current vegetation management projects.	Town of Los Gatos WUI	PPW	Develop options for Town Council to evaluate sustainable hazardous fuel maintenance funding and prioritize projects.	Coordinate data collection of current and past vegetation management projects	Update when new projects have been completed	PPW
LG.EO.5	Ongoing	M	Ongoing	Continue to disseminate information that provides fire safety information, fire announcements, and emergency planning.	Town of Los Gatos	Town Manager's Office and PPW.	Content to be provided by fire departments, local residents, Santa Clara County FireSafe Council and the Town.	Protect communities and infrastructure through increasing public awareness and providing medium for information regarding emergency fire response.	Participate in Town meetings, special events and fairs.	Grants and Town General Funds

Table 1-3. Recommended Projects for Safe and Effective Wildfire Response (Fire Fighting Capability Projects) in Town of Los Gatos planning area

Project ID	Status	Priority (H,M,L)	Timeline for Action	Project Description	Location	Land Ownership/Lead Agency	Methodology/Approach	Serves To:	Monitoring/Maintenance Requirements	Funding Sources
LG.FC.1	New	M	1-5 years	Develop a coordinated approach between the fire department and water district to identify needed improvements to the water distribution system, initially focusing on areas of highest wildfire hazard as determined in the risk assessment and areas with limited water pressure or no existing water supply.	Priority areas	Fire Department, Local Community Organizations and Water Purveyors	-Initiate a detailed study of feasible locations for water development improvements. -Install hand pumps or other methods independent of the grid for accessing private well water. Evaluate and consider Heli Hydrants through the interface	Improve fire-fighting response if water is more readily available or closest locations could be identified on a GIS map on a tablet/computer. Alleviates public and agency concern for limited water supply in some WUI areas	Convene annually Document number of meetings held Document number of actions taken	Water Purveyors and Fire Department
LG.FC.2	Ongoing	H		Develop strategies to enhance safe wildfire response in areas with poor ingress and egress.	Priority areas	Fire Department	-Address narrow access concerns for wildfire apparatus through road improvements, new egress points, or development of response plans. -Identify alternative apparatus for access into narrow areas. -Identify potential areas that threaten entrapment of response crews and develop response plans and/or safety zones. -Map all weak bridges and develop alternative ingress/egress or response plan. -Identify areas with limited all-weather access and develop response plan. -Work with HOAs and Community Associations to address locked gates and access concerns	Improve fire-fighting response if smaller more agile vehicles are available to navigate narrow unimproved roads	NA	



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 16

ITEM NO. 16.

DATE: November 22, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Receive a Fiscal Year (FY) 2023/24 Status Report on Receipt and Use of Development Impact Fees

RECOMMENDATION:

Receive a fiscal year (FY) 2023/24 status report on receipt and use of Development Impact Fees.

BACKGROUND:

To ensure that mitigation fees associated with private land use development are spent in a timely manner and on projects for which they were being collected, the State Legislature passed the Mitigation Fee Act (AB 1600). This bill applies to developer fees which were increased or imposed on or after January 1, 1989.

The Mitigation Fee Act (California Government Code, §66000 et seq.) requires local agencies that impose Development Impact Fees to present an annual, consolidated report showing the receipt and use of those fees. The Annual Status Report (Attachment 1) must be reviewed by the Council within 180 days after the close of the fiscal year represented.

The Town collects four Development Impact Fees that meet the AB 1600 reporting requirement: the Traffic Impact Mitigation Fee, the Below-Market Priced Housing Program In-Lieu Fee, the Construction Activity Impact Fee, and the Public Art Fee. Separate balances exist for each of these fees either as individual accounts or in the case of Traffic Impact Mitigation Fees, separate funds. As required by AB 1600, as of June 30, 2024, all accounts or funds with unspent balances have been credited interest revenue at the Town's current interest rate earned on its total.

PREPARED BY: Gitta Ungvari
Finance Director

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

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SUBJECT: Receive Fiscal Year (FY) 2023/24 Status Report on Receipt and Use of
Development Impact Fees

DATE: November 22, 2024

DISCUSSION:

AB 1600 requires that a status report be prepared annually which must include the following:

- A brief description of the fee and the fund into which the fee was deposited;
- The amount of the fee;
- The associated fund's beginning and ending balances for the fiscal year;
- The total amount of fees collected and interest earned;
- Identification of each public improvement on which impact fees were expended and the amount of expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with impact fees;
- Identification of the approximate date by which construction of a public improvement will begin;
- Determination as to whether sufficient funds have been collected to complete financing on an incomplete public improvement;
- Description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the loaned funds will be expended, and in the case of an inter-fund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan;
- Amount of any refunds made due to inability to expend impact fees once a determination is made that sufficient impact fees have been collected to finance a public improvement, the improvement remains incomplete, and the Town has not determined an approximate date by which construction will begin;
- Whenever the funds are held for five years or more, the Town must present plans or commitments to demonstrate the intended future use of these funds;
- Identification of public improvements identified in the previous report and information regarding whether construction began on the approximate date noted;
- For previously identified projects that did not start construction on the approximate date identified in the prior report, a reason for the delay and a revised approximate construction start date; and
- For any refunds made, the number of persons identified to receive those refunds.

This information is presented in the attached FY 2023/24 Annual Status Report on Receipt and Use of Development Impact Fees. The Report depicts balances and the intended use of balances, including decisions made after June 30, 2024, to demonstrate that the fees will be used for their respective purposes.

CONCLUSION:

Staff recommends the Council receive the FY 2023/24 Annual Status Report on Receipt and Use of Development Impact Fees as required under the Mitigation Fee Act (AB 1600).

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SUBJECT: Receive Fiscal Year (FY) 2023/24 Status Report on Receipt and Use of
Development Impact Fees

DATE: November 22, 2024

COORDINATION:

This report was coordinated with the Community Development and Park and Public Works
Departments.

FISCAL IMPACT:

There is no fiscal impact from this action.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. FY 2023/24 Annual Status Report on Receipt and Use of Development Impact Fees

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2024

Traffic Impact Mitigation Fee:

The Traffic Impact Mitigation Fee assures that each new development or expansion of use pays its fair share of the transportation improvements needed to accommodate the cumulative traffic impacts. The fee, \$1,104 per new average daily trip generated, is paid in full to the Town Building Department prior to issuance of the building permit for new development or expansion of use. The collected fee is held in the Traffic Mitigation Fee Fund. The Traffic Mitigation Fund should be used solely to fund transportation improvement projects related to mitigating the impacts of new development. The funds cannot be used for routine repair or maintenance.

TRAFFIC IMPACT MITIGATION FEES FUND (Fund 471)

Beginning Cash Balance (07/01/2023)	1,242,957
Source of Funds	
Fees Collected FY 2023/24	2,726,394
Interest Earned FY 2023/24	78,413
Total Source of Funds	\$4,047,763
Use of Funds	
Capital Outlay:	
Developer Reimbursement for Transportation Related Improvements (100% of FY 2023/24 Expenditures)	47,977
Traffic Signal Modernization (14% of the Project's Estimated Life-Time Cost) <i>Completed - August 2024</i>	157,832
Traffic Signal Modernization - Admin Support (100% of FY 2023/24 Expenditures)	12,499
Total Use of Funds	\$218,308
Expenses Incurred in FY 2022/23, Paid in July of FY 2023/24	(6,521)
Expenses Incurred in FY 2023/24, Paid in July of FY 2024/25	29,571
Ending Cash Balance (6/30/2024)	\$3,852,505
Designated Future Projects:	
Per FY 2024/25 through 2028/29 Capital Improvement Plan:	
Shannon Road Pedestrian and Bikeway Improvements (100% of Total Project Costs) <i>Start Date - September 2024 - Projected Completion Date - April 2025</i>	\$133,380
Traffic Signal Modernization (3% of the Project Estimated Life-Time Cost) <i>Completed - August 2024</i>	31,884
Total CIP and Operating Budget Commitments	\$165,264
Potential Project Listed in CIP Plan (The Town has collected sufficient design funding but construction has not begun yet because sufficient funding for construction has not yet been collected. No start date have been identified because sufficient funds have not yet been collected.):	
Highway 17 Bicycle & Pedestrian Bridge – Design (75% of Collections)	\$2,765,431
Kennedy Sidewalk & Bike Lanes - LGB to Englewood (25% of Collections)	\$921,810
Total Potential Project List	\$3,687,241
Total Designated and Unfunded Projects	\$3,852,505
Current Funding Shortfall	\$0

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2024
(Continued)

Construction Impact Activity Fee:

Construction Impact Activity Fee is assessed on construction projects based on the square foot size of the project at a rate of \$1.48 per square foot. These fees are intended to recover the damage caused to Town streets by construction traffic. The collected fee is held in the General Fund Appropriated Reserves.

CONSTRUCTION IMPACT ACTIVITY FEE (411-42531/42532/42533)

Beginning Cash Balance (07/01/2023)	\$0
Source of Funds	
Fees Collected FY 2023/24	157,535
Interest Earned FY 2023/24 (Funds expended upon receipt)	-
Total Source of Funds	\$157,535
Use of Funds	
Business Services Charge	
Capital Outlay:	
Street Repair and Resurfacing Project FY 23/24 (FY 2023/24 Fees Collected Cover 7.2% of FY 2023/24 Expenditures)	2,185,299
Total Use of Funds	2,185,299
Ending Cash Balance (6/30/2024)	(\$2,027,764)
Designated Future Projects	
Per FY 2024/25 through 2028/29 Capital Improvement Plan:	
Street Repair and Resurfacing Project (Ongoing)	\$9,657,919
Total Designated Future Projects	\$9,657,919
Current Funding Shortfall	(\$11,685,682)

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2024
(Continued)

Below-Market Priced (BMP) Housing Program In-Lieu Fee:

BMP In-Lieu Fees are collected from residential development projects with five (5) or more units when the construction of the BMP unit is impractical or there are unusual circumstances that make the construction of the unit inconsistent with Town policy. The required in-lieu fee is to be paid to the Town prior to issuance of the certificate of occupancy. The BMP In-Lieu Fee is equal to the amount of six (6) percent of the building permit valuation for the entire project. The collected fees are held in the General Fund BMP Housing liability account and are restricted to be used solely for BMP Housing Program activities.

BELOW-MARKET PRICED HOUSING PROGRAM IN-LIEU FEES (111-23521)

Beginning Cash Balance (07/01/2023)	4,021,281
Source of Funds	
Fees Collected FY 2023/24	-
Interest Earned FY 2023/24	140,150
Total Source of Funds	4,161,431
Use of Funds	
Program Operating Expense (100% of FY 2023/24 Expenditures)	215,088
Staff Administration (100% of FY 2023/24 Expenditures)	23,000
Total Use of Funds	238,088
Ending Cash Balance (6/30/2024)	3,923,343
Unavailable Source	
Land Held for Resale	344,338
Total Cash Balance and Unavailable Source	4,267,681
Potential Future Projects	
Low and Moderate Income Housing (Future Project - Pending Funding)	3,000,000
Reacquisition of Distressed/Foreclosed Properties (Future Project - Pending Funding)	700,000
Hello Housing and House Keys Program Services (Future Project - Pending Funding - 5 Year Total)	600,000
Total Potential Future Projects	4,300,000
Current Funding Shortfall	(32,319)

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2024
(Continued)

Public Art In-Lieu Fee:

Los Gatos Public Art In-Lieu Fees are collected In lieu of installation of on-site public art, the developer may elect to make a monetary contribution to the Los Gatos Public Arts Fund. The Public In-Lieu Fee is equal to the amount of one (1) percent of the construction valuation for the entire project. Public Art In-Lieu Fee app to all new commercial developments (including mixed use projects), including new construction, and additions and remodels that add more than fifty (50) percent square footage; and all new residential projects of three (3) or more units, including new construction, and additions and remodels that add more than fifty (50) percent square footage. A developer who elects to satisfy the requirements of this Chapter through a contribution to the Fund must complete the payment in-lieu prior to the issuance of any building permit for the development project. The Los Gatos Public Art Funds may be used for the following purposes, including: acquisition, placement, maintenance, and promotion of temporary and permanent art and art programs, including visual or performing arts, as approved by the Arts and Culture Commission, on or in Town owned, public property throughout the Town. Art works acquired through the Public Art Fund shall be owned by the Town of Los Gatos and generally made accessible to the public.

PUBLIC ART FEE (111-23514)

Beginning Cash Balance (07/01/2023)	-
Source of Funds	
Fees Collected FY 2023/24	23,509
Interest Earned FY 2023/24	819
Total Source of Funds	24,328
Use of Funds	-
Total Use of Funds	-
Ending Cash Balance (6/30/2024)	24,328
Designated Future Projects:	
<i>None</i>	-
Total Designated Future Projects	-
Potential Future Projects	
<i>Not Identified Yet- Anticipate to Evaluate Potential Projects with FY 2024/25 Budget Process</i>	-
Total Potential Future Projects	-
Current Funding	24,328

Other Required Disclosures:

As required by law, no inter-fund (loans/transfers) were made during the reporting period and no refund were necessary as all fees collected have a current funding short fall status as presented in the Annual Status Report.



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 17

ITEM NO. 17.

DATE: December 17, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Conduct a Public Hearing for Appeal of Administrative Citation VL-19-362 (16660 Cypress Way) for Violations of the Los Gatos Town Code Related to Grading and Building and Adopt a Resolution Upholding the Administrative Citation and Imposing Costs According to Proof

RECOMMENDATION:

Conduct a public hearing to hear an appeal of Administrative Citation VL-19-362 (16660 Cypress Way) for violations of the Los Gatos Town Code related to grading and building and adopt a resolution upholding the administrative citation and imposing costs according to proof.

BACKGROUND:

On September 16, 2024, Town Code Compliance Officer Allen Meyer issued an Administrative Citation against Theodore and Lauri Deffenbaugh, the owners of the property located at 16660 Cypress Way ("subject property") (Attachment 19). The citation alleged violations of the Los Gatos Town Code ("LGTC") for unpermitted construction and unpermitted grading. The citation asserted that there were violations of LGTC section 6.150.010, incorporating California Residential Code section R105.1, regarding four buildings and one retaining wall. The citation also asserted that there was a violation of LGTC section 12.20.010 regarding failing to have the required grading permit. The citation imposed an administrative penalty of \$9,250.00 for the violations of section 6.150.010 and \$1,850.00 for the violation of section 12.20.010. The locations that are the subject of the citation are shown on the aerial photograph in Attachment 4.

LGMC section 1.10.040(d) states that every day of violation constitutes a separate offense. The administrative penalties in the citation were calculated from the compliance date on the Administrative Warning dated 7/8/2024.

PREPARED BY: Lance Bayer
Special Counsel

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

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SUBJECT: Public Hearing for Appeal of Administrative Citation VL-19-362 (16660 Cypress Way) for Violations of the Los Gatos Town Code Related to Grading and Building

DATE: December 17, 2024

Mr. and Ms. Deffenbaugh have appealed the citation and are entitled to an appeal hearing. In hearing this appeal, the Town Council is acting both as Hearing Officer under LGTC section 1.30.040 and as a Board of Appeals under California Residential Code section R112.1.¹ The Council shall determine whether to uphold or cancel the citation. The Council also may assess administrative costs against the violator when the Hearing Officer determines that a violation has occurred and that compliance was not achieved. Administrative costs may include any and all costs incurred by the Town (both direct and indirect costs) in investigating and commencing administrative proceedings for the violation as well as any and all costs incurred by the Town in connection with the hearing before the Hearing Officer, including but not limited to costs the Enforcement Officer incurred in preparation for the hearing and for participating in the hearing itself, and costs of the Town to conduct the hearing.

DISCUSSION:

On September 27, 2016, Theodore and Lauri Deffenbaugh (“the Deffenbaughs”) purchased the property located at 16660 Cypress Way (Attachment 22). Aerial photographs show grading and paving activity taking place without the required permits in May and August of 2018 (Attachments 1,2, and 3).

In the summer of 2019, Town staff became aware of the violations of the LGTC at the subject property. Code Compliance Officer Allen Meyer sent an Administrative Warning to the Deffenbaughs on July 17, 2019, describing observed violations consisting of new buildings, retaining walls, grading, interior remodeling, electrical, plumbing, and HVAC (Attachment 8). The Administrative Warning requested the Deffenbaughs contact Town staff to schedule a meeting to discuss the scope of work. After the Deffenbaughs failed to respond, a second notice was sent on August 22, 2019 (Attachment 9).

The subject property contains a large residential accessory unit that was built with permits. In 2019, several marketing internet sites showed unpermitted construction inside the unit. This construction was done without obtaining the necessary permits (Attachments 5, 6, and 7).

The Deffenbaughs submitted an application for a grading permit and an architectural and site approval at the subject property on July 9, 2021 (Attachment 10). The accompanying letter of justification cited previously unpermitted “emergency” construction and proposed to mitigate the non-conforming installations. The letter of justification did not address the unpermitted construction involving accessory structures.

Town staff conducted a site inspection on August 24, 2021, and took photographs (Attachment 11). Some photographs show unpermitted retaining walls. The Town provided the Deffenbaughs with a Staff Technical Review addressing numerous deficiencies in the

¹ California Health and Safety Code section 17920.5

PAGE 3 OF 5

SUBJECT: Public Hearing for Appeal of Administrative Citation VL-19-362 (16660 Cypress Way) for Violations of the Los Gatos Town Code Related to Grading and Building

DATE: December 17, 2024

Deffenbaughs' application, including the failure to provide a full scope of work, failure to address hillside development standards, and failure to describe the proposed design that will mitigate the unpermitted work (Attachment 12).

The Deffenbaughs did not respond to the Staff Technical Review. A pending civil lawsuit between the Deffenbaughs and their neighbors, *Deffenbaugh v. Watson, et. al.*, addressed issues regarding grading and the retaining walls as well as a structure of the Deffenbaughs that purportedly straddled the property line between the two neighbors. The Town's code enforcement action is independent of the litigation between the Deffenbaughs and their neighbors.

On October 30, 2023, the Town notified the Deffenbaughs and their attorney that the Town would renew its code enforcement efforts at the subject property, beginning with a site inspection (Attachment 13). On December 13, 2023, the Deffenbaughs submitted an updated letter of justification for their July 9, 2021 application (Attachment 14). On January 31, 2024, the Town provided the Deffenbaughs with a Staff Technical Review addressing numerous deficiencies in the Deffenbaughs revised application, including the failure to provide a full scope of work, failure to address hillside development standards, and failure to describe the proposed design that will mitigate the unpermitted work (Attachment 15). The Deffenbaughs have not responded to the Staff Technical Review.

After efforts by Town staff to obtain consent to inspect the subject property were unsuccessful, the Town applied to the superior court and obtained an inspection warrant for the subject property on May 20, 2024 (Attachment 16).

The inspection took place on May 30, 2024. It was conducted by Town Chief Building Official Robert Gray and included other members of Town staff. During the inspection, staff took photographs and observed: (1) The interior of an ADU above the garage (Attachment 4, #1). There was an interior remodel of the kitchen and bathroom areas without obtaining the required permits. The sleeping room lacked sufficient emergency egress and the bathroom window was not tempered as required in a wet hazard area. The front entrance deck, stairs, and railings were unstable and appeared unsafe. The railings were far below minimum requirement and have openings exceeding a 4" diameter sphere; (2) A detached "office structure" beside the ADU (Attachment 4, #2). The structure was constructed without obtaining the required permits. It did not appear to be used for sleeping. It did not appear to have a foundation or seismic restraint. The power was provided via an extension cord (possibly 12-gauge cord with ground). The structure was approximately 124 square feet with electrical. Although the building would require a building permit, the Zoning Code does not allow a structure at that location; (3) A storage structure behind the ADU (Attachment 4, #3). The structure was constructed without obtaining the required permits. The primary use appears to be storage but is wired for electrical and plumbed for what may be a future restroom. When asked about the electricity to the structure, the property owner stated it was provided via a

SUBJECT: Public Hearing for Appeal of Administrative Citation VL-19-362 (16660 Cypress Way) for Violations of the Los Gatos Town Code Related to Grading and Building

DATE: December 17, 2024

battery system and is not connected to permanent power. The source or termination of the plumbing was not determined. The structure was approximately 197 sq. ft. with electrical and plumbing. Although the structure would require a building permit, the Zoning Code does not allow a structure at that location; and (4) The garage structure near the second living unit and pool (Attachment 4, #4). The structure was constructed without obtaining the required permits. This structure appeared to be a garage/storage with electrical provided from the second living unit. The structure was approximately 294 sq. ft. with electrical. The structure would require a building permit; however, the structure crosses a property line boundary and must be demolished (Attachment 17).

Code Compliance Officer Allen Meyer sent an Administrative Warning to the Deffenbaughs on July 8, 2024, describing observed code violations (Attachment 18). The warning provided a compliance date of September 8, 2024. The warning advised the Deffenbaughs that failure to comply “may result in daily fines and/or any other available legal remedies.” The Deffenbaughs did not meet the compliance requirements.

On September 16, 2024, Town Code Compliance Officer Allen Meyer issued an Administrative Citation against the Deffenbaughs (Attachment 19). On October 14, 2024, the Deffenbaughs submitted an Administrative Citation Hearing Request Form (Attachment 21). On the same date, attorney Richard M. Harris, representing the Deffenbaughs, submitted a letter to the Town Community Development Department regarding the appeal (Attachment 22). Notice of the Administrative Appeal hearing was sent to the Deffenbaughs and their legal counsel on November 7, 2024 (Attachment 23).

Town staff have calculated their costs related to the enforcement of this action as follows:

Employee	Amount of hours	Hourly rate (including benefits)	Total
Allen Meyer	23.5	\$ 140.27	\$3296.34
Robert Gray	6	\$ 208.88	\$1253.28
Erin Walters	8	\$ 159.33	\$1274.64
			TOTAL \$5824.26

CONCLUSION:

Town staff respectfully requests the Town Council adopt a resolution (Attachment 24) upholding the administrative citation and imposing costs according to proof.

PAGE 5 OF 5

SUBJECT: Public Hearing for Appeal of Administrative Citation VL-19-362 (16660 Cypress Way) for Violations of the Los Gatos Town Code Related to Grading and Building
 DATE: December 17, 2024

ALTERNATIVES:

The Town Council has the following alternatives:

1. Uphold the administrative citation.
2. Cancel the administrative citation.
3. Impose costs.
4. Not impose costs.

FISCAL IMPACT:

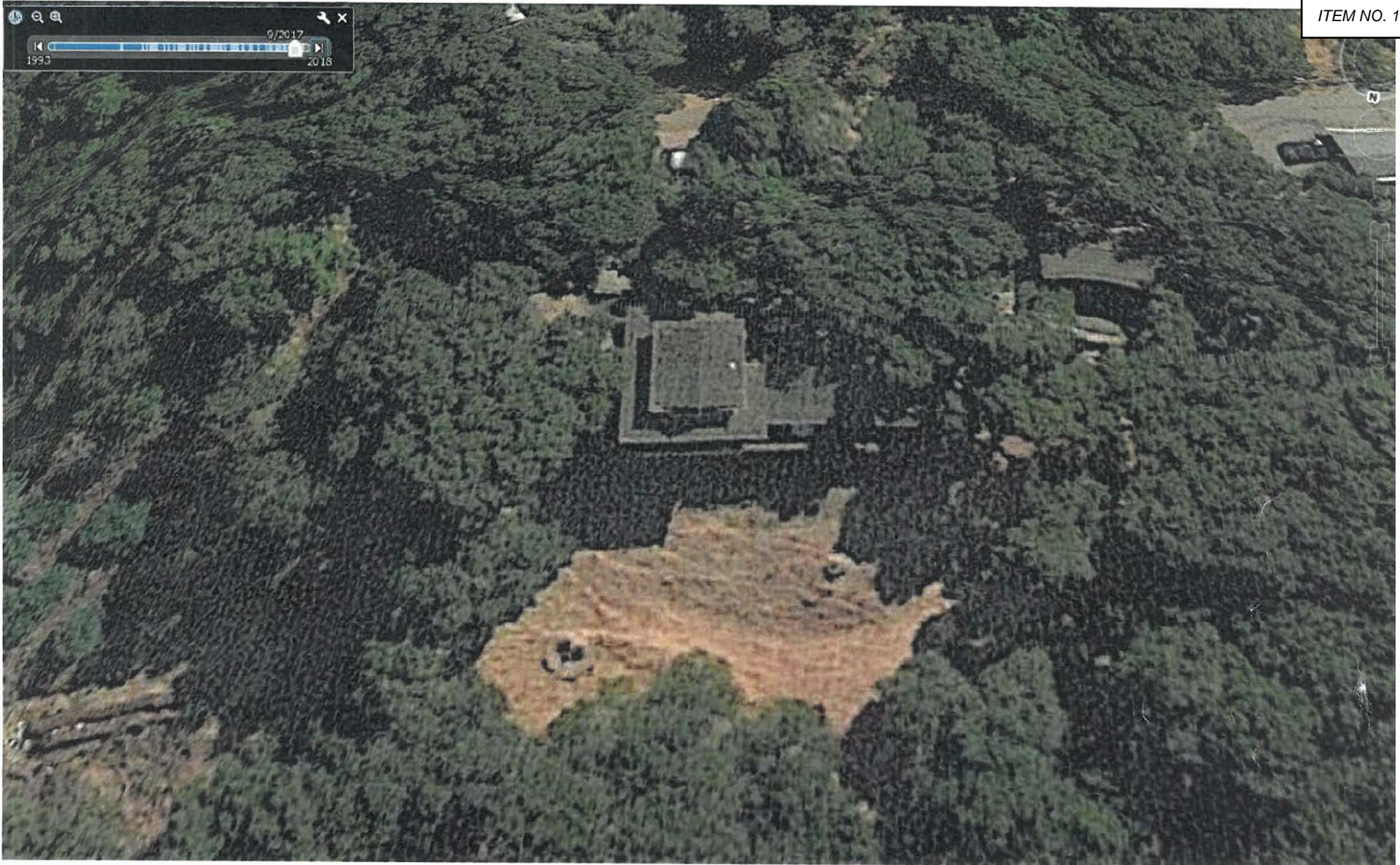
None.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Aerial View of Subject Property 9/2017
2. Aerial View of Subject Property 5/2018 Showing Grading in Progress
3. Aerial View of Subject Property 8/2018 Showing Completed Paving
4. Aerial View of Subject Property Showing Locations of Structures in Violation
5. Hotpads Internet Posting, Showing Violations
6. Trulia Internet Posting, Showing Violations
7. Realtor.com Internet Posting, Showing Violations
8. Administrative Warning Dated 7/17/2019
9. Administrative Warning (2nd notice) Dated 8/22/2019
10. Application for Grading Permit and Architecture and Site Approval dated 7/9/2021 and Letter of Justification and Project Description Dated 7/8/2021
11. Photos of Town Inspection on 8/24/2021
12. Staff Technical Review Dated 8/24/2021 and 8/25/2021
13. Email from Town Attorney Dated 10/30/2023
14. Updated Letter of Justification Regarding Application Dated 12/13/2023
15. Staff Technical Review Dated 1/31/2024
16. Letter dated 5/22/2024 and Inspection Warrant Dated 5/20/2024
17. Description and Photos of Site Inspection of Subject Property on May 30, 2024
18. Administrative Warning Dated 7/8/2024
19. Administrative Citation Dated 9/16/2024
20. Property Detail Report
21. Administrative Citation Hearing Request Dated 10/14/2024
22. Letter to Town Community Development Department from Attorney Rogers Joseph Dated 10/14/2024
23. Notice of Appeal Hearing
24. Proposed Resolution



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May 2018

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August 2018

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Not to scale

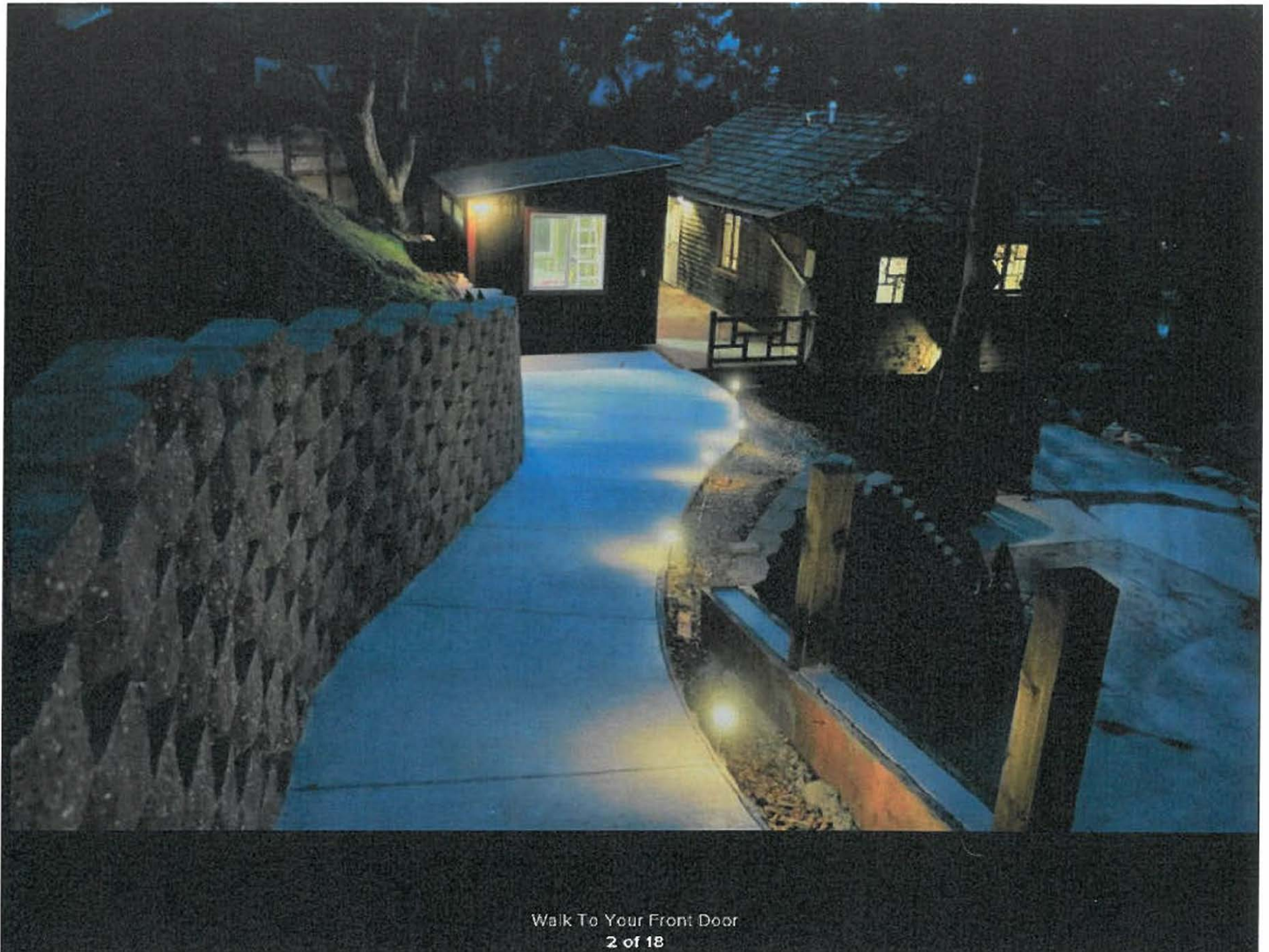


Large Retaining Wall



- Building #1-ADU
- Building #2-Office Shed 124 sf
- Building #3-Storage Building 197 sf
- Building #4-Garage 294 sf

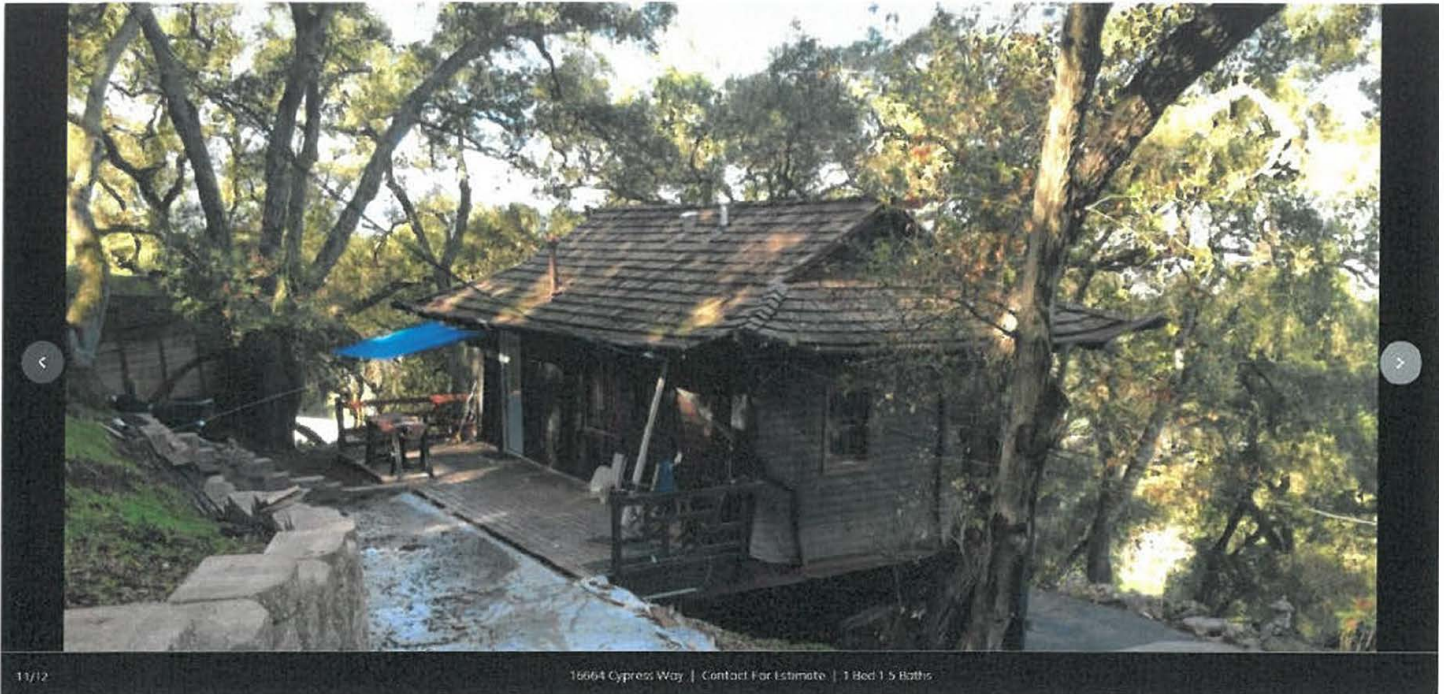
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Walk To Your Front Door
2 of 18

LANDSCAPE

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11/12

16664 Cypress Way | Contact For Estimate | 1 Bed 1.5 Baths

Outside parking for your horse or horseless carriage. Up to 120 square foot out-building will be built depending on your desire. While a one year lease is offered, preference will be given to individuals that will sign a 2 year lease, with second year locked in at 5% higher rental rate than first year.

We are in final stages of the refresh, and are targeting a March 1st move in date. If you act now, you will be able to help us finalize the window coverings, laundry room sink, washer and dryer combo, and specify what you would like in the outbuilding, which can be a workshop storage or possibly even extra space for a separate office.

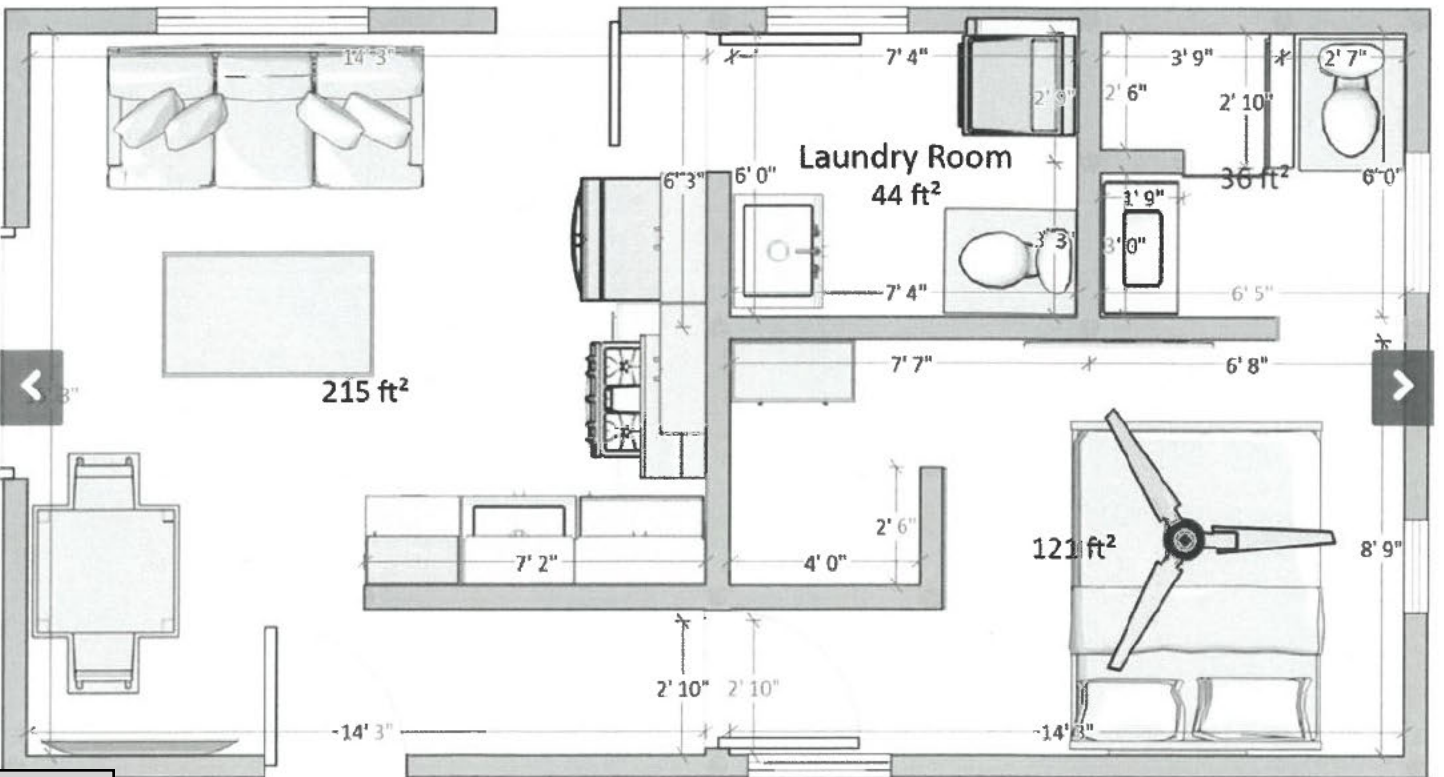
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16664 Cypress Way- https://www.realtor.com/realestateandhomes-detail/16664-Cypress-Way_Los-Gatos_CA_95030_M19889-26473



16664











120 Square Foot Outdoor Office, Yoga Studio, or Weight Room
13 of 18



TOWN OF LOS GATOS

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

July 17, 2019

Theodore and Lauri Deffenbaugh
16660 Cypress Way
Los Gatos, CA 95030

Administrative Warning

Re: Code violation at 16660 Cypress Way, Los Gatos

The Town of Los Gatos Community Development Department has been made aware of/observed multiple code violations on the above referenced property. The violations consist of new buildings, retaining walls, grading, interior remodeling, electrical, plumbing, and Hvac on the referenced property without the benefit of a permit.

Please be advised that pursuant to Town Code Section 6.150.010 (R 105.1) Permit Required. Any owner or authorized agent who intends to construct, enlarge, alter, repair, move, demolish, or change the occupancy of a building or structure, or to erect, install, enlarge, alter, repair, remove, convert or replace any electrical, gas, mechanical or plumbing system, the installation of which is regulated by this code, or to cause any such work to be done, shall first make application to the building official and obtain the required permit.

Pursuant to Town Code Section 12.20.010 Required. Except for the exemptions listed hereinafter, no person may grade or do grading work or perform any other land-disturbing or landfilling activity without first obtaining a grading permit.

Accordingly, we are asking you to schedule a meeting with Town Staff to discuss the scope of work and next steps. Please bring any construction documents that you may have. I can be reached at ameyer@losgatosca.gov or at 408-399-5746.

Respectfully yours,

Allen Meyer
Code Compliance Officer
Town of Los Gatos



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TOWN OF LOS GATOS

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

August 22, 2019

Theodore and Lauri Deffenbaugh
16660 Cypress Way
Los Gatos, CA 95030

Administrative Warning (2nd notice)

Re: Code violation at 16660 Cypress Way, Los Gatos

The Town of Los Gatos Community Development Department has been made aware of/observed multiple code violations on the above referenced property. The violations consist of new buildings, retaining walls, grading, interior remodeling, electrical, plumbing, and Hvac on the referenced property without the benefit of a permit.

Please be advised that pursuant to Town Code Section 6.150.010 (R 105.1) Permit Required. Any owner or authorized agent who intends to construct, enlarge, alter, repair, move, demolish, or change the occupancy of a building or structure, or to erect, install, enlarge, alter, repair, remove, convert or replace any electrical, gas, mechanical or plumbing system, the installation of which is regulated by this code, or to cause any such work to be done, shall first make application to the building official and obtain the required permit.

Pursuant to Town Code Section 12.20.010 Required. Except for the exemptions listed hereinafter, no person may grade or do grading work or perform any other land-disturbing or landfilling activity without first obtaining a grading permit.

Accordingly, we are asking you to schedule a meeting with Town Staff to discuss the scope of work and next steps by **September 6, 2019**. Please bring any construction documents that you may have. I can be reached at ameyer@losgatosca.gov or at 408-399-5746.

Respectfully yours,

Allen Meyer
Code Compliance Officer
Town of Los Gatos



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TOWN OF LOS GATOS COMMUNITY DEVELOPMENT DEPARTMENT

Terence J Szewczyk	1776 Technology Dr	San Jose, CA 95110	(408)316-2696
NAME OF APPLICANT	ADDRESS	ZIP CODE	TELEPHONE
<i>Terence J Szewczyk</i>		4.08 acres	terry@tscivil.com
APPLICANT'S SIGNATURE		SITE AREA	EMAIL
16660 Cypress Way, Los Gatos		532-23-106	HR 2.5
ADDRESS OR LOCATION OF PROJECT SITE		PARCEL NUMBER	ZONING

APPLICANT SUBMITTAL CHECKLIST

NOTE TO APPLICANTS

A Development Application must include certain minimum information before a project will be accepted and processed for review as the submittal begins a legal time limit. The applicant is responsible for submitting the general information listed below as well as the specific application requirements indicated on the attached sheets. All information, including plans, must be clear, legible, and easily readable. Incomplete, inaccurate, or illegible information will not be accepted and will delay processing of the application.

1. COMPLETED APPLICATION FORM - Form must include the signature of the property owner(s).
2. COMMUNITY DEVELOPMENT APPLICATION PROCESS AGREEMENT
3. APPLICATION FILING FEE - Fee for proposed application based on Planning fee schedule.
4. WRITTEN DESCRIPTION OF PROPOSED PROJECT - A complete written description of the proposal.
5. LETTER OF JUSTIFICATION - For all applications except a single-family residence with no demolition.
6. VERIFICATION OF PROPERTY OWNERSHIP AND EASEMENTS – One (1) copy of a grant deed for the subject property. Two (2) copies of a preliminary title report for the subject property if new development (i.e. new construction, additions, grading, subdivisions, etc.) is proposed.
7. STRUCTURE CONDITION REPORT - For demolition of any residential structure.
8. ENVIRONMENTAL CHECKLIST FORM - When applicable, form must be completely filled out. Available online at www.losgatosca.gov/planning.
9. HAZARDOUS MATERIALS/AIR QUALITY CHECKLIST – Form must be completely filled out.
10. BUILD IT GREEN GREENPOINT RATED CHECKLIST – For residential projects. There is a list for remodels, new single – family residential, and new multi-family residential. Available at www.builditgreen.org.
11. HILLSIDE DEVELOPMENT STANDARDS AND GUIDELINES COMPLIANCE CHECKLIST - For hillside projects.
12. HOW TO READ YOUR NEIGHBORHOOD WORKBOOK – For non-hillside residential projects.
13. C.3 DATA FORM or SMALL PROJECTS WORKSHEET – Available online at www.losgatosca.gov (Parks and Public Works Dept, Engineering Services - Stormwater Regulations).
14. PHOTOS OF PROPERTY - Photos of the subject property from each side and photos of adjacent properties.
15. MINIMUM SIX (6) SETS OF COMPLETE DEVELOPMENT PLANS AND AN ELECTRONIC COPY - If the application is for a Planned Development of five (5) or more lots or if the application is for a subdivision of five (5) or more lots that is not a PD – sixteen (16) sets of the map is also required.

AUTHORIZATION AND CERTIFICATION OF PROPERTY OWNER

I/We certify that, as the property owner(s), I/we authorize the filing of this application. I/We understand that pursuant to the Code of the Town of Los Gatos, conditions of approval are binding upon both the applicant and property owner(s). I/We agree to implement the conditions of approval to the best of my/our ability.

Lauri Deffenbaugh	16660 Cypress Way, Los Gatos, CA 95030	[REDACTED]
Name (please print)	Address (with zip code)	Telephone
<i>Lauri A. Deffenbaugh</i>		07 / 09 / 2021
Signature		Date

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July 8, 2021

Job No: 21-213

Erin Walters - Associate Planner
 Town of Los Gatos
 Community Development Department
 110 E. Main Street,
 Los Gatos CA 95030

Subject: Letter of Justification & Project Description
 Grading Permit & Architecture & Site Approval
 Previously Unpermitted Emergency Construction
 16660 Cypress Way, Los Gatos

Dear Erin.

The Deffenbaughs purchased this historic residence as a labor of love, intending to restore and preserve the legacy of the building and grounds. They had recently moved from Orange County, California where they witnessed devastating wildfires with destruction of existing residences and envisioned that the same could occur with this property.

Emergency Construction

Consequently, when they were presented with an opportunity to create defensible space on the downslope side of the house, they jumped at it with a local landscape contractor. This unpermitted construction involved a significant fill for the turnaround and north of the house with numerous walls in excess of the 5' maximum guideline per the Town HDG&S. This application seeks to mitigate the non-conforming installations.

Further Improvements Proposed

The turnaround is not the only improvement that will make this property more fire-safe. There is a need to add a firetruck turnout at the south side of the house with access to new water tanks. We propose two 5000-gallon tanks with a 4 inch wharf hydrant as shown on the plan. Although the site has a San Jose Water Company service and the current ADU is fire sprinklered, there simply are no public hydrants within the Cypress Way frontage.

Additionally, there is a need for an emergency escape road (only 7' to 8' wide) downhill to the intersection of Cypress with Phillips Ave. This roadway can informally connect to the cluster of driveways serving 16600 & 16700 Cypress Way at a location within the

Erin Walters
Job No. 21-213
Page 2 of 2
July 8, 2021

public street right of way. Note that the slope of the escape road is 25% maximum and it is intended only for resident passenger vehicles traveling northerly and downhill.

In summary, with the creative input from Planning, Fire, and PPW we can collaborate to make this project fire-safe(r) and remedy the violations.

Should you require additional information please contact me by email: terry@tscivil.com.



TS/CIVIL ENGINEERING, INC.
Terence J. Szewczyk, P.E. C35527
Principal Engineer

TOWN OF LOS GATOS - COMMUNITY DEVELOPMENT DEPARTMENT

CIVIC CENTER:

110 E. MAIN STREET
LOS GATOS, CA 95030

PHONE (408) 354-6874

FAX (408) 354-7593

APPLICATION FOR DEVELOPMENT PERMITS

(PLEASE TYPE OR PRINT CLEARLY)

1. APPLICANT REQUEST: (Check appropriate boxes)
2. PROPERTY DETAIL:
Lot Size 4.08 acres
Average Slope
Existing or Last Previous Use: Residential

3. PROPERTY LOCATION:
Address of subject property: 16660 Cypress Way, Los Gatos, CA, 95030
Zoning HR110 Assessor's Parcel Number(s) 532-23-106

4. REQUESTED ACTION: (Attach separate sheet if necessary)
Description of requested action see letter of justification

5. APPLICANT:
NAME Terence J. Szewczyk PHONE (408)316-2696
EMAIL terry@tscivil.com ADDRESS 1776 Technology Drive
CITY San Jose STATE CA ZIP 95110

I certify under penalty of perjury that all application materials and plans are true and correct.

SIGNATURE OF APPLICANT Terence J. Szewczyk DATE 7/7/2021

6. PROPERTY OWNER: (If same as above check here)
NAME Theodore & Lauri Deffenbaugh PHONE
EMAIL ADDRESS 16660 Cypress Way
CITY Los Gatos STATE CA ZIP 95110

I hereby certify that I am the owner of record of the property described in Item #3 above, and that I approve of the action requested herein.

SIGNATURE OF OWNER Lauri A. Deffenbaugh DATE 07 / 09 / 2021

7. OTHERS INVOLVED: (WILL NOT GET COPY OF AGENDA OR CORRESPONDENCE)
(Capacity, Name, Firm & Address, Phone/Email)

DO NOT WRITE BELOW THIS LINE

8. RECEIVED BY STAFF MEETING HPC AGENDA
APPLICATION NO.

Please Note: The information contained in this application is considered part of the public record. Therefore, it will appear in both the public record file for the site address, which is available upon request, and on the permitting system on the official Town of Los Gatos website at www.losgatosca.gov.

Table with 2 columns: Fee Type (PLPERMIT, PLTRACK, PLANAP, ENGDEV, TOTAL) and Amount (\$)

TOWN OF LOS GATOS

DEVELOPMENT APPLICATION SUPPLEMENT HAZARDOUS WASTES AND SUBSTANCES STATEMENT

California Government Code Section 65962.5 requires that "before a lead agency accepts as complete an application for any development project . . . the applicant shall consult the lists" contained in this section which identify sites determined to contain hazardous wastes or contamination, as reported by the Secretary for Environmental Protection. These lists are available in the Community Development Department. The form, properly completed and signed, must accompany the development application submitted to the Town Community Development Department.

Please complete the following information:

Site Address: 16660 Cypress Way, Los Gatos, CA Zip Code 95030

Assessor's Parcel Number (APN): 532-23-106

APPLICANT	PROPERTY OWNER
Name/Company TS Civil Engineering	Name/Company Theodore & Lauri Deffenbaugh
Mailing Address 1776 Technology Drive, San Jose, CA, 95110	Mailing Address 16660 Cypress Way, Los Gatos, CA, 95030
Telephone (408)316-2696	Telephone (949)231-2077

I hereby acknowledge that I have reviewed these lists and declare that the project site:

Is not included on any Hazardous Wastes and Substances Sites List.

Is included on the following list pursuant to Section 65962.5 of the Government Code:

Regulator identification number: _____

Date of List: _____

Terence J Szewczyk
Applicant Signature

Date 7/7/2021

Note: State of California/Hazardous Waste & Substances Sites List for Los Gatos is attached.

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 Planning Commission and/or the Town Council. All applicants and their representatives 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 Planning Commission and/or Town Council are solely at the discretion of those bodies, including General Plan Amendments, Zoning changes, Planned Developments, Architecture and Site Applications, Conditional Use Permits, or Conditions of Approval. 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 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, the Town Council must make one of the following findings to reverse or modify a Planning Commission decision:

1. There was an error or abuse of discretion on the part of the Planning Commission;
2. New information was presented to Council that was "not readily or reasonably available" for submission to the Planning Commission*; or
3. There was an issue or policy which the Council must decide, not the Planning Commission.

*Unless the new information has a minimal effect, the application is returned to the Planning Commission with the new information.

The undersigned Town staff representative has provided and discussed this document with the applicant and the applicant's representatives:

Staff: _____ **DATE:** _____

Applicant: Terence J Szewczyk **DATE:** July 8th, 2021

Property Owner: Lauri A. Deffenbaugh **DATE:** 07 / 09 / 2021

Architect: _____ **DATE:** _____





Business Owner: _____ **DATE:** _____

Other: _____ **DATE:** _____

Legal Counsel: _____ **DATE:** _____

TITLE	A&S Application
FILE NAME	210708_21-213 Application.pdf
DOCUMENT ID	36ebf506c10d601b7a7710f3e7aa9e2c8ffeac34
AUDIT TRAIL DATE FORMAT	MM / DD / YYYY
STATUS	● Completed

Document History

 SENT	07 / 08 / 2021 19:19:29 UTC	Sent for signature to Lauri Deffenbaugh [REDACTED] from terry@tscivil.com IP: 162.236.129.121
 VIEWED	07 / 09 / 2021 14:44:30 UTC	Viewed by Lauri Deffenbaugh [REDACTED] IP: 76.103.216.142
 SIGNED	07 / 09 / 2021 14:49:02 UTC	Signed by Lauri Deffenbaugh [REDACTED] IP: 76.103.216.142
 COMPLETED	07 / 09 / 2021 14:49:02 UTC	The document has been completed.







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TOWN OF LOS GATOS
BUILDING DIVISION CONDITIONS OF APPROVAL

STAFF TECHNICAL REVIEW

Building Division

August 24, 2021

ITEM: 16660 Cypress Way
Architecture and Site Application S-21-024
First Review

Request for approval for site improvements requiring a grading permit on property zoned HR-2-1/2. APN: 532-23-106.

PROPERTY OWNER: Theodore and Laurie Deffenbaugh
APPLICANT: Terence J. Szewczyk
PROJECT PLANNER: Erin Walters

GENERAL COMMENTS:

1. A comprehensive plan review has not been completed for this project under consideration by the Development Review Committee or Town Council. Advisory Comments may be provided by the Building Division as part of a cursory review. Comprehensive Plan review will be part of the separate building permit application process. Once the Development Review Committee and/or Planning Commission approvals have been obtained and the requisite appeal period has passed, submit complete sets of construction drawings and documents to the Building Counter. No construction work can be commenced without an appropriate building permit.
2. Please include on the drawings, any unpermitted work that has been completed, or is in progress on the subject property that would require a Building or Planning permit.
3. Please label all unpermitted retaining walls and provide a chart that defines the length, max height, and top and bottom elevations.
4. Please provide construction details of all unpermitted retaining walls including foundation, backfill, and drainage.
5. Please provide a signed and stamped letter from a structural engineer stating that each unpermitted retaining wall is adequately constructed to minimum code or accepted industry standard.

DRAFT CONDITIONS:

TO THE SATISFACTION OF THE DIRECTOR OF COMMUNITY DEVELOPMENT:

(Building Division)

1. **PERMITS REQUIRED:** A Building Permit will be required for all structures exceeding 120 sq. ft. and all retaining walls that support a surcharge.
2. **APPLICABLE CODES:** The current codes, as amended and adopted by the Town of Los Gatos as of January 1, 2020, are the 2019 California Building Standards Code, California Code of Regulations Title 24, Parts 1-12, including locally adopted Energy Reach Codes.
3. **CONDITIONS OF APPROVAL:** The Conditions of Approval must be blue lined in full on the cover sheet of the construction plans. A Compliance Memorandum shall be prepared and submitted with the building permit application detailing how the Conditions of Approval will be addressed.

BUILDING DIVISION CONDITIONS OF APPROVAL

4. **SIZE OF PLANS:** Minimum size 24" x 36", maximum size 30" x 42".
5. **SOILS REPORT:** A Soils Report, prepared to the satisfaction of the Building Official, containing foundation and retaining wall design recommendations, shall be submitted with the Building Permit Application. This report shall be prepared by a licensed Civil Engineer specializing in soils mechanics.
6. **SHORING:** Shoring plans and calculations will be required for all excavations which exceed five (5) feet in depth or which remove lateral support from any existing building, adjacent property, or the public right-of-way. Shoring plans and calculations shall be prepared by a California licensed engineer and shall conform to the Cal/OSHA regulations.
7. **FOUNDATION INSPECTIONS:** A pad certificate prepared by a licensed civil engineer or land surveyor shall be submitted to the project Building Inspector at foundation inspection. This certificate shall certify compliance with the recommendations as specified in the Soils Report, and that the building pad elevations and on-site retaining wall locations and elevations have been prepared according to the approved plans. Horizontal and vertical controls shall be set and certified by a licensed surveyor or registered Civil Engineer for the following items:
 - a. Building pad elevation
 - b. Finish floor elevation
 - c. Foundation corner locations
 - d. Retaining wall(s) locations and elevations
8. **TITLE 24 ENERGY COMPLIANCE:** All required California Title 24 Energy Compliance Forms must be blue-lined (sticky-backed), i.e. directly printed, onto a plan sheet.
9. **TOWN RESIDENTIAL ACCESSIBILITY STANDARDS:** New residential units shall be designed with adaptability features for single-family residences per Town Resolution 1994-61:
 - a. Wood backing (2" x 8" minimum) shall be provided in all bathroom walls, at water closets, showers, and bathtubs, located 34 inches from the floor to the center of the backing, suitable for the installation of grab bars if needed in the future.
 - b. All passage doors shall be at least 32-inch wide doors on the accessible floor level.
 - c. The primary entrance door shall be a 36-inch-wide door including a 5'x 5' level landing, no more than 1 inch out of plane with the immediate interior floor level and with an 18-inch clearance at interior strike edge.
 - d. A door buzzer, bell or chime shall be hard wired at primary entrance.
10. **BACKWATER VALVE:** The scope of this project may require the installation of a sanitary sewer backwater valve per Town Ordinance 6.50.025. Please provide information on the plans if a backwater valve is required and the location of the installation. The Town of Los Gatos Ordinance and West Valley Sanitation District (WVSD) requires backwater valves on drainage piping serving fixtures that have flood level rims less than 12 inches above the elevation of the next upstream manhole.
11. **HAZARDOUS FIRE ZONE:** All projects in the Town of Los Gatos require Class A roof assemblies.
12. **WILDLAND-URBAN INTERFACE:** This project is located in a Wildland-Urban Interface High Fire Area and must comply with Section R337 of the 2019 California Residential Code, Public Resources Code 4291 and California Government Code Section 51182.
13. **PROVIDE DEFENSIBLE SPACE/FIRE BREAK LANDSCAPING PLAN:** Prepared by a California licensed Landscape Architect in conformance with California Public Resources Code 4291 and California Government Code Section 51182.
14. **PRIOR TO FINAL INSPECTION:** Provide a letter from a California licensed Landscape Architect certifying the landscaping and vegetation clearance requirements have been completed per the California Public Resources Code 4291 and Government Code Section 51182.

15. **SPECIAL INSPECTIONS:** When a special inspection is required by CBC Section 1704, the Architect or Engineer of Record shall prepare an inspection program that shall be submitted to the Building Official for approval prior to issuance of the Building Permit. The Town Special Inspection form must be completely filled-out and signed by all requested parties prior to permit issuance. Special Inspection forms are available from the Building Division Service Counter or online at www.losgatosca.gov/building.
16. **BLUEPRINT FOR A CLEAN BAY SHEET:** The Town standard Santa Clara Valley Nonpoint Source Pollution Control Program Sheet (page size same as submitted drawings) shall be part of the plan submittal as the second page. The specification sheet is available at the Building Division Service Counter for a fee of \$2 or at ARC Blueprint for a fee or online at www.losgatosca.gov/building.
17. **APPROVALS REQUIRED:** The project requires the following departments and agencies approval before issuing a building permit:
 - a. Community Development – Planning Division: (408) 354-6874
 - b. Engineering/Parks & Public Works Department: (408) 399-5771
 - c. Santa Clara County Fire Department: (408) 378-4010
 - d. West Valley Sanitation District: (408) 378-2407
 - e. Local School District: The Town will forward the paperwork to the appropriate school district(s) for processing. A copy of the paid receipt is required prior to permit issuance.

Robert Gray, CBO
Chief Building Official
rgray@losgatosca.gov

N:\DEV\Robert Gray\Conditions of Approval\2021\CypressWay16660_v1.docx



SANTA CLARA COUNTY FIRE DEPARTMENT

14700 Winchester Blvd., Los Gatos, CA 95032 | (408) 378-4010 | www.sccfd.org

PLAN REVIEW No. **21 3367**
 BLDG PERMIT No. _____

DEVELOPMENTAL REVIEW COMMENTS

Plans and Scope of Review:

This project shall comply with the following:

The California Fire (CFC) & Building (CBC) Code, 2019 edition, as adopted by the Town of Los Gatos Town Code (LGTC), California Code of Regulations (CCR) and Health & Safety Code.

The scope of this project includes the following:

No scope provided. In letter of justification there is mention of legalization of grading done without permit and addition of a private fire protection water system.

Plan Status:

Plans are **NOT APPROVED**. Revise and resubmit drawings and provide a response letter addressing comments on this plan review.

Plan Review Comments:

- Review of this Developmental proposal is limited to acceptability of site access, water supply and may include specific additional requirements as they pertain to fire department operations, and shall not be construed as a substitute for formal plan review to determine compliance with adopted model codes. Prior to performing any work, the applicant shall make application to, and receive from, the Building Department all applicable construction permits.**
- Provide project scope on the plans.**
- Fire Department (Engine) Driveway Turnaround Required:** Dead-end fire apparatus access roads in excess of 150 feet in length shall be provided with an approved area for turning around fire apparatus. Provide an approved fire department engine driveway turnaround with a minimum radius of 36 feet outside and 23 feet inside. Maximum grade in any direction shall be 5%. Installations shall conform with Fire Department Standard Details and Specifications D-1. [CFC Section 503.2.5]. **Show on the plans a conforming driveway turnaround.**
- Fire Apparatus (Engine) Access Driveway Required:** Provide an access driveway with a paved all-weather surface, a minimum unobstructed width of 14 feet, vertical clearance of 13 feet 6 inches, minimum circulating turning radius of 36 feet outside and 23 feet inside, and a maximum slope of 15%. Installations shall conform to Fire Department Standard Details and Specifications sheet D-1. **Indicate on the plans the width and slope of the driveway.**

City	PLANS	SPECS	NEW	RMDL	AS	OCCUPANCY	CONST. TYPE	ApplicantName	DATE	PAGE
LGA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			Ts Civil Engineering	08/10/2021	1 OF 3
SEC/FLOOR	AREA	LOAD	PROJECT DESCRIPTION				PROJECT TYPE OR SYSTEM			
			Residential Development				Site Work			
NAME OF PROJECT						LOCATION				
SFR						16660 Cypress Way Los Gatos				
TABULAR FIRE FLOW						REDUCTION FOR FIRE SPRINKLERS	REQUIRED FIRE FLOW @ 20 PSI		BY	
									Flanagan, Caleb	

Serving Santa Clara County and the communities of Campbell, Cupertino, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, and Saratoga.



SANTA CLARA COUNTY FIRE DEPARTMENT

14700 Winchester Blvd., Los Gatos, CA 95032 | (408) 378-4010 | www.sccfd.org

PLAN REVIEW No. **21 3367**
 BLDG PERMIT No. _____

DEVELOPMENTAL REVIEW COMMENTS

5. Private Fire Protection System: Residential fire protection systems shall comply with Fire Department Standards W-1 and manufacturer's requirements. Fire protection water systems shall be permitted, installed and approved by the Fire Prevention Office. The wharf hydrant shall be accessible at all times. Tank systems providing both the domestic supply and supply to the sprinkler system and/or hydrant may require cross contamination protection. Check with the local Building Department for specific requirements related to protection of the domestic supply. Hydrants and tank outlets shall be installed such that the center of the hose connection is not less than eighteen (18") inches nor more than thirty (30") inches above the final grade. *Two new 5000 gallon water tanks to be installed. Indicate on plans. Indicate on the plans that the private fire protection system will conform with the W-1 standard.*

6. Water Supply Requirements: Potable water supplies shall be protected from contamination caused by fire protection water supplies. It is the responsibility of the applicant and any contractors and subcontractors to contact the water purveyor supplying the site of such project, and to comply with the requirements of that purveyor. Such requirements shall be incorporated into the design of any water-based fire protection systems, and/or fire suppression water supply systems or storage containers that may be physically connected in any manner to an appliance capable of causing contamination of the potable water supply of the purveyor of record. Final approval of the system(s) under consideration will not be granted by this office until compliance with the requirements of the water purveyor of record are documented by that purveyor as having been met by the applicant(s). 2019 CFC Sec. 903.3.5 and Health and Safety Code 13114.7.

7. Address identification: New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Where required by the fire code official, address numbers shall be provided in additional approved locations to facilitate emergency response. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall be a minimum of 4 inches (101.6 mm) high with a minimum stroke width of 0.5 inch (12.7 mm). Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. Address numbers shall be maintained. CFC Sec. 505.1.

City	PLANS	SPECS	NEW	RMDL	AS	OCCUPANCY	CONST. TYPE	ApplicantName	DATE	PAGE
LGA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			Ts Civil Engineering	08/10/2021	2 OF 3
SEC/FLOOR	AREA	LOAD	PROJECT DESCRIPTION				PROJECT TYPE OR SYSTEM			
			Residential Development				Site Work			
NAME OF PROJECT						LOCATION				
SFR						16660 Cypress Way Los Gatos				
TABULAR FIRE FLOW						REDUCTION FOR FIRE SPRINKLERS	REQUIRED FIRE FLOW @ 20 PSI	BY		
						<input type="text"/>		Flanagan, Caleb		

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PLAN REVIEW No. 21 3367
 BLDG PERMIT No. _____

DEVELOPMENTAL REVIEW COMMENTS

8. Construction Site Fire Safety: All construction sites must comply with applicable provisions of the CFC Chapter 33 and our Standard Detail and Specification S1-7. Provide appropriate notations on subsequent plan submittals, as appropriate to the project. CFC Chp. 33.

This review shall not be construed to be an approval of a violation of the provisions of the California Fire Code or of other laws or regulations of the jurisdiction. A permit presuming to give authority to violate or cancel the provisions of the fire code or other such laws or regulations shall not be valid. Any addition to or alteration of approved construction documents shall be approved in advance. [CFC, Ch.1, 105.3.6]

City	PLANS	SPECS NEW	RMDL	AS	OCCUPANCY	CONST. TYPE	ApplicantName	DATE	PAGE
LGA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			Ts Civil Engineering	08/10/2021	3 OF 3
SEC/FLOOR	AREA	LOAD	PROJECT DESCRIPTION				PROJECT TYPE OR SYSTEM		
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SFR						16660 Cypress Way Los Gatos			
TABULAR FIRE FLOW			REDUCTION FOR FIRE SPRINKLERS		REQUIRED FIRE FLOW @ 20 PSI		BY		
			[Redacted]				Flanagan, Caleb		

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**TOWN OF LOS GATOS
COMMENTS**

**STAFF TECHNICAL REVIEW
PLANNING DIVISION
August 25, 2021**

**16660 Cypress Way
Architecture and Site Application S-21-024**

Request for approval for site improvements requiring a grading permit on property zoned HR-2-1/2. APN: 532-23-106.

PROPERTY OWNERS: Theodore and Laurie Deffenbaugh

APPLICANT: Terence J. Szewczyk

PROJECT PLANNER: Erin Walters, Associate Planner

LAST REVIEWED BY STAFF: First Review

Urgency Ordinance 2305 Suspending Deadlines re: Land Use Entitlements

Please note that all provisions of laws, ordinances, regulations, resolutions, rules and statutes, including but not limited to, provisions contained in the California Permit Streamlining Act (PSA), the California Environmental Quality Act (CEQA), the California Subdivision Map Act (SMA), the Housing Accountability Act (HAA), SB 35, Town Subdivision Regulations, Town Zoning Regulations, and Town application policies and procedures, establishing review deadlines and authorizing automatic approvals are suspended for the duration of urgency Ordinance 2305, adopted March 24, 2020, in response to the COVID-19 pandemic outbreak, and in effect 45 days from and after the date of its adoption, unless the same is extended.

NOTE: This Architecture and Site Application submittal is NOT COMPLETE. This item will be heard at a Planning Commission public hearing once the item is deemed complete and noticed.

This project is subject to the Hillside Development Standards and Guidelines (HDS&G) <https://www.losgatosca.gov/1117/Hillside-Development-Standards-Guideline> and the Town Code.

1. The Town's Consulting Arborist report is pending. Once provided provide a separate letter describing how each recommendation have been addressed.
2. Provide the average slope.
3. Provide the net lot size.
4. Update Letter of Justification/Project Description to include:
 - a. What is the full scope of work?
 - b. Does the project meet the (HDS&G)?
 - c. Describe the proposed design that will mitigate the unpermitted work completed and will bring the project into conformance with the HDS&G.
 - d. What exceptions from the HDS&G are being requested?
 - e. Max linear cut/fill?



TOWN OF LOS GATOS
COMMENTS

-
- f. Max retaining wall height.? (5 feet max), etc.
 - g. How does the project meet the defensible space requirements? HDS&G and <https://www.losgatosca.gov/2581/Be-Wildfire-Ready>
 - h. How does the project mitigate the tree damage/ removal due to the unpermitted work? See arborist report.
5. Has there been any modification to the historic residence without the benefit of permits?
 6. Is there any unpermitted work that has been completed or is in progress on the subject property that would require a building or planning permit? If so, please denote on plans, and provide a separate letter providing a description, justification, and photos.
 7. Provide additional photos of the work completed without permits- each retaining wall and area.
 8. Complete the HDS&G compliance checklist.
<https://www.losgatosca.gov/DocumentCenter/View/1103/Hillside-Development-Compliance-Checklist?bidId=>
 9. Provide complete development plans per the Community Development requirements for preparation of development plans-
<https://www.losgatosca.gov/DocumentCenter/View/361/Development-Review-Application-Package?bidId=>
Page 1-6. See the following sections.
 - a. General Requirements
 - b. Site Plan
 - c. Landscape/Tree Plan
 - d. WELO
 - e. Exterior Lighting
 - f. Other Information
 10. Label all buildings on property, label addresses and type of building and if permitted or not permitted.
 11. Provide (3) site plans (topo):
 - a. Pre-construction without permits;
 - b. Current conditions (work without permits); and
 - c. Proposed mitigation design of project to meet the HDS&G.
 12. Dimension all roads or paths and label material.
 13. Provide details of retaining walls (proposed and built without permits). Provide a keyed chart referring to each retaining wall- provide max height, max cut or max fill and call out finish and material.
 - a. See HDS&G for retaining wall standards and guidelines.
 14. Provide sections for each retaining wall - dimensioning the max linear cut and max fill.
 15. Provide a landscape plan and tree plan per the HDS&G, Town Code and the arborist report.
 16. We encourage you to speak with your neighbors (property owners, tenants, residents, and customers) about your proposal. Please submit a separate letter with the following information as part of your resubmittal materials.
 - a. What neighbors you have spoken to (name and address).
 - b. What neighbors you did not speak to and why.
 - c. When you met with neighbors.



**TOWN OF LOS GATOS
COMMENTS**

GENERAL COMMENTS:

This application will be heard at a Planning Commission public hearing.

1. This application will be heard at a Planning Commission public hearing. There will be public noticing, and
2. Pursuant to the adopted fee schedule, in the event additional processing services by the Town are required due to changes, modifications, additions, errors, omissions, or discrepancies caused by the applicant or his/her agents or representatives, the applicant shall pay an additional fee as determined by the Director of Community Development to cover the actual cost.
3. Pursuant to the adopted fee schedule, if the requested information from any of the Tech Review Staff is not submitted within 180 days of this meeting, the applicant will be required to pay a fee of 10% of the current application fee at the time the requested information is submitted. Any resubmittal after one year will be processed as a new application, subject to new fees.
4. Pursuant to the adopted fee schedule, if after three meetings, any additional review is required by the Technical Review Committee and/or DRC, there will be an additional fee based on time and material cost.

PLEASE NOTE THAT COMMENTS/DEFICIENCIES LISTED ABOVE MAY NOT BE AN EXHAUSTIVE LIST OF ALL STAFF TECHNICAL REVIEW COMMENTS.

A handwritten signature in black ink, appearing to read "Erin Walters".

Erin Walters
Associate Planner
EWalters@losgatosca.gov



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

STAFF TECHNICAL REVIEW
Engineering Division
August 25, 2021

ITEM: **16660 Cypress Way; APN: 532-23-106**
Architecture and Site Application S-21-024
 Request for approval for site improvements requiring a grading permit on property zoned HR-2-½.
PROPERTY OWNER: Theodore and Laurie Deffenbaugh
APPLICANT: Terence J. Szewczyk

PROJECT PLANNER: Erin Walters
LAST REVIEWED: First Submittal

DEFICIENCIES: (GENERAL)

- 1) Please update the plan set to include a vicinity map, legend, list of abbreviations, index sheet, and adjacent properties labeled as to use or owner.
- 2) For clarification, please include sheet(s) that shows individual site plans for the original conditions, existing conditions and proposed improvements.
- 3) Please update the plan set:
 - a) Update the scale to show the completed improvements at a larger size and with more detail.
 - b) Display all existing public and private easements as referenced in the submitted Title Report.
 - c) Show the locations of all existing public and private utilities and services, including but not limited to PG&E, telephone, cable television, sewage, water, fire hydrants, etc.
 - d) Illustrate and label all existing and planned development including but not limiting to building, driveway, walkway, decks, patios, trees, accessory structures, etc.
 - e) Provide a table of pre-existing and now current impervious areas, also identifying the square footage of impervious area that was created and/or replaced with the improvements.
 - f) Provide a table of earthwork quantities (in cubic yards) with identification of individual areas of cut and fill (driveway, landscape, etc.). Include the maximum completed cut and fill depths for each area per the Maximum Graded Cuts and Fills as found in Table 1 in Section III of the Town's Hillside Development Standards and Guidelines.
 - g) Provide additional topographic information, including now current contours in addition to the pre-existing contours, drainage features of the area, etc.
 - h) List the total disturbed area in square feet or acre.



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

- i) Delineate the limit of grading/disturbed area.
- j) Provide rim and invert elevations for all existing gravity structures.
- k) Label the pipe diameter, material and slope for all proposed and existing storm drain and sanitary sewer pipe.
- l) Show the Least Restrictive Development Area (LRDA) per Section II of the Town's Hillside Development Standards and Guidelines. The LRDA shall be shown as a dashed line on all site and grading plans for the entire site.
- m) Please provide the property's average slope.
- n) Please enlarge text as needed to ensure that all information provided is legible.
- 4) Additional plan check comments are likely to be provided upon submittal of more complete plan set with the data and information requested in comments 2 and 3 inclusive above.
- 5) If this project created and/or replaced more than 2,500 square feet of impervious area, completion of the NPDES Stormwater Compliance Small Projects Worksheet and implementation of at least one of the six low impact development site design measures it specifies will be required. Please confirm.
- 6) Please provide a cut/fill site plan map with the various depths of cut/fill represented by differing colors. This should be a color-coded grid map with cut and fill depths that displays the earthwork quantities that were part of the previously completed grading activities and retaining wall construction.
- 7) Please provide cost estimates for all previously completed work associated with grading, drainage, and erosion/sediment control.
- 8) A Soils Report for Geologic and Geotechnical Review is required. The report must discuss the geologic and seismic hazards, and conclude that there is a geotechnically feasible building envelope on each proposed lot, in addition to providing geotechnical design recommendations. A deposit in the amount of **\$5,750.00** for report review along with a copy of the Report and Plan will be required for this step.

Please provide a compliance memorandum showing how all the deficiencies and comments have been addressed. PLEASE NOTE THAT COMMENTS/DEFICIENCIES LISTED ABOVE MAY NOT BE AN EXHAUSTIVE LIST OF ALL PLAN CHECK COMMENTS OR CONDITIONS.

GENERAL COMMENTS:

- 1) Retaining walls shall include provisions for drainage.
- 2) Final grading plans shall include a complete erosion control plan. Interim erosion control measures, to be carried out during construction and before installation of the final landscaping, shall be included. Interim erosion control method shall include, but are not limited to: silt fences, fiber rolls (with locations and details), erosion control blankets, Town standard seeding specification, etc.



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

DRAFT CONDITIONS:

TO THE SATISFACTION OF THE DIRECTOR OF PARKS AND PUBLIC WORKS:

(Engineering Division)

- 1) **GENERAL:** All work shall conform to the applicable Town ordinances. The adjacent public right-of-way shall be kept clear of all job-related mud, silt, concrete, dirt and other construction debris at the end of the day. Dirt and debris shall not be washed into storm drainage facilities. The storing of goods and materials on the street will not be allowed unless an encroachment permit is issued by the Engineering Division of the Parks and Public Works Department. The Owner and/or Applicant's representative in charge shall be at the job site during all working hours. Failure to maintain the public right-of-way according to this condition may result in the issuance of correction notices, citations, or stop work orders and the Town performing the required maintenance at the Owner and/or Applicant's expense.
- 2) **APPROVAL:** This application shall be completed in accordance with all the conditions of approval listed below and in substantial compliance with the latest reviewed and approved development plans. Any changes or modifications to the approved plans or conditions of approvals shall be approved by the Town Engineer.
- 3) **CONSTRUCTION PLAN REQUIREMENTS:** Construction drawings shall comply with Section 1 (Construction Plan Requirements) of the Town's Engineering Design Standards, which are [available for download from the Town's website](#).
- 4) **GENERAL LIABILITY INSURANCE:** The property owner shall provide proof of insurance to the Town on a yearly basis. In addition to general coverage, the policy must cover all elements encroaching into the Town's right-of-way.
- 5) **SITE SUPERVISION:** The General Contractor shall provide qualified supervision on the job site at all times during construction.
- 6) **GRADING PERMIT FEES:** Plan check fees associated with the Grading Permit shall be deposited with the Engineering Division of the Parks and Public Works Department prior to the commencement of plan check review. All remaining fees shall be deposited prior to the issuance of a grading permit.
- 7) **GRADING PERMIT:** A grading permit is required for all site grading and drainage work except for exemptions listed in Section 12.20.015 of The Code of the Town of Los Gatos (Grading Ordinance). After the preceding Architecture and Site Application has been approved by the respective deciding body, the grading permit application (with grading plans and associated required materials and plan check fees) shall be made to the Engineering Division of the Parks and Public Works Department located at 41 Miles Avenue. The grading plans shall include final grading, drainage, retaining wall location(s), driveway, utilities and interim erosion control. Grading plans shall list earthwork quantities and a table of existing and proposed impervious areas. Unless specifically allowed by the Director of Parks and Public Works, the grading permit will be issued concurrently with the building permit. The grading permit is for work outside the building footprint(s). Prior to Engineering signing off



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

- and closing out on the issued grading permit, the Owner/Applicant's soils engineer shall verify, with a stamped and signed letter, that the grading activities were completed per plans and per the requirements as noted in the soils report. A separate building permit, issued by the Building Department, located at 110 E. Main Street, is needed for grading within the building footprint.
- 8) **ILLEGAL GRADING:** Per the Town's Comprehensive Fee Schedule, applications for work unlawfully completed shall be charged double the current fee. As a result, the required grading permit fees associated with an application for grading will be charged accordingly.
 - 9) **DESIGN CHANGES:** Any proposed changes to the approved plans shall be subject to the approval of the Town prior to the commencement of any and all altered work. The Owner and/or Applicant's project engineer shall notify, in writing, the Town Engineer at least seventy-two (72) hours in advance of all the proposed changes. Any approved changes shall be incorporated into the final "as-built" plans.
 - 10) **PLANS AND STUDIES:** All required plans and studies shall be prepared by a Registered Professional Engineer in the State of California and submitted to the Town Engineer for review and approval. Additionally, any studies imposed by the Planning Commission or Town Council shall be funded by the Owner and/or Applicant.
 - 11) **GRADING ACTIVITY RESTRICTIONS:** Upon receipt of a grading permit, any and all grading activities and operations shall not commence until after/occur during the rainy season, as defined by Town Code of the Town of Los Gatos, Sec. 12.10.020, (October 15-April 15), has ended.
 - 12) **COMPLIANCE WITH HILLSIDE DEVELOPMENT STANDARDS AND GUIDELINES:** All grading activities and operations shall be in compliance with Section III of the Town's Hillside Development Standards and Guidelines. All development shall be in compliance with Section II of the Town's Hillside Development Standards and Guidelines.
 - 13) **DRAINAGE IMPROVEMENT:** Prior to the issuance of any grading/improvement permits, whichever comes first, the Owner and/or Applicant shall: a) design provisions for surface drainage; and b) design all necessary storm drain facilities extending to a satisfactory point of disposal for the proper control and disposal of storm runoff; and c) provide a recorded copy of any required easements to the Town.
 - 14) **TREE REMOVAL:** Copies of all necessary tree removal permits shall be provided prior to the issuance of a grading permit/building permit.
 - 15) **SURVEYING CONTROLS:** Horizontal and vertical controls shall be set and certified by a licensed surveyor or registered civil engineer qualified to practice land surveying, for the following items:
 - a) Retaining wall: top of wall elevations and locations.
 - b) Toe and top of cut and fill slopes.
 - 16) **PRECONSTRUCTION MEETING:** Prior to issuance of any grading or building permits, the general contractor shall:



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

- a) Along with the Owner and/or Applicant, attend a pre-construction meeting with the Town Engineer to discuss the project conditions of approval, working hours, site maintenance and other construction matters;
 - b) Acknowledge in writing that they have read and understand the project conditions of approval and will make certain that all project sub-contractors have read and understand them as well prior to commencing any work, and that a copy of the project conditions of approval will be posted on-site at all times during construction.
- 17) **RETAINING WALLS:** A building permit, issued by the Building Department, located at 110 E. Main Street, may be required for site retaining walls. Walls are not reviewed or approved by the Engineering Division of Parks and Public Works during the grading permit plan review process.
 - 18) **SOILS REPORT:** One electronic copy (PDF) of the soils and geologic report shall be submitted with the application. The soils report shall include specific criteria and standards governing site grading, drainage, pavement design, retaining wall design, and erosion control. The reports shall be signed and "wet stamped" by the engineer or geologist, in conformance with Section 6735 of the California Business and Professions Code.
 - 19) **SOILS REVIEW:** Prior to Town approval of a development application, the Owner and/or Applicant's engineers shall prepare and submit a design-level geotechnical and geological investigation for review by the Town's consultant, with costs borne by the Owner and/or Applicant, and subsequent approval by the Town. The Owner and/or Applicant's soils engineer shall review the final grading and drainage plans to ensure that designs for foundations, retaining walls, site grading, and site drainage are in accordance with their recommendations and the peer review comments. Approval of the Owner and/or Applicant's soils engineer shall then be conveyed to the Town either by submitting a Plan Review Letter prior to issuance of grading or building permit(s).
 - 20) **SOILS ENGINEER CONSTRUCTION OBSERVATION:** During construction, all excavations and grading shall be inspected by the Owner and/or Applicant's soils engineer prior to placement of concrete and/or backfill so they can verify that the actual conditions are as anticipated in the design-level geotechnical report and recommend appropriate changes in the recommendations contained in the report, if necessary. The results of the construction observation and testing shall be documented in an "as-built" letter/report prepared by the Owner and/or Applicant's soils engineer and submitted to the Town prior to Engineering signing off and closing out on the issued grading permit.
 - 21) **SOIL RECOMMENDATIONS:** The project shall incorporate the geotechnical/geological recommendations contained in the project's design-level geotechnical/geological investigation as prepared by the Owner and/or Applicant's engineer(s), and any subsequently required report or addendum. Subsequent reports or addendum are subject to peer review by the Town's consultant and costs shall be borne by the Owner and/or Applicant.



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

- 22) **CONSTRUCTION VEHICLE PARKING:** Construction vehicle parking within the public right-of-way will only be allowed if it does not cause access or safety problems as determined by the Town.
- 23) **HAULING OF SOIL:** Hauling of soil on- or off-site shall not occur during the morning or evening peak periods (between 7:00 a.m. and 9:00 a.m. and between 4:00 p.m. and 6:00 p.m.), and at other times as specified by the Director of Parks and Public Works. Prior to the issuance of a grading or building permit, the Owner and/or Applicant or their representative shall work with the Town Building Department and Engineering Division Inspectors to devise a traffic control plan to ensure safe and efficient traffic flow under periods when soil is hauled on or off the project site. This may include, but is not limited to provisions for the Owner and/or Applicant to place construction notification signs noting the dates and time of construction and hauling activities, or providing additional traffic control. Coordination with other significant projects in the area may also be required. Cover all trucks hauling soil, sand and other loose debris.
- 24) **CONSTRUCTION HOURS:** All construction activities, including the delivery of construction materials, labors, heavy equipment, supplies, etc., shall be limited to the hours of 8:00 a.m. to 6:00 p.m., weekdays and 9:00 a.m. to 4:00 p.m. Saturdays, holidays excluded. The Town may authorize, on a case-by-case basis, alternate construction hours. The Owner and/or Applicant shall provide written notice twenty-four (24) hours in advance of modified construction hours. Approval of this request is at discretion of the Town.
- 25) **CONSTRUCTION NOISE:** Between the hours of 8:00 a.m. to 8:00 p.m., weekdays and 9:00 a.m. to 7:00 p.m. weekends and holidays, construction, alteration or repair activities shall be allowed. No individual piece of equipment shall produce a noise level exceeding eighty-five (85) dBA at twenty-five (25) feet from the source. If the device is located within a structure on the property, the measurement shall be made at distances as close to twenty-five (25) feet from the device as possible. The noise level at any point outside of the property plane shall not exceed eighty-five (85) dBA.
- 26) **CONSTRUCTION MANAGEMENT PLAN SHEET:** Prior to the issuance of any grading or building permits, the Owner and/or Applicant's design consultant shall submit a construction management plan sheet (full-size) within the plan set that shall incorporate at a minimum the Earth Movement Plan, Project Schedule, employee parking, construction staging area, materials storage area(s), construction trailer(s), concrete washout(s) and proposed outhouse location(s). Please refer to the Town's [Construction Management Plan Guidelines](#) document for additional information.
- 27) **BEST MANAGEMENT PRACTICES (BMPs):** The Owner and/or Applicant is responsible for ensuring that all contractors are aware of all storm water quality measures and that such measures are implemented. Best Management Practices (BMPs) shall be maintained and be placed for all areas that have been graded or disturbed and for all material, equipment and/or operations that need protection. Removal of BMPs (temporary removal during construction activities) shall be replaced at the end of each working day. Failure to comply



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

- with the construction BMP will result in the issuance of correction notices, citations, or stop work orders.
- 28) **SITE DESIGN MEASURES:** All projects shall incorporate at least one of the following measures:
- a) Protect sensitive areas and minimize changes to the natural topography.
 - b) Minimize impervious surface areas.
 - c) Direct roof downspouts to vegetated areas.
 - d) Use porous or pervious pavement surfaces on the driveway, at a minimum.
 - e) Use landscaping to treat stormwater.
- 29) **EROSION CONTROL:** Interim and final erosion control plans shall be prepared and submitted to the Engineering Division of the Parks and Public Works Department. A maximum of two (2) weeks is allowed between clearing of an area and stabilizing/building on an area if grading is allowed during the rainy season. Interim erosion control measures, to be carried out during construction and before installation of the final landscaping, shall be included. Interim erosion control method shall include, but are not limited to: silt fences, fiber rolls (with locations and details), erosion control blankets, Town standard seeding specification, filter berms, check dams, retention basins, etc. Provide erosion control measures as needed to protect downstream water quality during winter months. The Town of Los Gatos Engineering Division of the Parks and Public Works Department and the Building Department will conduct periodic NPDES inspections of the site throughout the recognized storm season to verify compliance with the Construction General Permit and Stormwater ordinances and regulations.
- 30) **DUST CONTROL:** Blowing dust shall be reduced by timing construction activities so that paving and building construction begin as soon as possible after completion of grading, and by landscaping disturbed soils as soon as possible. Further, water trucks shall be present and in use at the construction site. All portions of the site subject to blowing dust shall be watered as often as deemed necessary by the Town, or a minimum of three (3) times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction sites in order to insure proper control of blowing dust for the duration of the project. Watering on public streets shall not occur. Streets shall be cleaned by street sweepers or by hand as often as deemed necessary by the Town Engineer, or at least once a day. Watering associated with on-site construction activity shall take place between the hours of 8 a.m. and 5 p.m. and shall include at least one (1) late-afternoon watering to minimize the effects of blowing dust. All public streets soiled or littered due to this construction activity shall be cleaned and swept on a daily basis during the workweek to the satisfaction of the Town. Demolition or earthwork activities shall be halted when wind speeds (instantaneous gusts) exceed twenty (20) miles per hour (MPH). All trucks hauling soil, sand, or other loose debris shall be covered.
- 31) **AIR QUALITY:** To limit the project's construction-related dust and criteria pollutant emissions, the following the Bay Area Air Quality Management District (BAAQMD)-



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

- recommended basic construction measures shall be included in the project's grading plan, building plans, and contract specifications:
- a) All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day, or otherwise kept dust-free.
 - b) All haul trucks designated for removal of excavated soil and demolition debris from site shall be staged off-site until materials are ready for immediate loading and removal from site.
 - c) All haul trucks transporting soil, sand, debris, or other loose material off-site shall be covered.
 - d) As practicable, all haul trucks and other large construction equipment shall be staged in areas away from the adjacent residential homes.
 - e) All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day, or as deemed appropriate by Town Engineer. The use of dry power sweeping is prohibited. An on-site track-out control device is also recommended to minimize mud and dirt-track-out onto adjacent public roads.
 - f) All vehicle speeds on unpaved surfaces shall be limited to fifteen (15) miles per hour.
 - g) All driveways and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.
 - h) Post a publicly visible sign with the telephone number and person to contact at the lead agency regarding dust complaints. This person shall respond and take corrective action within forty-eight (48) hours. The Air District's phone number shall also be visible to ensure compliance with applicable regulations. Please provide the BAAQMD's complaint number on the sign: 24-hour toll-free hotline at 1-800-334-ODOR (6367).
 - i) All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed twenty (20) miles per hour.
 - j) Vegetative ground cover (e.g., fast-germinating native grass seed) shall be planted in disturbed areas as soon as possible and watered appropriately until vegetation is established.
- 32) **DETAILING OF STORMWATER MANAGEMENT FACILITIES:** Prior to the issuance of any grading or building permits, all pertinent details of any and all proposed stormwater management facilities, including, but not limited to, ditches, swales, pipes, bubble-ups, dry wells, outfalls, infiltration trenches, detention basins and energy dissipaters, shall be provided on submitted plans, reviewed by the Engineering Division of the Parks and Public Works Department, and approved for implementation.
- 33) **CONSTRUCTION ACTIVITIES:** All construction shall conform to the latest requirements of the CASQA Stormwater Best Management Practices Handbooks for Construction Activities and New Development and Redevelopment, the Town's grading and erosion control ordinance, and other generally accepted engineering practices for erosion control as required by the Town Engineer when undertaking construction activities.



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

- 34) **SITE DRAINAGE:** No improvements shall obstruct or divert runoff to the detriment of an adjacent, downstream or down slope property.
- 35) **SILT AND MUD IN PUBLIC RIGHT-OF-WAY:** It is the responsibility of Contractor and homeowner to make sure that all dirt tracked into the public right-of-way is cleaned up on a daily basis. Mud, silt, concrete and other construction debris SHALL NOT be washed into the Town's storm drains.
- 36) **GOOD HOUSEKEEPING:** Good housekeeping practices shall be observed at all times during the course of construction. All construction shall be diligently supervised by a person or persons authorized to do so at all times during working hours. The Owner and/or Applicant's representative in charge shall be at the job site during all working hours. Failure to maintain the public right-of-way according to this condition may result in penalties and/or the Town performing the required maintenance at the Owner and/or Applicant's expense.
- 37) **PERMIT ISSUANCE:** Permits for each phase; reclamation, landscape, and grading, shall be issued simultaneously.
- 38) **COVERED TRUCKS:** All trucks transporting materials to and from the site shall be covered.

Mike Weisz
Senior Civil Engineer
mweisz@losgatosca.gov
(408) 354-5236

Gabrielle Whelan

From: Gabrielle Whelan
Sent: Monday, October 30, 2023 1:36 PM
To: Lauri Deffenbaugh; Sean O'Neill
Cc: Erin Walters; Lance Bayer; Robert Gray; Allen Meyer
Subject: RE: 16660 Cypress Way, outstanding code violations

Hello, Ms. Deffenbaugh and Mr. O'Neill.

Since over three years have elapsed and conditions may have changed since 2020, the Town is starting its code enforcement procedures at the beginning with a site inspection.

Thank you.

**Gabrielle Whelan • Town Attorney**

Town Attorney's Office • 110 E Main Street, Los Gatos, CA 95030
 Desk: 408.354.6818 • gwhelan@losgatosca.gov
www.losgatosca.gov • <https://www.facebook.com/losgatosca>

From: Lauri Deffenbaugh <[REDACTED]>
Sent: Friday, October 27, 2023 1:56 PM
To: Allen Meyer <AMeyer@losgatosca.gov>
Cc: Gabrielle Whelan <GWhelan@losgatosca.gov>; Sean O'Neill <sean@oneillplc.com>; Erin Walters <EWalters@losgatosca.gov>; Lance Bayer <bayer.lance@gmail.com>; Robert Gray <RGray@losgatosca.gov>
Subject: Re: 16660 Cypress Way, outstanding code violations

[EXTERNAL SENDER]

Hi Allen,

In 2020, we agreed with Lynne Lampros that we would get the walls permitted, then we would discuss what other areas need to get permitted.

Your request is a change of what we agreed to.

I will ask that our lawyer give the background on this also

Thank you.

On Fri, Oct 27, 2023 at 12:49 PM Allen Meyer <AMeyer@losgatosca.gov> wrote:

Good afternoon Mrs. Deffenbaugh,

The Town of Los Gatos Code Compliance Division is restarting its investigation into the many code violations observed on your property in 2019. As stated in the July 17, 2019 Administrative Warning, the violations consist of new buildings, retaining walls, grading, interior remodeling, electrical, plumbing, and HVAC on the property without the benefit of a

permit. At this time, we are asking for your permission to conduct an exterior and interior inspection of the property. Code Compliance has not been permitted on the property to inspect. The interior inspection will consist in inspecting the treehouse ADU, the two accessory structures adjacent to the treehouse ADU, and the garage. Additional staff from the Building, Planning, and Engineering Departments shall accompany me on this inspection so we can be as thorough as possible. The exterior inspection will consist of the exterior property area.

Additionally, it has been recently brought to our attention that a crack has formed in your driveway. Accordingly, we would like to have a Public Works Engineer inspect the crack to get an understanding of what might be causing it.

Please contact me no later than November 10, 2023, with a few possible dates/times for the Town to visit the property for inspection. I can be reached at ameyer@losgatosca.gov or 408-399-5746.

Respectfully yours,



Allen Meyer • Code Compliance Officer

Community Development Department • 110 E Main Street, Los Gatos CA 95030

Ph: 408.399.5746 • ameyer@losgatosca.gov

www.losgatosca.gov • <https://www.facebook.com/losgatosca>

Regular Code Compliance hours:

7:00 AM – 3:30 PM, Monday – Friday

All permit submittals are to be done online via our Citizen's Portal platform. All other services can be completed at the counter. For more information on permit submittal, resubmittal, and issuance, please visit the Building and Planning webpages.

CONFIDENTIALITY DISCLAIMER



December 13, 2023
Job No. 21-213

Erin Walters - Associate Planner
Town of Los Gatos - Planning Division
110 E. Main Street
Los Gatos, CA 95030

**Subject: Updated Letter of Justification
16660 Cypress Way
Architecture and Site Application S-21-024
Unpermitted Grading Remediation**

Dear Erin:

This historic residence is merely 24' wide but was built precariously across an existing slope of 42%. The upper driveway and residence width was approximately 66' and sat across 24' of vertical difference from elevation 820 to 796. The house does comply with HDS&G standards for terracing of three floor levels to match the existing terrain with orientation parallel to contours.

However, the owners witnessed horrific wildfires in Southern California and as a matter of self-preservation created a broad fire break of 24' width below and immediately north of the home. That flattened area is now paved with asphalt to double as parking and circulation for a length of 110'. An excessively high gravity retaining wall was installed at an average height of 8' for a run of 90'. This wall height and continuous length is not in compliance with the HDS&G which limits height to 5' and length to 50'. A new 4' planter wall will be installed to mask the lower half of the wall with a planter width of approximately 3' at a 3:1 slope to reduce the upper wall to a compliant 5' exposed height.

In addition to the remedial work for refinement of the unpermitted grading work and walls, there will be fire protection enhancements installed:

1) Emergency Evacuation Roadway

The primary site access road is a shared driveway named Yung See San Fong Court. It is typically 12' wide with a moderately steep uphill gradient from Cypress of 400' length at 12.5% grade to the main residence. All of this driveway is compliant with Town of Los Gatos Hillside Standards. It remains to be seen how Central Fire will respond given their continuing misinterpretation of PRC 4290.

The driveway is shared with the adjoining residences at 16664 & 16668 Cypress and is at

Erin Walters
Job No. 21-213
Page 2 of 2
December 13, 2023

high risk failure for evacuation due to the single lane operation. Consequently, the Defenbaughs desire to create a second means of evacuation from their residence to Cypress Way at 660' northeast to exit onto Cypress Way just 250' east of the intersection with Phillips Avenue. That intersection provides further escape to the east or west depending on fire conditions.

2) Fire Protection System Upgrades

We will construct a new fire truck turnout near the southeast corner of the house. The Fire Department requires a 55' setback for their equipment but needs to reach all combustible construction within 150' of the turnout. Two new water tanks of 10,000 gallon fire and 5,000 gallon domestic will be installed above the upper driveway retaining wall. This will assure positive flow to the new wharf hydrant. Having a new fire truck staging area, wharf hydrant, and 15,000 gallons of water will greatly enhance fire safety for this delicate historic residence. Note that the water system will be continuously recharged by a 1" fire service at some 200' higher than the site itself.

While it is ultimately unfortunate that no grading and retaining wall permits were sought for this work, we are doing our best to recover and retrofit the good work that was installed. Should you have any questions or concerns please contact me at (408) 316-2696 or terry@tscivil.com.

Sincerely,



TS/CIVIL ENGINEERING, INC.
Terence J. Szewczyk, P.E. C35527
Principal Engineer



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

STAFF TECHNICAL REVIEW
Engineering Division
January 31, 2024

ITEM: **16660 Cypress Way; APN: 532-23-106**
Architecture and Site Application S-21-024
 Request for approval for site improvements requiring a grading permit on property zoned HR-2-½.
PROPERTY OWNER: Theodore and Laurie Deffenbaugh
APPLICANT: Terence J. Szewczyk

PROJECT PLANNER: Erin Walters
LAST REVIEWED: 8/25/2021

DEFICIENCIES: (GENERAL)

- 1) Please update the plan set to include an index sheet and adjacent properties labeled as to use or owner.
- 2) Please include grading sheets for original, existing conditions and proposed conditions.
- 3) For clarification, please include sheet(s) that shows individual site plans for the original conditions, existing conditions, and proposed improvements.
- 4) Since this project will create and/or replace more than 2,500 square feet of impervious area, completion of the NPDES Stormwater Compliance Small Projects Worksheet and implementation of at least one of the six low impact development site design measures it specifies will be required.
- 5) Please include detailed section cuts of the site with elevations.
- 6) Please provide a cut/fill site plan map with the various depths of cut/fill represented by differing colors. This should be a color-coded grid map with cut and fill depths that displays the earthwork quantities that were part of the previously completed grading activities and retaining wall construction.
- 7) Please update the site plans:
 - a) Illustrate and label all existing and planned development including but not limiting to building, driveway, walkway, decks, patios, trees, accessory structures, etc.
 - b) Provide a table of pre-existing and now current impervious areas, also identifying the square footage of impervious area that was created and/or replaced with the improvements.
 - c) List the total disturbed area in square feet or acre.
 - d) Show all trees that were removed or are planned to be removed.
 - e) Show existing/proposed utilities.
- 8) Please include/update grading plans:



**TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS**

- a) Provide a table of grading quantities with identification of individual areas of cut and fill (basement/cellar, driveway, pool, landscape, etc.). Include the maximum proposed cut and fill depths for each area per the Maximum Graded Cuts and Fills as found in Table 1 in Section III of the Town’s Hillside Development Standards and Guidelines.

Average Slope: _____	Earthwork/Agg (CY)		Max Cut/Fill Depth (ft)		(CY)	
Site Element	Cut	Fill	Cut	Fill	Import	Export
Driveway/Parking						
House Footprint						
Porch/Patio						
Garage						
Landscape						
Misc. Hardscape						
Basement/Cellar						
Pool						
Total						

- b) Additional existing topography and sections at the perimeter showing that the proposed improvements do not divert runoff or negatively affect the adjacent properties.
 - c) Please show pad and finished floor elevation.
 - d) Provide top and bottom of wall elevations for existing and proposed retaining walls at all endpoints, angle points and critical points.
 - e) Provide spot grades at the corners of the residence and hardscapes, top and bottom of stairways, retaining walls, drainage features of the area, pad and finish floor elevations.
 - f) Delineate the limit of grading/disturbed area.
- 9) Please ensure all fences are relocated along property lines.
 - 10) Additional plan check comments are likely to be provided upon submittal of more complete plan set with the data and information requested.
 - 11) A Soils Report for Geologic and Geotechnical Review is required. The report must discuss the geologic and seismic hazards and conclude that there is a geotechnically feasible building envelope on each proposed lot, in addition to providing geotechnical design recommendations. A deposit in the amount of **\$5,750.00** for report review along with a copy of the Report and Plan will be required for this step.
 - 12) The scope of the project would lead to its classification as a Regulated Project per Provision C.3.b.ii. Please implement LID source control, site design, and stormwater treatment on-site in accordance with Provisions C.3.c. and C.3.d.



TOWN OF LOS GATOS
PARKS AND PUBLIC WORKS COMMENTS

Please provide a compliance memorandum showing how all the deficiencies and comments have been addressed. PLEASE NOTE THAT COMMENTS/DEFICIENCIES LISTED ABOVE MAY NOT BE AN EXHAUSTIVE LIST OF ALL PLAN CHECK COMMENTS OR CONDITIONS.

GENERAL COMMENTS:

- 1) Retaining walls shall include provisions for drainage.
- 2) Final grading plans shall include a complete erosion control plan. Interim erosion control measures, to be carried out during construction and before installation of the final landscaping, shall be included. Interim erosion control method shall include, but are not limited to: silt fences, fiber rolls (with locations and details), erosion control blankets, Town standard seeding specification, etc.

REQUIRED AFTER PUBLIC HEARING APPROVAL/PRIOR TO PERMIT ISSUANCE:

- 3) **Geotechnical Recommendations: TBD**
- 4) **C.3. Recommendations: TBD**
- 5) **Grading Permit:** Grading permit plans required. Please see items 238-256 in Town of Los Gatos Fee Schedule for pricing. More information provided in conditions of approval below and after DRC/PC approval.
- 6) **Tree Removal Permit:** Please send application materials to trobnett-illges@losgatosca.gov to apply.

Corvell Sparks
PPW Engineer
CSparks@losgatosca.gov
408.395.5340

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TOWN OF LOS GATOS
BUILDING DIVISION CONDITIONS OF APPROVAL

STAFF TECHNICAL REVIEW

Building Division

January 30, 2024

ITEM: 16660 Cypress Way
Architecture and Site Application S-21-024
Last reviewed August 24, 2021

Request for approval for site improvements requiring a grading permit on property zoned HR-2-1/2. APN: 532-23-106.

PROPERTY OWNER: Theodore and Laurie Deffenbaugh
APPLICANT: Terence J. Szewczyk
PROJECT PLANNER: Erin Walters

GENERAL COMMENTS:

1. A comprehensive plan review has not been completed for this project under consideration by the Development Review Committee or Town Council. Advisory Comments may be provided by the Building Division as part of a cursory review. Comprehensive Plan review will be part of the separate building permit application process. Once the Development Review Committee and/or Planning Commission approvals have been obtained and the requisite appeal period has passed, submit complete sets of construction drawings and documents to the Building Counter. No construction work can be commenced without an appropriate building permit.

DEFICIENCIES:

1. Include on the drawings, any unpermitted structures that require a Building Permit. Staff can confirm multiple retaining walls and detached structures that do not appear on the Town's record of Building Permits.
2. Structures less than 120 sq. ft. may be exempt from permitting requirements however they must still meet the requirements of CRC Section R337 Materials and Construction Methods for Exterior Wildfire Exposure. Any sub-trades such as electrical, mechanical, or plumbing will require a Building Permit. Regardless of size, these structures must be dimensioned and shown on the drawings.
3. Number and label all unpermitted retaining walls and provide a chart that defines the length and max height.
4. Pursuant to CRC Section R105.2 #3, all retaining walls supporting a surcharge require a Building Permit. Provide construction details of all unpermitted retaining walls including foundation, backfill, and drainage.
5. Provide a signed and stamped letter from a structural engineer stating that each unpermitted retaining wall is adequately constructed to minimum building code and/or accepted industry standard. If a structural engineer is unable to provide this confirmation letter, a detailed plan to modify or remediate the unpermitted walls will be required at the Building Permit submittal.
6. The concrete stairs located to the east of the main structure must comply with CRC Section 311.7 and be accurately shown on the submitted drawings.

7. Walkway shown above the cellar to the south of the main structure appears to be located on the neighboring property. Provide easement, and details of construction including guards where fall is greater than 30" measured 36" horizontal from edge of the open side.

DRAFT CONDITIONS:

TO THE SATISFACTION OF THE DIRECTOR OF COMMUNITY DEVELOPMENT:
(Building Division)

1. **PERMITS REQUIRED:** A Building Permit will be required for all structures exceeding 120 sq. ft. and all retaining walls that support a surcharge.
2. **APPLICABLE CODES:** The current codes, as amended and adopted by the Town of Los Gatos as of January 1, 2023, are the 2022 California Building Standards Code, California Code of Regulations Title 24, Parts 1-12, including locally adopted Energy Reach Codes.
3. **CONDITIONS OF APPROVAL:** The Conditions of Approval must be blue lined in full on the cover sheet of the construction plans. A Compliance Memorandum shall be prepared and submitted with the building permit application detailing how the Conditions of Approval will be addressed.
4. **SIZE OF PLANS:** Minimum size 24" x 36", maximum size 30" x 42".
5. **SOILS REPORT:** A Soils Report, prepared to the satisfaction of the Building Official, containing foundation and retaining wall design recommendations, shall be submitted with the Building Permit Application. This report shall be prepared by a licensed Civil Engineer specializing in soils mechanics.
6. **SHORING:** Shoring plans and calculations will be required for all excavations which exceed five (5) feet in depth or which remove lateral support from any existing building, adjacent property, or the public right-of-way. Shoring plans and calculations shall be prepared by a California licensed engineer and shall confirm to the Cal/OSHA regulations.
7. **FOUNDATION INSPECTIONS:** A pad certificate prepared by a licensed civil engineer or land surveyor shall be submitted to the project Building Inspector at foundation inspection. This certificate shall certify compliance with the recommendations as specified in the Soils Report, and that the building pad elevations and on-site retaining wall locations and elevations have been prepared according to the approved plans. Horizontal and vertical controls shall be set and certified by a licensed surveyor or registered Civil Engineer for the following items:
 - a. Building pad elevation
 - b. Finish floor elevation
 - c. Foundation corner locations
 - d. Retaining wall(s) locations and elevations
8. **TITLE 24 ENERGY COMPLIANCE:** All required California Title 24 Energy Compliance Forms must be blue-lined (sticky-backed), i.e. directly printed, onto a plan sheet.
9. **TOWN RESIDENTIAL ACCESSIBILITY STANDARDS:** New residential units shall be designed with adaptability features for single-family residences per Town Resolution 1994-61:
 - a. **Wood backing (2" x 8" minimum) shall be provided in all bathroom walls, at water closets, showers, and bathtubs, located 34 inches from the floor to the center of the backing, suitable for the installation of grab bars if needed in the future.**
 - b. All passage doors shall be at least 32-inch wide doors on the accessible floor level.
 - c. The primary entrance door shall be a 36-inch-wide door including a 5'x 5' level landing, no more than 1 inch out of plane with the immediate interior floor level and with an 18-inch clearance at interior strike edge.
 - d. A door buzzer, bell or chime shall be hard wired at primary entrance.

BUILDING DIVISION CONDITIONS OF APPROVAL

10. **BACKWATER VALVE:** The scope of this project may require the installation of a sanitary sewer backwater valve per Town Ordinance 6.50.025. Please provide information on the plans if a backwater valve is required and the location of the installation. The Town of Los Gatos Ordinance and West Valley Sanitation District (WVSD) requires backwater valves on drainage piping serving fixtures that have flood level rims less than 12 inches above the elevation of the next upstream manhole.
11. **HAZARDOUS FIRE ZONE:** All projects in the Town of Los Gatos require Class A roof assemblies.
12. **WILDLAND-URBAN INTERFACE:** This project is located in a Wildland-Urban Interface High Fire Area and must comply with Section R337 of the 2019 California Residential Code, Public Resources Code 4291 and California Government Code Section 51182.
13. **PROVIDE DEFENSIBLE SPACE/FIRE BREAK LANDSCAPING PLAN:** Prepared by a California licensed Landscape Architect in conformance with California Public Resources Code 4291 and California Government Code Section 51182.
14. **PRIOR TO FINAL INSPECTION:** Provide a letter from a California licensed Landscape Architect certifying the landscaping and vegetation clearance requirements have been completed per the California Public Resources Code 4291 and Government Code Section 51182.
15. **SPECIAL INSPECTIONS:** When a special inspection is required by CBC Section 1704, the Architect or Engineer of Record shall prepare an inspection program that shall be submitted to the Building Official for approval prior to issuance of the Building Permit. The Town Special Inspection form must be completely filled-out and signed by all requested parties prior to permit issuance. Special Inspection forms are available from the Building Division Service Counter or online at www.losgatosca.gov/building.
16. **BLUEPRINT FOR A CLEAN BAY SHEET:** The Town standard Santa Clara Valley Nonpoint Source Pollution Control Program Sheet (page size same as submitted drawings) shall be part of the plan submittal as the second page. The specification sheet is available at the Building Division Service Counter for a fee of \$2 or at ARC Blueprint for a fee or online at www.losgatosca.gov/building.
17. **APPROVALS REQUIRED:** The project requires the following departments and agencies approval before issuing a building permit:
 - a. Community Development – Planning Division: (408) 354-6874
 - b. Engineering/Parks & Public Works Department: (408) 399-5771
 - c. Santa Clara County Fire Department: (408) 378-4010
 - d. West Valley Sanitation District: (408) 378-2407
 - e. Local School District: The Town will forward the paperwork to the appropriate school district(s) for processing. A copy of the paid receipt is required prior to permit issuance.

Robert Gray, CBO, CASP
Chief Building Official / ADA Coordinator
rgray@losgatosca.gov



SANTA CLARA COUNTY FIRE DEPARTMENT

14700 Winchester Blvd., Los Gatos, CA 95032 | (408) 378-4010 | www.sccfd.org

PLAN REVIEW No. **24 0253**
 BLDG PERMIT No. _____

DEVELOPMENTAL REVIEW COMMENTS

Plans and Scope of Review:

This project shall comply with the following:

The California Fire (CFC) & Building (CBC) Code, 2022 edition, as adopted by the Town of Los Gatos Town Code (LGTC), California Code of Regulations (CCR) and Health & Safety Code.

The scope of this project includes the following:

Proposed legalization of new retaining walls to an existing two-story single family dwelling. No work conducted on the existing house.

Plan Status:

No Fire Department Comments.

Plan Review Comments:

1. **Site to remain existing non-conforming**, future projects may require full water and access review, and be subject for PRC 4290 regulations.

This review shall not be construed to be an approval of a violation of the provisions of the California Fire Code or of other laws or regulations of the jurisdiction. A permit presuming to give authority to violate or cancel the provisions of the fire code or other such laws or regulations shall not be valid. Any addition to or alteration of approved construction documents shall be approved in advance. [CFC, Ch.1, 105.3.6] S-21-024

City	PLANS	SPECS	NEW	RMDL	AS	OCCUPANCY	CONST. TYPE	ApplicantName	DATE	PAGE
LGA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			Ts Civil Engineering	01/30/2024	1 OF 1
SEC/FLOOR	AREA	LOAD	PROJECT DESCRIPTION				PROJECT TYPE OR SYSTEM			
			Residential Development				Site Work			
NAME OF PROJECT						LOCATION				
SFR						16660 Cypress Way Los Gatos				
TABULAR FIRE FLOW						REDUCTION FOR FIRE SPRINKLERS	REQUIRED FIRE FLOW @ 20 PSI		BY	
									Ip, Kenny	

Serving Santa Clara County and the communities of Campbell, Cupertino, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, and Saratoga.



**TOWN OF LOS GATOS
CODE COMPLIANCE DIVISION**

May 22, 2024

Theodore and Lauri Deffenbaugh
16660 Cypress Way
Los Gatos, CA 95030

Dear Mr. and Mrs. Deffenbaugh,

On May 20, 2024, Judge Evette D. Pennypacker of the Superior Court of Santa Clara County issued a warrant and order for the inspection of the exterior portions of the premises known as 16660 Cypress Way, Los Gatos (APN #532-23-106), including any yards, and the interior portions of an accessory structure within the premises and commonly known as 16664 Cypress Way, Los Gatos, and all sheds pursuant to California Code of Civil Procedure section 1822.50. A copy of the warrant is attached.

Notice is further given that an inspection of the premises known as 16660 Cypress Way and 16664 Cypress Way, Los Gatos, may be made by employees of the Town of Los Gatos and other public agencies whose duties and responsibilities include the investigation, enforcement and abatement provisions of the Town of Los Gatos Code relating to building, housing, and fire safety within the limits described in the warrant.

Unless otherwise agreed upon by the Town of Los Gatos, the inspection shall occur on Friday **May 24, 2024, at 2:00 pm** or as soon thereafter as is reasonably practical.

Any person who willfully refuses to permit the inspection lawfully authorized by this warrant may be found guilty of a misdemeanor under the provisions of the Code of Civil Procedure section 1822.57.

If you have any questions, or if you have a request to reschedule, please contact me by calling 408-399-5746 or by emailing me at ameyer@losgatosca.gov. The inspection cannot be rescheduled unless you have my prior approval. Further, we must return to court on June 4, 2024, so any rescheduling must occur prior to that date.

Respectfully yours,

A handwritten signature in cursive script that reads "Allen Meyer".

Allen Meyer
Code Compliance Officer
Town of Los Gatos

Cc: Gabrielle Whalen
Sean O'Neill

Filed
 May 21, 2024
 Clerk of the Court
 Superior Court of CA
 County of Santa Clara
 24CV439135
 By: rburciaga

1 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

2 IN AND FOR THE COUNTY OF SANTA CLARA

3
 4 In the matter of the Application of THE) NO. 24CV439135
 5 TOWN OF LOS GATOS for)
 6 Inspection Warrant Re Premises at 16660) INSPECTION WARRANT
 7 Cypress Way, Los Gatos) (C.C.P. SECTION 1822.50)
 8)
 9)
 10)

11
 12 THE PEOPLE OF THE STATE OF CALIFORNIA, TO THE TOWN ATTORNEY FOR THE
 13 TOWN OF LOS GATOS and duly authorized representatives:

14 Upon good cause shown to the Court:

15 YOU ARE COMMANDED TO CONDUCT an inspection of the exterior portions of the
 16 premises known as 16660 Cypress Way, Los Gatos (APN #532-23-106), including any yards,
 17 and the interior portions of an accessory structure within the premises and commonly known as
 18 16664 Cypress Way, Los Gatos, and all sheds, pursuant to Code of Civil Procedure sections
 19 1822.50 et. seq. for the purpose of conducting an inspection pursuant to the Los Gatos Town
 20 Code provisions relating to health and safety.

21 Proof, by declaration having been made this day before me by Allen Meyer, that there is
 22 reason to believe that a condition of nonconformity exists on the premises located at 16660
 23 Cypress Way, Los Gatos (APN #532-23-106), with respect to substandard and dangerous
 24 building conditions in violation of the Los Gatos Municipal Code and the technical codes as
 25 adopted.

26 Proof, by declaration having been made this day before me by Allen Meyer that Sean
 27 O'Neill, the attorney representing the owner of the premises located at 16660 Cypress Way, Los
 28 Gatos, has been requested to consent to inspection and has refused and has failed to give

1 permission to allow code enforcement officers to conduct the inspection of said premises under
2 circumstances that reasonably justifying the failure to seek such consent.

3 The inspection pursuant to this warrant may be made during the hours of 8:00 a.m. and
4 6:00 p.m. and during the period from the date of issuance of this warrant to and including the
5 date fourteen (14) days thereafter.

6 The inspection shall be conducted by means of observation of physical conditions or
7 processes and may be recorded through photographs, videotape, or other means. The inspection
8 shall be conducted for the duration necessary to ascertain compliance with Los Gatos Municipal
9 Code provisions relating to health and safety. Inspection of the entirety of the premises is hereby
10 authorized, including any motor vehicles or yards.

11 Inspection of the premises shall be made by employees of the Town of Los Gatos whose
12 duties and responsibilities include the investigation, enforcement and abatement provisions of the
13 Los Gatos Municipal Code relating to health and safety violations, including the code
14 compliance officer and any outside contractors or support personnel necessary to carry out the
15 provisions of this warrant and order. The personnel authorized to inspect the premises may be
16 accompanied by sworn members of the Los Gatos/Monte Sereno Police Department to ensure
17 the security of the personnel conducting the inspection. The sworn members shall not conduct
18 any inspection of the premises other than observations made in the course of providing for the
19 security of the personnel conducting the inspection.

20 This warrant maynot be executed by means of forcible entry by authority of Code of
21 Civil Procedure section 1822.56.

22 A return to this warrant shall be made within fourteen (14) days from its issuance. Any
23 person who willfully refuses to permit the inspection authorized by this warrant may be found to
24 be guilty of a misdemeanor under Code of Civil Procedure section 1822.57.

25 Given under my hand, and dated this . May 20, 2024

26
27 
28

JUDGE
Hon. Evette D. Pennypacker

1 GABRIELLE WHELAN, Town Attorney (SBN #173608)
2 LANCE BAYER, Special Counsel (SBN #81549)
3 110 East Main Street
4 Los Gatos, California 95030
Attorneys for Applicant
TOWN OF LOS GATOS

**Electronically Filed
by Superior Court of CA,
County of Santa Clara,
on 6/3/2024 5:02 PM
Reviewed By: A. Rodriguez
Case #24CV439135
Envelope: 15524558**

5 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
6 IN AND FOR THE COUNTY OF SANTA CLARA

7 In the matter of the Application of THE) NO. 24CV439135
8 TOWN OF LOS GATOS for)
9 Inspection Warrant Re Premises at 16660) RETURN OF INSPECTION
10 Cypress Way, Los Gatos) WARRANT AND ORDER
11)

12 I, ROBERT GRAY, declare:

13 1. I am the Chief Building Official of the Town of Los Gatos (“Town”).

14 2. I arrived at 16660 Cypress Way on May 30, 2024 at approximately 8:55 a.m.
15 pursuant to the Inspection Warrant issued by this Court. I was accompanied by Town Associate
16 Planner Erin Walters and Town Senior Inspector Roy Alba.

17 3. We were provided access to the site by the owners, who were accompanied by
18 legal counsel. We first inspected the interior of the ADU above the garage. I determined that the
19 sleeping room lacked sufficient emergency egress and the bathroom window was not tempered as
20 required in a wet hazard area. The front entrance deck, stairs, and railings are unstable and appear
21 unsafe. The railings are far below minimum requirement and have openings exceeding a 4”
22 diameter sphere.

23 4. We inspected the detached “office structure” beside the ADU. It did not appear to
24 be used for sleeping. It did not appear to have a foundation or seismic restraint. The power is
25 provided via an extension cord (possibly 12-gauge cord with ground). The structure is
26 approximately 124 square feet with electrical therefore would require a building permit, however
27 Planning will not allow the accessory structure in this zone.
28

1 5. We inspected the interior and exterior of the storage structure behind the ADU. The
 2 primary use appears to be storage but is wired for electrical and plumbed for what may be a future
 3 restroom. When asked about the electricity to the structure, the property owner stated it was
 4 provided via a battery system and is not connected to permanent power. I was unable to determine
 5 the source or termination of the plumbing. The structure is approximately 197 sq. ft. with
 6 electrical and plumbing therefore would require a building permit, however Planning will not
 7 allow the accessory structure in this zone.

8 6. We inspected the interior and exterior of the garage structure near the second living
 9 unit and pool. This structure is the source of current litigation and appeal between the property
 10 owner and adjacent neighbor. The structure appears to be a garage/storage with electrical provided
 11 from the second living unit. The structure is approximately 294 sq. ft. with electrical therefore
 12 would require a building permit, however it was confirmed today by the property owner's attorney
 13 that the structure crosses a property line boundary. The structure cannot remain in its current
 14 location therefore must be demolished..

15
 16 I declare under penalty of perjury under the laws of the State of California that the
 17 foregoing is true and correct.

18
 19 DATED: 6-3-2024


 ROBERT GRAY

20
 21 Read and Reviewed:
 22
 23 DATED: _____

 JUDGE

24
 25
 26
 27
 28

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SUMMARY OF SITE OBSERVATIONS

Date: May 30, 2024

Time: 9:00 am to 9:45 am

Address: 16660 Cypress Way, Los Gatos, CA

Zoned: HR-2-1/2 – Historic Site

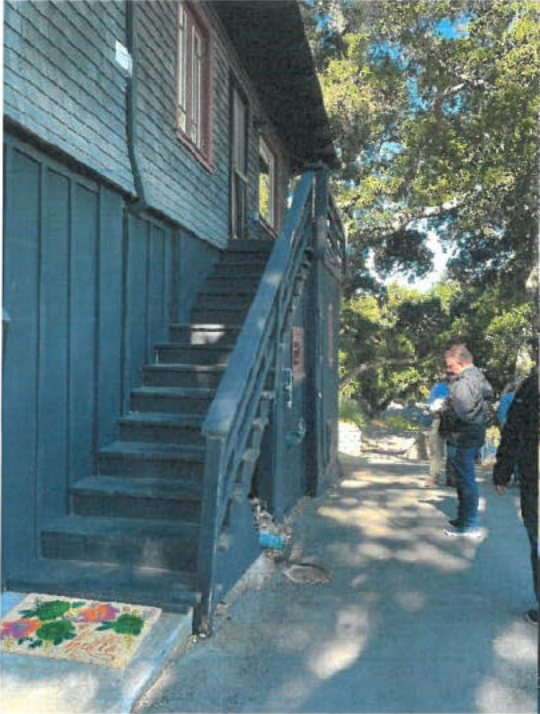
Property Placed on the National Registry of Historic Places on 09/08/83

In Attendance:

- Robert Gray, Town of Los Gatos, Chief Building Official
- Roy Alba, Town of Los Gatos, Senior Building Inspector
- Erin Walters, Town of Los Gatos, Associate Planner
- Ted Deffenbaugh, property owner
- Lauri Deffenbaugh, property owner
- Applicant's Attorney

Detached Accessory Structure- Unpermitted Interior Improvements to a Permitted ADU on 2nd Floor/Over Garage

- ADU permitted on 08-27-87 (D-85-7)
- Unpermitted interior improvements
- Action: Obtain building permits for unpermitted improvements.



Detached Accessory Structure – Office behind Unpermitted ADU

- Unpermitted with power
 - o Power is provided via extension cord from ADU
- Does not meet setbacks for an accessory structure in the HR-2-1/2 zone
- Building Size: Approx: 124 s.f.
- Building Height: Approx: 10 ft – 2 in.
- Action: Obtain demolition permit from Building Department and demolish structure



Detached Accessory Structure – Storage to Adjacent to the Unpermitted ADU

- Unpermitted
- Less than 5 feet between accessory structures
- Does not meet setbacks for an accessory structure in the HR-2-1/2 zone
- Building Size: Approx: 197 s.f.
- Building Height: Approx: 14 ft – 1 in.
- Action: Obtain demolition permit from Building Department and demolish structure





Detached Accessory Structure – Garage next to Pool

- Unpermitted with power
- Crosses property line
- Does not meet setbacks for an accessory structure in the HR-2-1/2 zone
- Building Size: Approx: - 294 s.f.
- Building Height: 14ft
- Action: Obtain demolition permit from Building Department and demolish structure



Other Sheds Observed on Site



Architecture and Site Application S-21-024 for Unpermitted Site Improvements Requiring a Grading Permit (Including Retaining Walls, Site Drainage, Grading and Tree Removal)

- Erin Walters, Associate Planner, asked for the status of the resubmittal of materials addressing the Staff Technical Review comments provided on January 31, 2024.
- Ted Defenbaugh, Property Owner, said he would check with the project Civil Engineer, Terry Szewczyk, on the status of resubmittal.
- Action: Code Enforcement to send a Compliance Order to resubmit required documents within 60 days or impose fines.





**TOWN OF LOS GATOS
CODE COMPLIANCE DIVISION**

July 8, 2024

Theodore and Lauri Deffenbaugh
16660 Cypress Way
Los Gatos, CA 95030

Administrative Warning

Re: Code violations at 16660 Cypress Way, Los Gatos

Due to the amount of time that has passed since the last Administrative Warning, the Town of Los Gatos Community Development Department is restarting its investigation into the code violations on the above referenced property. Regarding the Administrative Appeal requested on October 30, 2019, the Town of Los Gatos will be returning your advance deposit of \$200.00 and drop the associated citation due to the amount of time that has transpired.

On May 20, 2024, the Town of Los Gatos obtained an Inspection Warrant from the Santa Clara County Superior Court. On May 30, 2024, Community Development Department staff executed the Inspection Warrant and conducted an inspection of the ADU above a garage, an office structure beside the ADU, a storage structure behind the ADU, and a garage structure near a pool.

The following violations were observed during the inspection and need to be remedied:

1. During the inspection it was discovered that the sleeping room in the ADU lacked sufficient emergency egress, the bathroom window was not tempered as required in a wet hazard area, the front entrance deck, stairs, and railings are unstable and appear unsafe, the railings are far below minimum requirement and have openings exceeding a 4" diameter sphere. All of these items will need to be addressed in the permit. **Obtain a building permit including electrical, plumbing, and HVAC for the interior remodel of 16664 Cypress Way.**

2. The approximate 124 square foot office structure beside the ADU must be removed due to its inability to meet zoning setbacks. The unpermitted structure also has unpermitted and potentially hazardous electrical. **Obtain a demolition permit from the Building Department and demolish the structure.**
3. The approximate 197 square foot storage structure behind the ADU must be removed due to its inability to meet zoning setbacks. The unpermitted structure also contains unpermitted plumbing. **Obtain a demolition permit from the Building Department and demolish the structure.**
4. The approximately 294 square foot garage structure near the pool must be removed due to its inability to meet zoning setbacks and the structure crosses property lines. The unpermitted structure also contains unpermitted electrical. **Obtain a demolition permit from the Building Department and demolish the structure.**
5. **Resubmit Architecture and Site Application S-21-024 addressing the Staff Technical Review comments provided on January 31, 2024, by July 31, 2024, in order to avoid a penalty for late submittal (see below).** This Architecture and Site application is for all unpermitted site improvements including all retaining walls, site drainage, grading, and tree removals on the site.

*Fees for Lack of Progress - If additional information is required by the Town for an application and the requested information is not submitted within 180 days, the applicant will be required to pay a fee of 10 percent of the current application fee at the time the requested information is submitted. Any re-submittal after one year will be processed as a new application, subject to new fees.

Pursuant to Town Code Section 6.150.010 (R 105.1) Permit Required. Any owner or authorized agent who intends to construct, enlarge, alter, repair, move, demolish, or change the occupancy of a building or structure, or to erect, install, enlarge, alter, repair, remove, convert or replace any electrical, gas, mechanical or plumbing system, the installation of which is regulated by this code, or to cause any such work to be done, shall first make application to the building official and obtain the required permit.

Pursuant to the Town of Los Gatos Hillside Development Standards and Guidelines:

VI. Site Elements

E. Accessory buildings, accessory dwelling units, pools, and sport courts.

Standards:

1. Accessory buildings and accessory dwelling units (ADUs) are permitted in compliance with the Town of Los Gatos Zoning Ordinance. Accessory buildings and ADUs shall have the same setback requirements as the main building in the hillside area.

Pursuant to Town Code Section 29.40.270. - Yards. The minimum yards in HR zones shall be as follows:

- (1) Front30 feet
- (2) Side20 feet
- (3) Rear25 feet
- (4) Side abutting street20 feet

Accordingly, we are asking that all the above bolded items be resolved by **September 8, 2024 (except for the Architecture and Site Application)**. Failure to comply may result in daily fines and/or any other available legal remedies. I can be reached at ameyer@losgatosca.gov or at 408-399-5746.

Respectfully yours,



Allen Meyer
Code Compliance Officer
Town of Los Gatos

cc: Lance Bayer, Special Council
Gabrielle Whelan, Town Attorney
Sean O'Neill, Esq.

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Town of Los Gatos

Administrative Warning/Citation

Code Compliance
110 E. Main Street
Los Gatos, CA 95030
(408) 399-5746
PLADMCIT

Date Issued: 9/16/24 Time: _____

Code Compliance Violation NO. VL- 19-362 Zone: _____

Violation Address: 16660 Cypress Way Town: Los Gatos State: CA Zip: 95030

Name (Responsible person/business): Theodore and Lauri Deffenbaugh

Mailing Address: _____

Town/City: _____ State: _____ Zip: _____ Same as Violation Address

Document Issued: WARNING CORRECTION NOTICE ADMINISTRATIVE CITE

Issuing Department: CDD Compliance Date: 9/8/24 Inspection Date: 9/13/24

The total penalty is now due. Instructions for payment are listed on reverse page.

In order to comply with the Los Gatos Town Code, you will need to:

Obtain building permit for ADU remodel at 16664 Cypress Way. Obtain demolition permit and demolish approximately 124 sf office structure beside ADU, 197 sf storage structure behind ADU, and 294 sf garage structure adjacent to pool. Obtain retaining wall permit for unpermitted retaining walls. Obtain grading permit for unpermitted grading. Violations are accrued on a daily basis after the compliance date. \$100.00 for first violation, \$250.00 for second violation, \$500.00 for every violation thereafter. This citation is for September 9-13, 2024. *See attached for breakdown


Code Section	Description	Penalty Amount
6.150.010 (R105.1)	Permit required (4 buildings, 1 retaining wall)	\$9250.00
12.20.010	Grading permit required (grading associated with retaining walls and roadways)	\$1850.00

Photos Taken: (Circle one) YES / NO Quantity: 3 photos Total: **\$11,100.00**

Appeal of this Administrative Citation may be made by filling out a Hearing Request. Contact the Town of Los Gatos Community Development Department, 110 E. Main Street, Los Gatos, CA 95030 or by e-mail at CodeCompliance@LosGatosCA.gov for an application. Additional citations may be issued each day the violation exists.

NOTE: PERMIT(S) FROM THE PLANNING, BUILDING AND/OR PARKS AND PARKS AND PUBLIC WORKS DEPARTMENTS MAY ALSO BE REQUIRED FOR VIOLATIONS INVOLVING STRUCTURES, GRADING, ENCROACHMENTS AND TREE REMOVALS. WORK PERFORMED WITHOUT THE REQUIRED PERMIT(S) AND TOWN INSPECTION IS A VIOLATION OF THE TOWN OF LOS GATOS TOWN CODE AND WILL NOT QUALIFY AS COMPLIANCE.

Issuing Official: Allen Meyer Badge/Title NO.: Code Compliance Officer

Signature:  Date: 9/16/24 Phone: 408-399-5746

Signature: _____ Print Name: _____

Proof of Service: Via US Mail and email on September 16, 2024

Order: You are ordered to immediately cease the commission of the Town Code violation(s) listed on the front of this Administrative Citation.

Administrative Citation: Pursuant to Chapter 1.30.010 through 1.30.070 of the Town of Los Gatos Town Code, if you continue to repeat the commission of the Town Code violation(s) listed on this Administrative Citation, the Town may issue you another Citation or pursue any other legal remedy available to the Town against you.

Payment of Penalty: The amounts of the penalties for code violation(s) of the Los Gatos Town Code are listed on the front of this Administrative Citation. The penalty shall be paid to the Town within thirty (30) days from the date of the Administrative Citation.

You may pay and deliver the Administrative fine(s) to the Town by mail or in person at the Town of Los Gatos Finance Department, 110 E. Main Street, Los Gatos, CA 95030. Payment should be in the form of a personal check payable to the Town of Los Gatos or cash. Unless you have requested a hearing to contest the Administrative Citation, you will be subject to the imposition of a 10% late payment penalty, plus interest, if you fail to pay the Administrative fine(s) by the due date. Payment of Administrative fines does not excuse or discharge any continuation or repeated occurrence of the Town Code violation(s) listed on this Administrative Citation.

Hearing Request: Any recipient of an Administrative Citation may appeal the Citation by completing a hearing request form and returning it to the Town within thirty (30) days from the date of the Administrative Citation together with an advance deposit of the total penalty amount or advance deposit hardship waiver (explained below) application form as described in Section 1.30.035. The Hearing Request form can be obtained by calling (408) 399-5746 or from the Town of Los Gatos Community Development Department, 110 E. Main Street, Los Gatos, CA 95030. You will be notified of the date and time set for your hearing at least ten (10) days prior to the date of the hearing. If you fail to appear at your hearing, this failure shall constitute a forfeiture of the penalty and no further administrative remedy is available.

Advance Deposit Hardship Waiver: Any person who intends to request a hearing to appeal an Administrative Citation, and who is financially unable to make the advance deposit of the penalty as required in Section 1.30.070, may file a request for an advance deposit hardship waiver which shall include a sworn affidavit. The waiver form can be obtained at the Town of Los Gatos Community Development Department, 110 Main Street, CA 95030. The decision to waive this requirement is made by the Town Manager. The request shall be filed, along with the request for hearing form, with the Town Attorney's Office on an advance deposit hardship waiver application form, available from the Town of Los Gatos Community Development Department, within thirty (30) days of the date of the Administrative Citation.

Late Payment Charges: Any person who fails to pay to the Town any penalty imposed pursuant to the provision of this Article on or before the date that penalty is due also shall be liable for the payment of any applicable late payment charges set forth in the schedule of penalties.

Right to Judicial Review: Any person aggrieved by an administrative decision of the Hearing Officer on an Administrative decision by filing a petition for review with the Supreme Court in Santa Clara County in accordance with the time and provision set forth in California Government Code Section 53069.4.



**TOWN OF LOS GATOS
CODE COMPLIANCE DIVISION**

September 16, 2024

Theodore and Lauri Deffenbaugh
16660 Cypress Way
Los Gatos, CA 95030

Re: Code violations at 16660 Cypress Way, Los Gatos

On July 8, 2024, an Administrative Warning was issued to you regarding the necessity of a building permit for a remodel of the ADU above the garage, a demolition permit for a 124 square foot office structure, a demolition permit for 197 square foot storage structure, and a demolition permit for 294 square foot garage structure.

On July 17, 2019, an Administrative Warning was issued regarding the necessity of a retaining wall permit and grading permit for the unpermitted retaining wall work. An Architectural and Site Application was applied for on July 9, 2021, for the unpermitted grading and retaining walls. The Town provided Technical Review comments on January 31, 2024, with a reply date of July 31, 2024. No re-submittals have been received to date.

Below is the dollar amount breakdown of the citation issued on September 16, 2024. Violations are accrued on a daily basis after the compliance date. \$100.00 for first violation, \$250.00 for second violation, \$500.00 for every violation thereafter.

Four demolition permits and one retaining wall permit (September 9-13, 2024):

September 9, 2024- five permits x \$100.00 = \$500.00
 September 10, 2024- five permits x \$250.00=\$1250.00
 September 11, 2024- five permits x \$500.00=\$2500.00
 September 12, 2024- five permits x \$500.00=\$2500.00
 September 13, 2024- five permits x \$500.00=\$2500.00
 =\$9250.00

One grading permit (September 9-13, 2024):

September 9, 2024 - one permit x \$100.00 = \$100.00
 September 10, 2024 - one permit x \$250.00=\$250.00
 September 11, 2024 - one permit x \$500.00=\$500.00
 September 12, 2024 - one permit x \$500.00=\$500.00
 September 13, 2024 - one permit x \$500.00=\$500.00
 =\$1850.00

I can be reached at ameyer@losgatosca.gov or at 408-399-5746 if you should have any questions.

Respectfully yours,

A handwritten signature in cursive script that reads "Allen Meyer".

Allen Meyer
Code Compliance Officer
Town of Los Gatos

cc: Lance Bayer, Special Council
Gabrielle Whelan, Town Attorney
Sean O'Neill, Esq.





09/13/2024 15:16



09/13/2024 15:17

DECLARATION OF SERVICE BY MAIL

State of California, County of Santa Clara

I am employed in the County of Santa Clara, State of California. I am over the age of eighteen (18) and not a party to the within cause or claim. My business address is 110 E. Main Street, Los Gatos, CA 95030.

Alternative No. 1

I served the foregoing document (Name of Document) by depositing a true copy thereof in the United States mail in (Location), State of California, on (Date), enclosed in a sealed envelope, with fully prepaid postage thereon, addressed as follows: (Name and Address of Claimant)

Alternative No. 2

I am familiar with the practice of Town of Los Gatos's (Name of Entity) collection and processing of correspondence for mailing within the United States Postal Service. Under that practice, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing. I placed the foregoing document (Name of Document) by placing a true copy thereof for collection and mailing, in the course of ordinary business practice, with other correspondence of Town of Los Gatos (Name of Entity), located at 110 E Main Street, Los Gatos CA, 95030 (Entity Address), on September 16, 2024, enclosed in a sealed envelope, with fully prepaid postage thereon, addressed as follows: (Name and Address of Claimant) Theodore and Lauri Deffenbaugh, 16660 Cypress Way, Los Gatos, CA 95030

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Los Gatos (City), California, on September 16, 2024 (Date)

Allen Meyer (Type or Print Name)

Allen Meyer (Signature)

Property Detail Report
For Property Located At :
16660 CYPRESS WAY, LOS GATOS, CA 95030-7531

 CoreLogic
RealQuest Professional

Owner Information

Bldg Card: 000 of 002

Owner Name: **DEFFENBAUGH THEODORE E/DEFFENBAUGH LAURI A**
Mailing Address: **16660 CYPRESS WAY, LOS GATOS CA 95030-7531 C014**
Vesting Codes: **//**

Location Information

Legal Description: **LOT 2**
County: **SANTA CLARA, CA** APN: **532-23-106**
Census Tract / Block: **5070.02 / 2** Alternate APN:
Township-Range-Sect: **5070.02 / 2** Subdivision: **DAVIS & COWELL**
Legal Book/Page: **2** Map Reference: **71-A6 /**
Legal Lot: **2** Tract #: **71-A6 /**
Legal Block: **2** School District: **LOS GATOS UN**
Market Area: **16** School District Name: **LOS GATOS UN**
Neighbor Code: **16** Munic/Township: **TOWN OF LOS GATOS**

Owner Transfer Information

Recording/Sale Date: **/** Deed Type:
Sale Price: **/** 1st Mtg Document #:
Document #: **/**

Last Market Sale Information

Recording/Sale Date: **10/05/2016 / 09/27/2016** 1st Mtg Amount/Type: **\$2,400,000 / CONV**
Sale Price: **\$3,200,000** 1st Mtg Int. Rate/Type: **/**
Sale Type: **FULL** 1st Mtg Document #: **23453987**
Document #: **23453986** 2nd Mtg Amount/Type: **/**
Deed Type: **GRANT DEED** 2nd Mtg Int. Rate/Type: **/**
Transfer Document #: **/** Price Per SqFt: **\$620.52**
New Construction: **/** Multi/Split Sale:
Title Company: **CORNERSTONE TITLE CO**
Lender: **WELLS FARGO BK NA**
Seller Name: **WATSON MARGARET M**

Prior Sale Information

Prior Rec/Sale Date: **01/21/1998 / 12/31/1997** Prior Lender:
Prior Sale Price: **/** Prior 1st Mtg Amt/Type: **/**
Prior Doc Number: **14019394** Prior 1st Mtg Rate/Type: **/**
Prior Deed Type: **GRANT DEED**

Property Characteristics

Gross Area: 5,157	Parking Type: GARAGE	Construction: WOOD
Living Area: 5,157	Garage Area: 660	Heat Type: HEATED
Tot Adj Area:	Garage Capacity:	Exterior wall:
Above Grade:	Parking Spaces:	Porch Type: NONE
Total Rooms: 19	Basement Area:	Patio Type: NONE
Bedrooms: 7	Finish Bsmnt Area:	Pool:
Bath(F/H): 6 / 1	Basement Type:	Air Cond:
Year Built / Eff: 1908 / 1908	Roof Type:	Style: H-SHAPE
Fireplace: /	Foundation:	Quality: EXCELLENT
# of Stories: 3	Roof Material:	Condition: AVERAGE
Other Improvements: LAUNDRY ROOM		

Site Information

Zoning: HR110	Acres: 4.28	County Use: RESID SINGLE FAMILY (01)
Lot Area: 186,437	Lot Width/Depth: x	State Use:
Land Use: SFR	Res/Comm Units: /	Water Type:
Site Influence:		Sewer Type:

Tax Information

Total Value: \$3,569,657	Assessed Year: 2023	Property Tax: \$42,482.98
Land Value: \$2,231,037	Improved %: 37%	Tax Area: 03050
Improvement Value: \$1,338,620	Tax Year: 2023	Tax Exemption: HOMEOWNER
Total Taxable Value: \$3,562,657		

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TOWN OF LOS GATOS

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

**ADMINISTRATIVE CITATION
HEARING REQUEST FORM**

PAID
OCT 14 2024
BP 41588
TOWN OF LOS GATOS

PLEASE TYPE or PRINT NEATLY

I, the undersigned, do hereby appeal the Administrative Citation and/or Correction Notice as follows:

CASE NUMBER: No Case # found on citation / see attached

DATE CITATION ISSUED: 9/16/24

TOTAL AMOUNT DUE: \$ 11,100.00

LIST REASON(S) FOR THE APPEAL (attach additional sheets if more space is needed):

See attached letter from lawyer

IMPORTANT:

1. HEARING REQUEST FORM **MUST** BE RETURNED TO THE TOWN WITHIN THIRTY (30) DAYS FROM THE DATE OF THE ADMINISTRATIVE CITATION AND/OR CORRECTION NOTICE, TOGETHER WITH AN ADVANCE DEPOSIT OF THE TOTAL PENALTY AMOUNT OR ADVANCE DEPOSIT HARDSHIP WAIVER APPLICATION.
2. YOU WILL BE NOTIFIED IN WRITING OF THE DATE, TIME & LOCATION OF YOUR HEARING AT LEAST TEN (10) DAYS PRIOR TO THE DATE OF YOUR HEARING
3. IF YOU FAIL TO APPEAR AT YOUR HEARING, THIS FAILURE SHALL CONSTITUTE A FORFEITURE OF THE PENALTY AND NO FURTHER ADMINISTRATIVE REMEDY IS AVAILABLE.

RETURN HEARING REQUEST FORM TO COMMUNITY DEVELOPMENT

PRINT NAME: Lauri Deffenbaugh SIGNATURE Lauri Deffenbaugh

DATE COMPLETED: 9/16/24 MAILING ADDRESS: 16660 Cypress Way, LG 95030

CITY: Los Gatos STATE: CA ZIP: 95030 PHONE NO.: [REDACTED]
But please contact lawyer as per attached form

VIOLATION ADDRESS: 16660 Cypress Way
Los Gatos, CA 95030



Town of Los Gatos

Administrative Warning/Citation

Code Compliance
110 E. Main Street
Los Gatos, CA 95030
(408) 399-5746
PLADMCIT

PAID
OCT 14 2024
BP 41588
TOWN OF LOS GATOS

Date Issued: 9/16/24 Time: _____

Code Compliance Violation NO. VL- 19-362 Zone: _____

Violation Address: 16660 Cypress Way Town: Los Gatos State: CA Zip: 95030

Name (Responsible person/business): Theodore and Lauri Deffenbaugh

Mailing Address: _____

Town/City: _____ State: _____ Zip: _____ Same as Violation Address

Document Issued: WARNING CORRECTION NOTICE ADMINISTRATIVE CITE

Issuing Department: CDD Compliance Date: 9/8/24 Inspection Date: 9/13/24

The total penalty is now due. Instructions for payment are listed on reverse page.

In order to comply with the Los Gatos Town Code, you will need to:

Obtain building permit for ADU remodel at 16664 Cypress Way. Obtain demolition permit and demolish approximately 124 sf office structure beside ADU, 197 sf storage structure behind ADU, and 294 sf garage structure adjacent to pool. Obtain retaining wall permit for unpermitted retaining walls. Obtain grading permit for unpermitted grading. Violations are accrued on a daily basis after the compliance date. \$100.00 for first violation, \$250.00 for second violation, \$500.00 for every violation thereafter. This citation is for September 9-13, 2024. See attached for breakdown

Code Section	Description	Penalty Amount
6.150.010 (R105.1)	Permit required (4 buildings, 1 retaining wall)	\$9250.00
12.20.010	Grading permit required (grading associated with retaining walls and roadways)	\$1850.00

Photos Taken: (Circle one) YES / NO Quantity: 3 photos Total: **\$11,100.00**

Appeal of this Administrative Citation may be made by filing out a Hearing Request. Contact the Town of Los Gatos Community Development Department, 110 E. Main Street, Los Gatos, CA 95030 or by e-mail at CodeCompliance@LosGatosCA.gov for an application. Additional citations may be issued each day the violation exists.

NOTE: PERMIT(S) FROM THE PLANNING, BUILDING AND/OR PARKS AND PUBLIC WORKS DEPARTMENTS MAY ALSO BE REQUIRED FOR VIOLATIONS INVOLVING STRUCTURES, GRADING, ENCROACHMENTS AND TREE REMOVALS. WORK PERFORMED WITHOUT THE REQUIRED PERMIT(S) AND TOWN INSPECTION IS A VIOLATION OF THE TOWN OF LOS GATOS TOWN CODE AND WILL NOT QUALIFY AS COMPLIANCE.

Issuing Official: Allen Meyer Badge/Title NO.: Code Compliance Officer

Signature: *Allen Meyer* Date: 9/16/24 Phone: 408-399-5746

Signature: _____ Print Name: _____

Service: Via US Mail and email on September 16, 2024

415.956.2828 (t)
415.956.6457 (f)

Robert Doll
311 California
Flr.
San Francisco CA 94104

ITEM NO. 17.

202.777.8950 (t)

1500 K Street, NW, Suite
800

202.347.8429 (f)

Washington DC 20005

ROGERS JOSEPH

Richard M. Harris
415.365.5306 (d)
rharris@rjo.com

October 14, 2024

VIA E-MAIL AND HAND DELIVERY

CodeCompliance@LosGatosCA.gov

Town of Los Gatos Community Development Department
110 E Main Street
Los Gatos, CA 95030

Re: Appeal of citation issued by Town of Los Gatos

The Deffenbaughs, through counsel, appeal the administrative citation received by email on September 16, 2024. The Deffenbaughs object to the citation's issuance. There is no factual basis to support any of the citations claimed violations. The Deffenbaughs further object to the issuance of the citation on the following grounds:

1. The administrative citation process violates the Deffenbaughs' due process rights.
2. The administrative citation process violates section 1.8.8.1 of the building code, as the Town of Los Gatos has not enacted and used an appropriate appellate procedure.
3. The procedure by which the hearing officer is chosen violates the Deffenbaugh's due process rights.
4. The "Administrative Warning" document sent by the Town of Los Gatos failed to adequately describe the alleged violations.
5. The citation fails to adequately describe the alleged violations.
6. The citation amount is excessive and in violation of the Deffenbaugh's due process rights and a violation of the 8th amendment of the US Constitution and Article I, section 17 of the California Constitution, as well as the Bane Act.
7. The evidence to be adduced at the hearing is inadmissible as it was gathered in violation of the Fourth Amendment of the US Constitution.

=Community Development Department
10/10/2024
Page 2

8. The citation claims that an inspection occurred on September 13, 2024. This inspection did not occur, and any such inspection was in violation of the Fourth Amendment of the US Constitution.
9. The Town is estopped from enforcing these alleged violations because it agreed to wait until the Deffenbaughs' civil litigation was complete.

This list is not intended to be exhaustive, and the Deffenbaughs reserve every defense. The Town must attempt to prove every element required to enforce its citation, as well as show that it is complying with the Federal, State, and local law. Please provide all supporting documentation you Town intends to rely on at the hearing with enough time for the Deffenbaughs to prepare for the hearing.

Please contact me at your earliest convenience to schedule the appropriate information exchange prior to any hearing.

Very truly yours,



Richard M. Harris

RMH:sci



**TOWN OF LOS GATOS
CODE COMPLIANCE DIVISION**

November 7, 2024

Theodore and Lauri Deffenbaugh
16660 Cypress Way
Los Gatos, California 95030

Theodore and Lauri Deffenbaugh
c/o Richard M. Harris, Esq
Rogers Joseph O'Donnell, a Professional Law Corporation
311 California Street, 10th floor
San Francisco, California 94104

Notice of Administrative Appeal Hearing

Dear Mr. and Ms. Deffenbaugh and Mr. Harris:

The Town has received your October 14th appeal of Administrative Citation VL-19-362 (16660 Cypress Way) issued by the Town on September 16, 2024.

An Administrative Appeal Hearing has been scheduled for Tuesday, December 3, 2024, at 7:00 p.m. or as soon thereafter as it may be heard in the Town Council Chambers located at 110 East Main Street, Los Gatos.

Pursuant to Town Code Section 1.30.040. - Hearing procedure.

(c) At the hearing, the party contesting the administrative citation shall be given the opportunity to testify and to present evidence concerning the administrative citation.

The Administrative Appeal Hearing will be heard by the Town Council acting in the combined capacity of hearing officer and in the capacity of a board of appeal.

Please feel free to contact me if you should have any questions at ameyer@losgatosca.gov or at 408-399-5746.

Respectfully yours,

A handwritten signature in cursive script that reads "Allen Meyer".

Allen Meyer
Code Compliance Officer
Town of Los Gatos

DRAFT RESOLUTION**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
UPHOLDING AN ADMINISTRATIVE CITATION ISSUED TO
THEODORE DEFFENBAUGH AND LAURI DEFFENBAUGH
AND IMPOSING ADMINISTRATIVE COSTS**

WHEREAS, Town staff conducted a site inspection of the property located at 16660 Cypress Way, Los Gatos, on May 30, 2024.

WHEREAS, During that inspection, Town staff observed four violations of Los Gatos Town Code section 6.150.010 (incorporating California Residential Code section R105.1), regarding unpermitted remodeling of a permitted accessory unit and regarding three unpermitted structures.

WHEREAS, During that inspection, Town staff observed a violation of Los Gatos Town Code section 12.20.010 regarding unpermitted grading associated with retaining walls and roadways.

WHEREAS, Town staff issued an administrative warning notice dated July 8, 2024, which notified Theodore and Lauri Deffenbaugh, the property owners, of the violations and provided them with an administrative warning and an opportunity to abate the violations.

WHEREAS, Town staff conducted a site inspection of the property located at 16660 Cypress Way, Los Gatos, on September 13, 2024 and determined that the violations of the Town Code had not been abated.

WHEREAS, Previous unsuccessful efforts by Town staff to abate violations of Town Code sections 6.150.010 (incorporating California Residential Code section R105.1) and 12.20.010 at 16660 Cypress Way, Los Gatos, included issuing two written administrative warnings to Theodore and Lauri Deffenbaugh dated July 17, 2019 and August 22, 2019.

WHEREAS, After Theodore and Lauri Deffenbaugh failed to abate the violations set forth in the abatement warning dated July 8, 2024, Town staff issued an administrative citation on September 16, 2024, imposing daily penalties, as authorized by the Town Code, in the amount of \$11,100.00.

WHEREAS, Town staff seek to recover costs of enforcement in the amount of \$5,824.26 according to proof as provided by the Town Code.

ATTACHMENT 24

WHEREAS, Theodore and Lauri Deffenbaugh requested and received a public hearing before the Town Council, on December 17, 2024, to appeal the administrative citation.

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby declare, determine, and order as follows:

1. The administrative citation issued to Theodore and Lauri Deffenbaugh on September 16, 2024 is UPHELD in the amount of \$11,100.00.
2. Administrative costs are imposed in the amount of \$5,824.26.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the day of Month, Year, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 18

ITEM NO. 18.

DATE: December 12, 2024
TO: Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Consider an Appeal of a Planning Commission Decision to Approve an Architecture and Site Application for Construction of a Single-Family Residence and Site Improvements Requiring a Grading Permit on Vacant Property Zoned R-1:8. **Located at 15411 National Avenue.** APN 424-12-140. Architecture and Site Application S-23-033. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction. Property Owners: Vyankatesh and Ramya Muddada. Applicant: Jose Rama. Appellant: Hellen Martinez. Project Planner: Erin Walters.

RECOMMENDATION:

Adopt a resolution denying an appeal of a Planning Commission decision to approve an Architecture and Site application for construction of a new single-family residence and site improvements requiring a grading permit on vacant property zoned R-1:8, located at 15411 National Avenue.

BACKGROUND:

The subject property is 13,209 square feet, located on the west side of National Avenue approximately 152 feet south of Blackwell Drive (Attachment 1, Exhibit 1). The property is a vacant rear flag lot, located behind a property with an existing one-story single-family residence.

On October 10, 2023, the applicant submitted an Architecture and Site application for the construction of a two-story single-family residence with a cellar and associated site grading on the subject site. In August 2024, the applicant obtained permits and demolished multiple accessory structures from the subject site. The site is currently vacant.

PREPARED BY: Erin Walters
Associate Planner

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

PAGE 2 OF 10

SUBJECT: 15411 National Avenue/S-23-033

DATE: December 17, 2024

On November 13, 2024, the Planning Commission considered the application, including written and verbal public comments (Attachments 1, 2, and 3). The Planning Commission approved the application subject to modified conditions as described in the Action Letter (Attachment 4) and Section B below.

On November 25, 2024, the decision of the Planning Commission was appealed to the Town Council by an interested person, Hellen Martinez, property owner of 377 Blackwell Drive (Attachment 5). The appellant indicated that there was an error or abuse of discretion by the Planning Commission.

Pursuant to the Town Code, any interested person as defined by Section 29.10.020 may appeal to the Council any decision of the Planning Commission. For residential projects, an interested person is defined as “a person or entity who owns property or resides within 1,000 feet of a property for which a decision has been rendered and can demonstrate that their property will be injured by the decision.” The appellant meets the requirements.

Pursuant to Town Code Section 29.20.280, the appeal must be heard within 56 days of the Planning Commission hearing, in this case by January 8, 2025. The Council must at least open the public hearing for the item and may continue the matter to a date certain if the Council does not complete its deliberations.

Pursuant to Town Code Section 29.20.295, in the appeal, and based on the record, the appellant bears the burden to prove that either there was an error or abuse of discretion by the Planning Commission or the decision was not supported by substantial evidence in the record. If neither is proved, the appeal should 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, at 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.

DISCUSSION:

A. Project Summary

The applicant proposes construction of a new 3,240-square foot, two-story residence with an attached 901-square foot, three-car garage. The residence also includes 1,700 square feet of below grade square footage, which includes a 500-square foot Junior Accessory Dwelling Unit (JADU). The development plans also include a detached 900-square foot Accessory Dwelling Unit (ADU). The proposed JADU and ADU are not the subject of this application and require ministerial building permit approval pursuant to state law. (Attachment 1, Exhibit 11).

A single-family residence is permitted in the R-1:8 zone. The proposed residence is in compliance with the maximum allowable floor area, building height, setbacks, lot coverage, and on-site parking requirements for the property. A full discussion and analysis of the application is provided in the November 13, 2024, Planning Commission Staff Report (Attachment 1). Within the immediate neighborhood, the proposed project results in the largest residence in terms of square footage, by 511 square feet, and the largest garage in terms of square footage, by 124 square feet.

B. Planning Commission

On November 13, 2024, the Planning Commission received the staff report and addendum (Attachment 1 and 2). After receiving public comment and asking questions of the applicant, the Planning Commission closed the public hearing and discussed the project. Based on the neighbor's concerns, the motion for approval included additional conditions of approval requiring selection of non-allergenic privacy tree species, window placement, and the use of obscured glass on windows to address privacy concerns (Attachment 4, Conditions 10, 11, 12, and 14). The Planning Commission voted three to two to approve the application with modified conditions of approval. Attachment 3 contains the verbatim minutes.

C. Appeal to Town Council

The decision of the Planning Commission was appealed on November 25, 2024, by an interested person, Hellen Martinez (Attachment 5). On the appeal form, the appellant states that there was an error or abuse of discretion by the Planning Commission based on the following:

- The project is inconsistent with neighborhood compatibility per the Residential Design Guidelines;
- Incorrect assumption was made that neighbors would only accept a single-story development; and
- The conditions of approval are vague and difficult to enforce.

On December 4, 2024, the appellant submitted a supplemental letter to support their appeal (Attachment 6). The supplemental letter expands on reasons for the appeal as described in the November 25, 2024, Appeal of a Planning Commission Decision form (Attachment 5). On December 10, 2024, the applicant submitted a response to the appeal (Attachment 7). A summary of the specific reasons listed in the appeal form and in the appellant's supplemental letter are provided below as verbatim excerpts, followed by the applicant's response in *italic*, and staff's response.

1. Appellant: There was an error or abuse of discretion by the Planning Commission as “the project is inconsistent with neighborhood compatibility per the Residential Design Guidelines.”

Excerpt from Appellant’s Supplemental Letter: “The project is inconsistent with neighborhood compatibility, sizing, massing, and scale of the Residential Design Guidelines. The proposed two-story, three level structure, with 3,240 square feet, a 901-square foot oddly distributed garage, a 1,700 square foot basement, a 570 sq ft covered patio, and a 36 square feet front porch coverage, totaling 6,447 square feet of gross square footage, plus an attic, is massive. The project maximizes the allowable size, which as one of the commissioners put it, “is a maximum, not a goal”, and would be by far the largest structure among the surrounding single-family, residential homes. It is over twice the structural size of the largest adjacent two-story and single-story houses, which also lie on similarly sized lots of approximately 10,000 square feet. One of the commissioners said the proposed structure is “not that much larger than the next largest house” and that is incorrect. The size, massing, scale, bulk, and style of the proposed structure does not harmonize with the houses in the immediate neighborhood, including ours, and it stands out even more so by its location in the middle of the city block (in a flag lot/corridor lot), which causes it to overlook all the neighboring backyards from every side. This is not in line with the Residential Design Guidelines.”

Appellant’s Request: The appellant requests to “decrease the size of the proposed two-story structure to one that is less massive, more harmonious and in scale, bulk, and size with the surrounding structures and its positioning in the middle of the city block, by following the Residential Design Guidelines.”

Applicant’s Response: *“We have worked with the staff for over a year to make sure we are following all the Town codes and guidelines, to not exceed Floor Area calculated by staff, to meet almost all suggestions mentioned by the Town Architect, and plan multi-generational home while still adhering to the FAR provided to us.”*

“We are following the Residential Design Guidelines as stated by Planning Commission.”

Staff Response: The proposed residence is 511 square feet larger than the next largest residence in the immediate neighborhood. The project does not exceed the maximum allowable floor area and is not the largest floor area ratio in the immediate neighborhood. The Planning Commission made the finding that the project is in compliance with the Residential Design Guidelines for single-family residences not in hillside areas and approved the project with modified conditions.

2. Appellant: There was an error or abuse of discretion by the Planning Commission as an “incorrect assumption was made that neighbors would only accept a single-story development.”

Excerpt from Appellant’s Supplemental Letter: “Based on various comments made by some of the Commissioners during the hearing, we believe they incorrectly assumed that we, the neighbors, were asking that the application be changed from a two-story house to a one-story house. This is inaccurate. In fact, two of our properties are two-story houses (373 Blackwell Dr and 377 Blackwell Dr), so we have no fundamental opposition to another two-story structure.”

Appellant’s Request: The appellant requests that the size of the proposed two-story structure be reduced to one that is less massive and more harmonious with the surrounding structures, especially given its location in the middle of the city block (flag lot), which causes it to overlook all the neighboring backyards from every side.

Applicant’s Response: *No response provided.*

Staff Response: During the Commissions deliberations Planning Commissioner Hansen suggested making some adjustments to the residence in order to satisfy the back neighbors and stated that she “suspected that the only adjustment that would work for the neighbors would be making the project a single-story” and that it would not be reasonable to reduce the project to a single-story because there are other two-story homes in the neighborhood.

3. Appellant: There was an error or abuse of discretion by the Planning Commission as an “the conditions of approval are vague and difficult to enforce.”

Relocation of Windows

Excerpt from Appellant’s Supplemental Letter: “Clarification is needed on the condition of approval to relocate windows. One of the Commission’s conditions for approval is that, in order to address the strong privacy concerns brought up by multiple neighbors before and during the hearing, ‘the applicants shall meet in good faith to relocate the offending windows such that they are the least offensive to the privacy interest of the neighbors.’ We feel that this language is vague and does not specifically state that the windows shall be relocated, or encompass all the windows brought up as an issue during the hearing.”

Appellant’s Request: The appellant requests that the condition of approval be amended to require redesign that all the offending windows shall be repositioned to a location that addresses the neighbors’ privacy interests.

Applicant's Response: "We are going to put permanent obscure glass to cover the line of sight on both the egress windows and to address the Planning Commissions' conditions of approval we have decided to obscure additional windows."

"Unfortunately, we cannot move our egress windows facing Blackwell Drive. The first window, the suggestion to move to the front, will affect my neighbor, 15385 National Ave; we had assured him that there would be no egress window on the front side of the property facing his, and going against it would be more offensive. The second egress window has multiple issues due to which this cannot be moved. a. We had assured 113 Leila Ct neighbor that there would be no egress window on the back side of the property facing their property, this discussion is in the staff report as part of neighborhood reach out. b. Our current patio roof design doesn't allow for an egress window in the back."

Staff Response: Condition of Approval 12 requires that the applicant shall meet in good faith to relocate the offending windows such that they are least offensive to the privacy interests of the neighbors (Attachment 4). Prior to submitting for Building Permits the applicant must relocate the offending windows to address privacy interests of the neighbors. Note some windows may need to retain their location due to building egress and ingress requirements.

Privacy Trees

Excerpt from Appellant's Supplemental Letter: "Clarification is needed on the condition of approval regarding trees. One of the Commission's conditions for approval is that "the [privacy] tree species shall be mutually agreed upon by the neighbors that they are a minimum protective of privacy and non-allergenic to any of the neighbors." While we appreciate and value this condition, we believe it's insufficient to address the concerns we expressed before and during the hearing, given that the proposed plan includes planting privacy trees by the section of the north fence facing 373 Blackwell Drive only, but not the section facing our property at 377 Blackwell Drive."

Appellant's Request: The appellant requests that the condition of approval be amended to require that both the species and also the number and location of the privacy trees shall be mutually agreed upon by the neighbors.

Applicant's Response: No response provided.

Staff Response: The Planning Commission added Condition of Approval 10 requiring the tree species to be mutually agreed upon by the neighbors, that they are at a minimum protective of privacy, and non-allergenic to any of the neighbors. The motion by the Planning Commission did not include requiring that the number and location of the privacy trees shall be mutually agreed upon by the neighbors. Condition of Approval 11 requires that prior to obtaining a building final, the property owner must plant five 24-

gallon trees along the northern fence line. Privacy trees must be maintained by the property owner.

Appellants Additional Reasons for the Appeal

The appellant provided additional reasons for the appeal, which are included in the appellant's supplemental letter (Attachment 6). These reasons were not included in the November 25, 2024, Appeal of a Planning Commission Decision form (Attachment 5).

1. Ongoing Tree Maintenance Covenant

Excerpt from Appellant's Supplemental Letter: "All the adjacent neighbors have experienced difficulties with the applicants during the last seven years since their ownership of the two lots, with multiple maintenance and repair and maintenance issues, specifically with respect to the level and speed of responsiveness even when dealing with severe damage caused by storms, for instance. We all have severe concerns about their level of commitment to perform the adequate level and frequency of maintenance to the privacy trees (which will be on their property)."

Appellant's Request: Add a condition of approval that an enforceable covenant of ongoing maintenance be established.

Applicant's Response: "The maintenance of the fence and gigantic oak tree that sits between two properties is the responsibility of all the property owners who share them, and this was never an issue before 2024. We shared the project plans with our neighbors in early 2024. I have never backed out of a commitment to have a new fence or pay my share. The same goes for the trimming of the Oak tree. I did request additional time as there was an access issue at my end of the property. Currently, the fences for both properties are new, and the Oak tree is trimmed."

Staff Response: Condition of Approval 11 requires the privacy trees to be maintained by the property owner (Attachment 4). During the public hearing, the Planning Commission discussed the possibility of including a tree maintenance covenant; however, this was not included in the final motion.

2. Unaddressed Significant Privacy and Quality of Life Concerns

Excerpt from Appellant's Supplemental Letter: "We have significant privacy and quality of life concerns given the intended use of the flag lot by the applicants as a high-density multi-dwelling complex. This includes the massive proposed 3-level structure, which could easily be subdivided at any time to be partially/totally used as multi-family dwellings, as well as their stated intent to build two ADUs in the future (which we understand is allowed by California law). While the applicant claims the proposed structure is a single-family

residence, its size, design, and layout suggest it could be easily converted into a multi-family dwelling or house several tenants.”

Appellant’s Request: “We respectfully encourage the Town Council/Planning Commission to reject this proposal. Allowing what is likely a multi-family unit to be disguised as a single-family home would not only be a violation of the zoning regulations but would also undermine the very fabric of our neighborhood. We ask that the size of the proposed two-story structure, be reduced to one that is less massive, more harmonious and in scale with the surrounding structures and its positioning in the middle of the city block.”

Applicant’s Response: “The letter provided by the appellant contained a lot of incorrect, misleading, and misinformation. It is riddled with unfounded accusations that have no proof and is made with a sole intent of undermining our project and question our character.”

Staff Response: A single-family residence, ADU, and JADU are permitted uses in the subject R-1:8 zone. The detached ADU and JADU are not the subject of this application and will require a ministerial building permit approval pursuant to state law.

If the property or uses are not compliant with Town Code, the Town’s Code Enforcement Officer can be contacted.

3. Clarification Regarding Visibility of Proposed House from Street

Excerpt from Appellant’s Supplemental Letter: “Inaccurate information regarding the visibility from the street of the proposed development, given that one of the very large trees (#67) blocking the structure from the street shows as ‘to be removed’ in the development plans, and upon further inquiry continues to be in question as to whether it will remain or not. This was a stated key clarifying point for one Commissioner as she considered the applicant’s not meeting one of the consulting architect’s recommendations.”

Applicant’s Response: *Our proposed plan is not visible from any street corner; you can only see it if you are standing right across 15415 National Avenue. The top of the front façade is only visible to 15400 National Avenue which is an office space and 15385 National Avenue (who has no objection to the project)."*

Staff Response: The proposed two-story residence is partially visible from National Avenue as it is located behind the existing one-story house located at 15415 National Avenue. The Planning Commissioner asked staff if the tower feature on the front elevation of the residence could be seen from National Avenue. Staff responded that it could not be seen from the street.

Tree #67, located on the front property, is proposed to be removed as part of a separate public sidewalk improvements requirement. Trees #62, #61, #68, #69 and #70 will remain at the front property.

PUBLIC COMMENTS:

Story poles and signage have been maintained on the site since the November 13, 2024, Planning Commission meeting. Written notice of the Town Council hearing was sent to property owners and tenants within 300 feet of the subject property. Public comments received between 11:01 a.m., Wednesday, November 13, 2024, and 11:00 a.m., Thursday, December 12, 2024, are included as Exhibit 9.

ENVIRONMENTAL REVIEW:

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15303: New Construction.

CONCLUSION:

A. Recommendation

For the reasons stated in this report, it is recommended that the Town Council uphold the decision of the Planning Commission and adopt a resolution (Attachment 8) denying the appeal.

B. Alternatives

Alternatively, the Town Council could continue the application to a date certain and:

1. Provide direction to staff to prepare a resolution to grant the appeal and remand the application back to the Planning Commission with specific direction;
2. Provide direction to staff to prepare a resolution granting the appeal and denying the application; or
3. Continue the application to a date certain with other specific direction.

Attachments:

1. November 13, 2024 Planning Commission Staff Report, with Exhibits 1 through 12
2. November 12, 2024 Planning Commission Addendum, with Exhibits 13 and 14
3. November 13, 2024 Planning Commission Verbatim Minutes
4. November 15, 2024 Planning Commission Action Letter with Modified Conditions of Approval
5. Appeal of the Planning Commission Decision, received January 22, 2024
6. Supplemental Correspondence from the Appellant, received December 4, 2024
7. Applicant's Response to Appeal, Received December 10, 2024
8. Draft Resolution to Deny Appeal and Approve Project
9. Public comments received between 11:01 a.m., Wednesday, November 13, 2024, and 11:00 a.m., Thursday, December 12, 2024



**TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT**

ITEM NO. 18.

MEETING DATE: 11/13/2024

ITEM NO: 2

DATE: November 8, 2024
 TO: Planning Commission
 FROM: Joel Paulson, Community Development Director
 SUBJECT: Requesting Approval for Construction of a Single-Family Residence and Site Improvements Requiring a Grading Permit on a Vacant Property Zoned R-1:8. **Located at 15411 National Avenue.** APN 424-12-140. Architecture and Site Application S-23-033. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction. Property Owner: Vyankatesh and Rammy Muddada. Applicant: Jose Rama. Project Planner: Erin Walters.

RECOMMENDATION:

Denial.

PROJECT DATA:

General Plan Designation: Low Density Residential
 Zoning Designation: R-1:8, Single-Family Residential
 Applicable Plans and Standards: General Plan, Residential Design Guidelines
 Gross Parcel Size: 13,209 square feet
 Net Parcel Size: 10,729 square feet

Surrounding Area:

	Existing Land Use	General Plan	Zoning
North	Residential	Low Density Residential	R-1:8
South	Residential	Low Density Residential	R-1:8
East	Residential and Office	Low Density Residential and Office Professional	R-1:8 and O
West	Residential	Low Density Residential	O:PD

PREPARED BY: Erin Walters
Associate Planner

Reviewed by: Planning Manager and Community Development Director

PAGE 2 OF 11

SUBJECT: 15411 National Avenue/S-23-033

DATE: November 8, 2024

CEQA:

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15303: New Construction.

FINDINGS:

- The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, 15303: New Construction.
- The project meets the objective standards of Chapter 29 of the Town Code (Zoning Regulations).
- The project complies with the Residential Design Guidelines.

CONSIDERATIONS:

- As required by Section 29.20.150 of the Town Code for granting approval of an Architecture and Site application.

ACTION:

The decision of the Planning Commission is final unless appealed within ten days.

BACKGROUND:

The subject 13,209 square-foot vacant rear flag lot is located on National Avenue between Los Gatos-Almaden Road and Blackwell Drive (Exhibit 1). The applicant submitted an Architecture and Site application for the construction of a single-family residence and associated site grading. The proposed project would result in the largest residence in terms of square footage, by 511 square feet, and the largest garage in terms of square footage, by 124 square feet, in the immediate neighborhood. The applicant has not addressed all of the Consulting Architect's recommendations. Public comment has also raised concerns regarding neighborhood compatibility, privacy, and landscaping. Due to the reasons listed above, the application has been referred to the Planning Commission for consideration.

PROJECT DESCRIPTION:

A. Location and Surrounding Neighborhood

The subject property is 13,209 square feet, located on the westside of National Avenue approximately 152 feet south of Blackwell Drive (Exhibit 1). The property is a vacant rear flag lot, located behind a property with an existing one-story single-family residence. Single-family residential development surrounds the property with office and multi-family development located across the street on National Avenue, east of the subject site.

B. Project Summary

The applicant proposes construction of a two-story residence and site improvements requiring a Grading Permit (Exhibit 4).

C. Zoning Compliance

A single-family residence is permitted in the R-1:8 zone. The proposed residence is in compliance with the maximum allowable floor area, building height, setbacks, lot coverage, and on-site parking requirements for the property.

DISCUSSION:

A. Architecture and Site Analysis

The applicant proposes construction of a new 3,240-square foot, two-story residence with an attached 901-square foot, three car garage. The residence also includes 1,700 square feet of below grade square footage which includes a proposed 500-square foot Junior Accessory Dwelling Unit (JADU). The proposed JADU is not part of this application and requires a ministerial building permit. The height of the proposed residence is 30 feet, where a maximum of 30 feet is allowed. The applicant proposes a future detached 900 square foot Accessory Dwelling Unit (ADU). The proposed ADU is not part of this application and requires a ministerial building permit.

A summary of the floor area for the proposed residence is included in the table below.

Floor Area Summary		
	Proposed SF	Maximum Allowed SF
Main Residence		
Second Floor	1,518	--
First Floor	1,722	--
Total Countable	3,240	3,263
Attached Garage	901	901
Below-Grade Area	1,700	Exempt
Below-Grade JADU		
	500	Located in Below Grade 500 max. Not part of this application.
Detached ADU		
	900	1,073 s.f. max. Not part of this application.

The applicant has provided a Scope of Work and a Letter of Justification summarizing the project (Exhibits 4 and 5), photographs of the existing site (Exhibit 6), and Development Plans included as Exhibit 11.

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B. Building Design

The proposed two-story contemporary style residence has been designed with contrasting colors and materials. Proposed exterior materials include: a concrete tile roof; smooth stucco siding with stone wainscot sills; metal-clad wood windows with wood trim; iron doors; and metal garage doors (Sheet A4.3, Exhibit 11). The upper floor of the residence includes the main bedroom suite, and two-bedroom suites. The second-story bedroom windows on the north elevation include obscure glass for privacy. The lower floor of the residence includes a living room, additional bedroom suite and the attached three-car garage with storage. A covered patio is located off the lower rear elevation from the kitchen and great room space.

The Town's Consulting Architect reviewed the proposed residence in October 2023 and noted that the neighborhood contains a predominance of one-story homes designed in traditional styles. These homes are modest in scale and mass and have simple roof forms (Exhibit 7). The Town's Consulting Architect stated that the proposed house design appears to emulate a traditional Mediterranean home style, but is designed in much more generic design style with lack of consistency in its design treatment. This would not appear to be consistent with the Town's Residential Design Guidelines 3.2.1 and 3.2.2.

3.2.1 Select an architectural style with sensitivity to the surrounding neighborhood

3.2.2 Design for architectural integrity
Building massing, roof pitches, materials, window types and proportions, design features (e.g., roof dormers), and other architectural features should be consistent with the traditions of the selected style.

The Consulting Architect made eight recommendations to simplify the design and bring it into greater compliance with the Town's Residential Design Guidelines. In response to these recommendations, the applicant made several modifications to the design of the residence, summarizing the changes in a written response (Exhibit 8). The Consulting Architect's issues and recommendations are provided below, followed by the applicant's response in italics.

Issues and Recommendations:

1. Provide an under-the-eave entry in lieu of the proposed stone tower.
 - *Revised the entry way from large tower to smaller stone entry way. Applicant investigated multiple homes in the surrounding that have been approved by the Town, that have a stone tower as an entry way. See Letter of Justification for image of house (Exhibit 8).*
2. Match the lower first floor roofing to the shingles on the main roof.
 - *Lower first floor roofing revised to match the shingles on the main roof.*

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3. Add a projecting balcony at the second-floor elevation.
 - *Revised front elevation by removing the JADU from the second floor over the garage, reducing the bulky design and redesigned the roofline to accommodate a smoother transition.*
4. Extend the main roof form over the bay windows on the side elevations and use stucco in lieu of the proposed wood siding.
 - *Revised the north elevation by relocating the JADU to the basement level. That reduces the massing and blends the JADU entrance with the façade. Extended the main roof form over the bay windows on side elevations and use stucco in lieu of proposed wood siding. Revised the roof line to accommodate the extension of the bay windows at all locations.*
5. Provide projecting trim at the second-floor line around all sides of the home.
 - *The applicant investigated multiple homes in the surrounding area that do not have a belly band trim at the break of the first and second floors. See Letter of Justification for image of house (Exhibit 8).*
6. Provide a projecting stucco base around all façades.
 - *Revised the base to project from wall with a wainscot profile.*
7. Integrate the stair on the right-side elevation into the main building form.
 - *Stairs removed.*
8. Provide a visual screen on the deck side nearest the adjacent property line.
 - *Second story rear deck removed to address privacy.*

The applicant responded to the Consulting Architect's issues and recommendations through design revisions with the exception meeting the following recommendations:

- Recommendation 1 - Provide an under-the-eave entry in lieu of the proposed stone tower.
- Recommendation 5 - Provide projecting trim at the second-floor line around all sides of the home.

C. Neighborhood Compatibility

The subject rear flag lot has a net lot size of 10,728 square feet and the maximum allowable floor area is 3,263 square feet for the residence, and 901 square feet for the garage. The maximum allowable FAR for the residence and any accessory structure is 0.30. The table

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below reflects the current conditions of the residences in the immediate neighborhood based on County records.

FAR Comparison - Neighborhood Analysis							
Address	Zoning	Residential SF	Garage SF	Total SF	Lot Area SF	Residential FAR	No. of Stories
373 Blackwell Dr.	R-1:8	2,693	489	3,182	10,180	0.26	2
377 Blackwell Dr.	R-1:8	2,693	468	3,161	9,883	0.27	2
381 Blackwell Dr.	R-1:8	2,173	411	2,584	10,303	0.21	1
15385 National Ave.	R-1:8	1,056	128	1,184	10,707	0.10	1
15415 National Ave.	R-1:8	1,719	317	2,036	8,060	0.21	1
15425 National Ave.	R-1:8	1,357	483	1,840	20,727	0.07	1
15439 National Ave.	R-1:8	2,386	777	3,163	9,655	0.25	1
15461 National Ave.	R-1:8	2,729	693	3,422	7,439	0.37	2
15899 Los Gatos Almaden Rd.	O	--	--	--	--	--	--
15400 National Ave.	O	--	--	--	--	--	--
279 De Soto Dr.	R-M: 5-12	--	--	--	--	--	--
15411 National Ave. (E)	R-1:8	--	--	--	10,729	0.00	--
15411 National Ave. (P)	R-1:8	3,240	901	4,141	10,729	0.30	2
* Residential square footage includes the residence and detached accessory structures, except garages.							
** The total square footage numbers do not include below grade square footage.							

The eight properties in the immediate neighborhood are developed with one- and two-story single-family residences located in the Single-Family Residential zone. The three properties located across the street from the subject property on National Avenue and are zoned Office and Multi-Family residential. These properties are not included in the immediate neighborhood comparison as they are not zoned single-family residential and are different uses, office and multi-family.

The property sizes within the immediate neighborhood range from 7,439 square feet to 20,727 square feet. Based on Town and County records, the residences in the immediate neighborhood range in size from 1,056 square feet to 2,729 square feet. The FAR of the residences in the immediate neighborhood range from 0.07 to 0.37. The applicant is proposing a 3,240-square foot residence and a FAR of 0.30 on a 10,729-square foot parcel. The proposed project has the second largest FAR in the immediate neighborhood. The proposed project would result in the largest residence in terms of square footage, by 511 square feet, and the largest garage in terms of square footage, by 124 square feet, in the immediate neighborhood.

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The applicant has provided justification for proposing the largest residence and largest garage, in terms of square footage, in the immediate neighborhood (Exhibit 5). The applicant notes that the immediate neighborhood isn't uniform in terms of building age, style, or size. The presence of both older and newer structures with varying FARs can make it challenging to establish a benchmark for comparison structures. There is a two-story residence in the immediate neighborhood, built in 2017, that exceeds the maximum allowable FAR for the site. The applicant also describes that the immediate neighborhood includes a large hospital building at 15400 National Avenue. The justification includes that the uses on National Avenue are commercial, including multiple multi-story buildings, adding another layer of complexity to the neighborhood's composition and that the commercial nature of the area might further impact the comparison of FARs, especially when assessing residential properties.

The applicant's justification states that the unique configuration of the rear flag lot presents distinctive challenges and opportunities in adhering to zoning regulations while ensuring the proposed structure harmonizes with the immediate neighborhood. The applicant describes that the proposed design does not exceed the stipulated FAR and it remains in reasonable limits and is the result of conscientious planning to accommodate the needs of the multi-generational household without compromising the neighborhood's integrity. The applicant states that the design integrates architectural elements that contribute positively to the visual appeal and uniqueness of the area, aligning with the overarching aim of the Residential Design Guidelines.

D. Neighbor Outreach

The property owners have been in communication with the surrounding neighbors regarding the proposed project. A summary of their outreach efforts is included as Exhibit 10. Neighbors have provided public comment and raised concerns regarding the proposed two-story residence (Exhibit 12).

Based on the applicant's neighborhood outreach and the public comments received by staff three main issues have been raised:

1. Neighborhood Compatibility – Height, bulk, and mass.
2. Privacy – Window placement, and balcony placement.
3. Landscaping – Location, height and maintenance of proposed trees.

The following sections discuss each topic.

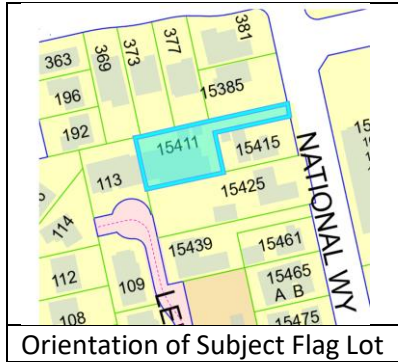
E. Neighborhood Compatibility

Public comments include concerns regarding neighborhood compatibility with regards to height, bulk, and mass (Exhibit 12). The subject property is a rear flag lot. Three properties

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located on Blackwell Drive, north of the subject flag lot, have rear yards that face the side of the proposed property and proposed residence.



Orientation of Subject Flag Lot

The applicant has modified the second-floor massing on the northern elevation to reduce the bulk and mass of the building that faces the rear properties along Blackwell Drive. The applicant has removed the second-story rear balcony to further reduce massing and address privacy concerns.

F. Privacy

Public comments include concerns regarding privacy, including window placement, and balcony placement (Exhibit 12). To address privacy concerns the applicant has incorporated the following into the proposed design (Exhibit 10):

- Removal of second-story rear balcony;
- Use of obscure/frosted glass on the two-story bedroom windows located on north elevation facing the Blackwell Drive rear yards;
- Planting of evergreen trees to provide screening along the northern fence line;
- Retention and trimming of the existing large Oak tree at rear corner of the lot; and
- Proposed side yard setback provides between 80 to 120 feet of distance between the proposed two-story windows on the subject property and the existing two-story elevation windows at the rear of the Blackwell Avenue residences.

Exhibit 3 includes Condition of Approval #11, requiring the two second floor bedroom windows located on the northern elevation of the residence have frosted or obscure glass to provide privacy between the properties.

G. Landscaping

Public comments include concerns regarding proposed landscaping, including location of screening trees and species (Exhibit 12). To address privacy concerns the applicant has proposed planting five screening trees along the Blackwell Drive fence line (Sheet A0.12,

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Exhibit 11). The proposed tree species is Leyland Cypress. Leyland Cypress trees are fast growing, upright in growth, and evergreen. Mature height can reach 50 to 60 feet tall with a mature spread of 15 to 20 feet.

Staff received two public comments expressing the following concerns about the proposed privacy trees to be planted along the Blackwell Drive fence:

- Drainage of rainwater onto the adjacent property;
- Ongoing maintenance of the trees;
- Tree height will not adequately screen the view from the second story; and
- Future detached ADU construction may interfere with the proposed privacy trees.

Exhibit 3 includes Condition of Approval #10, requiring that prior to obtaining a building final the property owner must plant five 24-gallon Leyland Cypress trees along the northern fence line to address privacy concerns. Privacy trees must be maintained by the property owner.

H. Tree Impacts

The Town's Consulting Arborist prepared a report for the site and made recommendations for the project (Exhibit 9). The project site contains six protected trees. Four trees are proposed to be removed due to the proposed location of the house and to accommodate the new driveway. Arborist recommendations for tree protection have been included in the Conditions of Approval (Exhibit 9). Tree #67 is located on the front parcel and is not part of this application.

I. Grading

The project includes site improvements with grading quantities exceeding 50 cubic yards, which requires approval of a Grading Permit. The Town's Parks and Public Works Engineering staff have included a condition of approval requiring submittal and evaluation of a Grading Permit in parallel with the required Building Permits (Exhibit 3).

J. Off-Site Improvements

The project includes off-site improvements requiring the applicant to install a new sidewalk, curb, and gutter along frontage of the parcel along National Avenue, tying into the existing condition to the north. In addition, applicant shall pave and/or restore pavement from the centerline to the newly constructed gutter along the National Avenue frontage per Condition of Approval 73, Exhibit 3.

K. CEQA Determination

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15303: New Construction.

PUBLIC COMMENTS:

Story poles and signage were installed on the site and written notice was sent to property owners and tenants located within 300 feet of the subject property. Public comments received by 11:00 A.M., Friday, November 8, 2024, are included as Exhibit 12.

CONCLUSION:

A. Summary

The applicant is requesting approval of an Architecture and Site application for construction of a new two-story single-family residence. The project is consistent with the Zoning and General Plan Land Use designation for the property. The project is in compliance with the objective standards of the Town Code related to allowable floor area, height, setbacks, lot coverage, and on-site parking requirements. The proposed project would result in the largest residence in terms of square footage, by 511 square feet, and the largest garage in terms of square footage, by 124 square feet, in the immediate neighborhood. The project was reviewed by the Town's Consulting Architect who provided recommendations to address the consistency of the project with the Residential Design Guidelines. The applicant responded to the Consulting Architect's issues and recommendations through design revisions with the exception meeting two recommendations. Public comment has raised outstanding concerns regarding neighborhood compatibility, privacy, and landscaping.

The applicant has provided a Scope of Work and a Letter of Justification for the proposed two-story residence, speaking to the design's compatibility with the immediate and surrounding neighborhood (Exhibits 4 and 5).

B. Recommendation

Based on the analysis above, staff recommends denial of the Architecture and Site application based on concerns related to size, neighborhood compatibility, and consistency with the Residential Design Guidelines, as discussed in this report.

C. Alternatives

Alternatively, the Commission can:

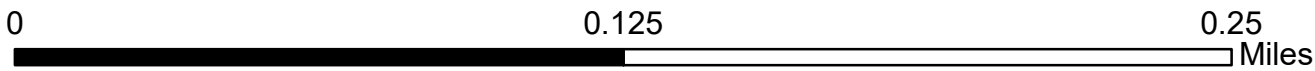
1. Approve the application by taking the following actions:
 - a. Make the finding that the proposed project is Categorically Exempt, pursuant to the adopted Guidelines for the implementation of the California Environmental Quality Act, Section 15303: New Construction (Exhibit 2);
 - b. Make the finding that the project complies with the objective standards of Chapter 29 of the Town Code (Zoning Regulations) (Exhibit 2);
 - c. Make the finding that the project complies with the Residential Design Guidelines (Exhibit 2);
 - d. Make the considerations as required by Section 29.20.150 of the Town Code for granting approval of an Architecture and Site application (Exhibit 2); and
 - e. Approve Architecture and Site application S-23-033 with the conditions contained in Exhibit 3 and the development plans in Exhibit 11.
2. Approve the applications with additional and/or modified conditions; or
3. Continue the matter to a date certain with specific direction.

EXHIBITS:

1. Location Map
2. Required Findings and Considerations
3. Recommended Conditions of Approval
4. Scope of Work
5. Letter of Justification
6. Photographs of Site
7. Consulting Architect's Report
8. Applicant's Response to Consulting Architect
9. Consulting Arborist's Report
10. Applicant's Summary of Neighborhood Outreach
11. Development Plans
12. Public Comments received by 11:00 a.m., Friday, November 8, 2024

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15411 National Avenue



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**PLANNING COMMISSION – November 13, 2024
REQUIRED FINDINGS and CONSIDERATIONS FOR:**

**15411 National Avenue
Architecture and Site Application S-23-033**

Requesting Approval for Construction of a Single-Family Residence and Site Improvements Requiring a Grading Permit on a Vacant Property Zoned R-1:8. APN 424-12-140. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction.

Property Owner: Vyankatesh and Rammy Muddada.

Applicant: Jose Rama.

Project Planner: Erin Walters.

FINDINGS

Required findings for CEQA:

- The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15303: New Construction.

Required compliance with the Zoning Regulations:

- The project meets the objective standards of Chapter 29 of the Town Code (Zoning Regulations).

Required compliance with the Residential Design Guidelines:

- The project is in compliance with the Residential Design Guidelines for single-family residences not in hillside areas.

CONSIDERATIONS

Required considerations in review of Architecture & Site applications:

- As required by Section 29.20.150 of the Town Code, the considerations in review of an Architecture and Site application were all made in reviewing this project.

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PLANNING COMMISSION – November 13, 2024
CONDITIONS OF APPROVAL

15411 National Avenue
Architecture and Site Application S-23-033

Requesting Approval for Construction of a Single-Family Residence and Site Improvements Requiring a Grading Permit on a Vacant Property Zoned R-1:8. APN 424-12-140. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction.

Property Owner: Vyankatesh and Rammy Muddada.

Applicant: Jose Rama.

Project Planner: Erin Walters.

TO THE SATISFACTION OF THE COMMUNITY DEVELOPMENT DIRECTOR:

Planning Division

1. **APPROVAL:** This application shall be completed in accordance with all of the conditions of approval and in substantial compliance with the approved plans. Any changes or modifications to the approved plans and/or business operation shall be approved by the Community Development Director, DRC, or the Planning Commission depending on the scope of the changes.
2. **EXPIRATION:** The approval will expire two years from the approval date pursuant to Section 29.20.320 of the Town Code, unless the approval has been vested.
3. **OUTDOOR LIGHTING:** Exterior lighting shall be kept to a minimum, and shall be down directed fixtures that will not reflect or encroach onto adjacent properties. No flood lights shall be used unless it can be demonstrated that they are needed for safety or security.
4. **TREE REMOVAL PERMIT:** A Tree Removal Permit shall be obtained for any trees to be removed, prior to the issuance of a building or grading permit.
5. **EXISTING TREES:** All existing trees shown on the plan and trees required to remain or to be planted are specific subjects of approval of this plan, and must remain on the site.
6. **ARBORIST REQUIREMENTS:** The developer shall implement, at their cost, all recommendations identified in the Arborist's report for the project, on file in the Community Development Department. These recommendations must be incorporated in the building permit plans and completed prior to issuance of a building permit where applicable.
7. **TREE FENCING:** Protective tree fencing and other protection measures consistent with Section 29.10.1005 of the Town Code shall be placed at the drip line of existing trees prior to issuance of demolition and building permits and shall remain through all phases of construction. Include a tree protection plan with the construction plans.
8. **TREE STAKING:** All newly planted trees shall be double-staked using rubber tree ties.
9. **FRONT YARD LANDSCAPE:** Prior to issuance of a Certificate of Occupancy the front yard must be landscaped.
10. **PRIVACY TREE PLANTING:** Prior to obtaining a building final the property owner must plant

five 24-gallon Leyland Cypress trees along the northern fence line. Privacy trees must be maintained by the property owner.

11. FROSTED/OBSCURE PRIVACY WINDOWS – The two second floor bedroom windows located on the northern elevation of the residence shall have frosted or obscure glass to provide privacy between properties.
12. WATER EFFICIENCY LANDSCAPE ORDINANCE: The final landscape plan shall meet the Town of Los Gatos Water Conservation Ordinance or the State Water Efficient Landscape Ordinance, whichever is more restrictive. A review fee based on the current fee schedule adopted by the Town Council is required when working landscape and irrigation plans are submitted for review.
13. STORY POLES/PROJECT IDENTIFICATION SIGNAGE: Story poles and/or project identification signage on the project site shall be removed within 30 days of approval of the Architecture & Site application.
14. TOWN INDEMNITY: Applicants are notified that Town Code Section 1.10.115 requires that any applicant who receives a permit or entitlement (“the Project”) from the Town shall defend (with counsel approved by Town), indemnify, and hold harmless the Town, its agents, officers, and employees from and against any claim, action, or proceeding (including without limitation any appeal or petition for review thereof) against the Town or its agents, officers or employees related to an approval of the Project, including without limitation any related application, permit, certification, condition, environmental determination, other approval, compliance or failure to comply with applicable laws and regulations, and/or processing methods (“Challenge”). Town may (but is not obligated to) defend such Challenge as Town, in its sole discretion, determines appropriate, all at applicant’s sole cost and expense.

Applicant shall bear any and all losses, damages, injuries, liabilities, costs and expenses (including, without limitation, staff time and in-house attorney’s fees on a fully-loaded basis, attorney’s fees for outside legal counsel, expert witness fees, court costs, and other litigation expenses) arising out of or related to any Challenge (“Costs”), whether incurred by Applicant, Town, or awarded to any third party, and shall pay to the Town upon demand any Costs incurred by the Town. No modification of the Project, any application, permit certification, condition, environmental determination, other approval, change in applicable laws and regulations, or change in such Challenge as Town, in its sole discretion, determines appropriate, all the applicant’s sole cost and expense. No modification of the Project, any application, permit certification, condition, environmental determination, other approval, change in applicable laws and regulations, or change in processing methods shall alter the applicant’s indemnity obligation.

15. COMPLIANCE MEMORANDUM: A memorandum shall be prepared and submitted with the building plans detailing how the Conditions of Approval will be addressed.

Building Division

16. PERMITS REQUIRED: A Building Permit is required for the construction of the new single-family residence and attached garage. An additional Building Permit will be required for the PV System that is required by the California Energy Code.
17. APPLICABLE CODES: The current codes, as amended and adopted by the Town of Los Gatos as of January 1, 2023, are the 2022 California Building Standards Code, California Code of Regulations Title 24, Parts 1-12, including locally adopted Reach Codes.
18. CONDITIONS OF APPROVAL: The Conditions of Approval must be blue lined in full on the cover sheet of the construction plans. A Compliance Memorandum shall be prepared and submitted with the building permit application detailing how the Conditions of Approval will be addressed.
19. BUILDING & SUITE NUMBERS: Submit requests for new building addresses to the Building Division prior to submitting for the building permit application process.
20. SIZE OF PLANS: Minimum size 24" x 36", maximum size 30" x 42".
21. SOILS REPORT: A Soils Report, prepared to the satisfaction of the Building Official, containing foundation, and retaining wall design recommendations, shall be submitted with the Building Permit Application. This report shall be prepared by a licensed Civil Engineer specializing in soils mechanics.
22. SHORING: Shoring plans and calculations will be required for all excavations which exceed five (5) feet in depth, or which remove lateral support from any existing building, adjacent property, or the public right-of-way. Shoring plans and calculations shall be prepared by a California licensed engineer and shall confirm to the Cal/OSHA regulations.
23. FOUNDATION INSPECTIONS: A pad certificate prepared by a licensed civil engineer or land surveyor shall be submitted to the project Building Inspector at foundation inspection. This certificate shall certify compliance with the recommendations as specified in the Soils Report, and that the building pad elevations and on-site retaining wall locations and elevations have been prepared according to the approved plans. Horizontal and vertical controls shall be set and certified by a licensed surveyor or registered Civil Engineer for the following items: Building pad elevation
 - a. Finish floor elevation
 - b. Foundation corner locations
 - c. Retaining wall(s) locations and elevations
24. TITLE 24 ENERGY COMPLIANCE: All required California Title 24 Energy Compliance Forms must be blue-lined (sticky-backed), i.e., directly printed, onto a plan sheet.
25. TOWN RESIDENTIAL ACCESSIBILITY STANDARDS: New residential units shall be designed with adaptability features for single-family residences per Town Resolution 1994-61:
 - a. Wood backing (2" x 8" minimum) shall be provided in all bathroom walls, at water closets, showers, and bathtubs, located 34 inches from the floor to the center of the backing, suitable for the installation of grab bars if needed in the future.
 - b. All passage doors shall be at least 32-inch-wide doors on the accessible floor level.
 - c. The primary entrance door shall be a 36-inch-wide door including a 5'x 5' level landing, no more than 1 inch out of plane with the immediate interior floor level and with an 18-inch clearance at interior strike edge.

- d. A door buzzer, bell or chime shall be hard wired at primary entrance.
26. BACKWATER VALVE: The scope of this project may require the installation of a sanitary sewer backwater valve per Town Ordinance 6.40.020. Please provide information on the plans if a backwater valve is required and the location of the installation. The Town of Los Gatos Ordinance and West Valley Sanitation District (WVSD) requires backwater valves on drainage piping serving fixtures that have flood level rims less than 12 inches above the elevation of the next upstream manhole.
27. HAZARDOUS FIRE ZONE: All projects in the Town of Los Gatos require Class A roof assemblies.
28. SPECIAL INSPECTIONS: When a special inspection is required by CBC Section 1704, the Architect or Engineer of Record shall prepare an inspection program that shall be submitted to the Building Official for approval prior to issuance of the Building Permit. The Town Special Inspection form must be completely filled-out and signed by all requested parties prior to permit issuance. Special Inspection forms are available online at www.losgatosca.gov/building.
29. BLUEPRINT FOR A CLEAN BAY SHEET: The Town standard Santa Clara Valley Nonpoint Source Pollution Control Program Sheet (page size same as submitted drawings) shall be part of the plan submittal as the second page. The specification sheet is available online at www.losgatosca.gov/building.
30. APPROVALS REQUIRED: The project requires the following departments and agencies approval before issuing a building permit:
- a. Community Development – Planning Division: (408) 354-6874
 - b. Engineering/Parks & Public Works Department: (408) 399-5771
 - c. Santa Clara County Fire Department: (408) 378-4010
 - d. West Valley Sanitation District: (408) 378-2407
 - e. Local School District: The Town will forward the paperwork to the appropriate school district(s) for processing. A copy of the paid receipt is required prior to permit issuance.

TO THE SATISFACTION OF THE DIRECTOR OF PARKS & PUBLIC WORKS:

Engineering Division

31. GENERAL: All public improvements shall be made according to the latest adopted Town Standard Plans, Standard Specifications and Engineering Design Standards. All work shall conform to the applicable Town ordinances. The adjacent public right-of-way shall be kept clear of all job-related mud, silt, concrete, dirt and other construction debris at the end of the day. Dirt and debris shall not be washed into storm drainage facilities. The storing of goods and materials on the sidewalk and/or the street will not be allowed unless an encroachment permit is issued by the Engineering Division of the Parks and Public Works Department. The Owner's representative in charge shall be at the job site during all working hours. Failure to maintain the public right-of-way according to this condition may result in the issuance of correction notices, citations, or stop work orders and the Town performing the required maintenance at the Owner's expense.

32. PAYMENT OPTIONS:

- a. All payments regarding fees and deposits can be mailed to:

Town of Los Gatos PPW – Attn: Engineering Dept
 41 Miles Avenue
 Los Gatos, CA 95030

Or hand deliver/drop off payment in engineering lock box

Checks made out to “**Town of Los Gatos**” and should mention **address and application number** on memo/note line.

33. APPROVAL: This application shall be completed in accordance with all the conditions of approval listed below and in substantial compliance with the latest reviewed and approved development plans. Any changes or modifications to the approved plans or conditions of approvals shall be approved by the Town Engineer.
34. CONSTRUCTION PLAN REQUIREMENTS: Construction drawings shall comply with Section 1 (Construction Plan Requirements) of the Town’s Engineering Design Standards, which are [available for download from the Town’s website](#).
35. CHANGE OF OCCUPANCY: Prior to initial occupancy and any subsequent change in use or occupancy of any non-residential condominium space, the buyer or the new or existing occupant shall apply to the Community Development Department and obtain approval for use determination and building permit and obtain inspection approval for any necessary work to establish the use and/or occupancy consistent with that intended.
36. GENERAL LIABILITY INSURANCE: The property owner shall provide proof of insurance to the Town on a yearly basis. In addition to general coverage, the policy must cover all elements encroaching into the Town’s right-of-way.
37. PUBLIC WORKS INSPECTIONS: The Owner, Applicant and/or Developer or their representative shall notify the Engineering Inspector at least twenty-four (24) hours before starting any work pertaining to on-site drainage facilities, grading or paving, and all work in the Town's right-of-way. Failure to do so will result in penalties and rejection of any work that occurred without inspection.
38. RESTORATION OF PUBLIC IMPROVEMENTS: The Owner, Applicant and/or Developer or their representative shall repair or replace all existing improvements not designated for removal that are damaged or removed because of the Owner, Applicant and/or Developer or their representative's operations. Improvements such as, but not limited to: curbs, gutters, sidewalks, driveways, signs, pavements, raised pavement markers, thermoplastic pavement markings, etc., shall be repaired and replaced to a condition equal to or better than the original condition. Any new concrete shall be free of stamps, logos, names, graffiti, etc. Any concrete identified that is displaying a stamp or equal shall be removed and replaced at the Contractor’s sole expense and no additional compensation shall be allowed therefore. Existing improvement to be repaired or replaced shall be at the direction of the Engineering Construction Inspector and shall comply with all Title 24 Disabled Access provisions. The restoration of all improvements identified by the Engineering Construction Inspector shall be completed before the issuance of a certificate of occupancy. The Owner, Applicant and/or Developer or their representative shall request a walk-through with the

- Engineering Construction Inspector before the start of construction to verify existing conditions.
39. PLAN CHECK FEES: Plan check fees associated with the Grading Permit shall be deposited with the Engineering Division of the Parks and Public Works Department prior to the commencement of plan check review.
 40. SITE SUPERVISION: The General Contractor shall provide qualified supervision on the job site at all times during construction.
 41. INSPECTION FEES: Inspection fees shall be deposited with the Town prior to the issuance of permits or recordation of maps.
 42. DESIGN CHANGES: Any proposed changes to the approved plans shall be subject to the approval of the Town prior to the commencement of any and all altered work. The Owner's project engineer shall notify, in writing, the Town Engineer at least seventy-two (72) hours in advance of all the proposed changes. Any approved changes shall be incorporated into the final "as-built" plans.
 43. PLANS AND STUDIES: All required plans and studies shall be prepared by a Registered Professional Engineer in the State of California and submitted to the Town Engineer for review and approval. Additionally, any post-project traffic or parking counts, or other studies imposed by the Planning Commission or Town Council shall be funded by the Owner, Applicant and/or Developer.
 44. GRADING PERMIT DETERMINATION DURING CONSTRUCTION DRAWINGS: All grading work taking place with this application and related applications/projects within a two year time period are considered eligible for the grading permit process and will be counted toward the quantities used in determining grading permit requirements. In the event that, during the production of construction drawings and/or during construction of the plans approved with this application by the Town of Los Gatos, it is determined that a grading permit would be required as described in Chapter 12, Article II (Grading Permit) of the Town Code of the Town of Los Gatos, an Architecture and Site Application would need to be submitted by the Owner for review and approval by the Development Review Committee prior to applying for a grading permit.
 45. GRADING: Any grading work, cut/fill, earthwork or combination thereof (completed or proposed on submitted plans) on the parcel over the upcoming two-year period are combined with regards to grading permit thresholds. This also applies to adjacent parcels with identical owners, applicants and or developers.
 46. ILLEGAL GRADING: Per the Town's Comprehensive Fee Schedule, applications for work unlawfully completed shall be charged double the current fee. As a result, the required grading permit fees associated with an application for grading will be charged accordingly.
 47. DUST CONTROL: Blowing dust shall be reduced by timing construction activities so that paving and building construction begin as soon as possible after completion of grading, and by landscaping disturbed soils as soon as possible. Further, water trucks shall be present and in use at the construction site. All portions of the site subject to blowing dust shall be watered as often as deemed necessary by the Town, or a minimum of three (3) times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction sites in order to insure proper control of blowing dust for the duration of the project. Watering on public streets shall not occur. Streets shall be cleaned by street

sweepers or by hand as often as deemed necessary by the Town Engineer, or at least once a day. Watering associated with on-site construction activity shall take place between the hours of 8 a.m. and 5 p.m. and shall include at least one (1) late-afternoon watering to minimize the effects of blowing dust. All public streets soiled or littered due to this construction activity shall be cleaned and swept on a daily basis during the workweek to the satisfaction of the Town. Demolition or earthwork activities shall be halted when wind speeds (instantaneous gusts) exceed twenty (20) miles per hour (MPH). All trucks hauling soil, sand, or other loose debris shall be covered. For sites greater than four (4) acres in area:

- a. Enclose, cover, water twice daily or apply (non-toxic) soil binders to exposed stockpiles (dirt, sand, etc.).
 - b. Limit traffic speeds on unpaved roads to fifteen (15) miles per hour.
 - c. Install sandbags or other erosion control measures to prevent silt runoff to public roadways.
 - d. Replant vegetation in disturbed areas as quickly as possible.
 - e. Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (previously graded areas inactive for ten days or more).
48. **CONSTRUCTION ACTIVITIES:** All construction shall conform to the latest requirements of the CASQA Stormwater Best Management Practices Handbooks for Construction Activities and New Development and Redevelopment, the Town's grading and erosion control ordinance, and other generally accepted engineering practices for erosion control as required by the Town Engineer when undertaking construction activities.
49. **SILT AND MUD IN PUBLIC RIGHT-OF-WAY:** It is the responsibility of Contractor and homeowner to make sure that all dirt tracked into the public right-of-way is cleaned up on a daily basis. Mud, silt, concrete and other construction debris SHALL NOT be washed into the Town's storm drains.
50. **COVERED TRUCKS:** All trucks transporting materials to and from the site shall be covered.
51. **GOOD HOUSEKEEPING:** Good housekeeping practices shall be observed at all times during the course of construction. All construction shall be diligently supervised by a person or persons authorized to do so at all times during working hours. The Owner's representative in charge shall be at the job site during all working hours. Failure to maintain the public right-of-way according to this condition may result in penalties and/or the Town performing the required maintenance at the Owner's expense
52. **SITE DESIGN MEASURES:** All projects shall incorporate at least one of the following measures:
- a. Protect sensitive areas and minimize changes to the natural topography.
 - b. Minimize impervious surface areas.
 - c. Direct roof downspouts to vegetated areas.
 - d. Use porous or pervious pavement surfaces on the driveway, at a minimum.
 - e. Use landscaping to treat stormwater.
53. **CONSTRUCTION HOURS:** All improvements and construction activities, including the delivery of construction materials, labors, heavy equipment, supplies, etc., shall be limited to the hours of 8:00 a.m. to 6:00 p.m., weekdays and 9:00 a.m. to 4:00 p.m. Saturdays. The Town may authorize, on a case-by-case basis, alternate construction hours. The Owner,

Applicant and/or Developer shall provide written notice twenty-four (24) hours in advance of modified construction hours. Approval of this request is at discretion of the Town.

54. CONSTRUCTION NOISE: Between the hours of 8:00 a.m. to 6:00 p.m., weekdays and 9:00 a.m. to 4:00 p.m. Saturdays, construction, alteration or repair activities shall be allowed. No individual piece of equipment shall produce a noise level exceeding eighty-five (85) dBA at twenty-five (25) feet from the source. If the device is located within a structure on the property, the measurement shall be made at distances as close to twenty-five (25) feet from the device as possible. The noise level at any point outside of the property plane shall not exceed eighty-five (85) dBA.
55. DELAYED/DEFERRED REPORTS AND REVIEWS: TLGPPW strongly recommend that reports requiring a peer review be submitted and completed prior to committee approval/building permit stage. Note that these reviews may require a design change by the applicant and/or additional studies. Applicants who chose to defer assume risk that required changes may send project back to planning stage.
56. WATER METER: Water meters currently in public right-of-way shall be relocated within the property in question, within 30" of the property line / the public right-of-way line. The Owner, Applicant and/or Developer shall repair and replace to existing Town standards any portion of concrete flatwork within said right-of-way that is damaged during this activity prior to issuance of a certificate of occupancy.
57. SANITARY SEWER CLEANOUT: Sanitary sewer cleanouts currently in public right-of-way shall be relocated within the property in question, within one (1) foot of the property line per West Valley Sanitation District Standard Drawing 3, or at a location specified by the Town. The Owner, Applicant and/or Developer shall repair and replace to existing Town standards any portion of concrete flatwork within said right-of-way that is damaged during this activity prior to issuance of a certificate of occupancy.
58. PRECONSTRUCTION MEETING: Prior to issuance of any grading or building permits or the commencement of any site work, the general contractor shall:
 - a. Along with the Owner, Applicant and/or Developer, setup a pre-construction meeting with Eric Christianson, Senior Public Works Inspector echristianson@losgatosca.gov (408) 354-6824 to discuss the project conditions of approval, working hours, site maintenance and other construction matters;
 - b. Acknowledge in writing that they have read and understand the project conditions of approval and will make certain that all project sub-contractors have read and understand them as well prior to commencing any work, and that a copy of the project conditions of approval will be posted on-site at all times during construction.
59. CONSTRUCTION VEHICLE PARKING: Construction vehicle parking within the public right-of-way will only be allowed if it does not cause access or safety problems as determined by the Town.
60. FOR PLANTERS: The Owner, Applicant and/or Developer shall apply for an encroachment permit for the proposed planters within the public sidewalk and/or Town's right-of-way. The Owner, Applicant and/or Developer shall work with Parks and Public Works Department staff to arrive at a mutually agreeable solution that addresses safety and aesthetic issues. If no solution is reached, the vegetative screening requirement shall be waived. A Private Improvements in the Public Right-of-Way (formerly Indemnity)

Agreement will be required if planters are proposed to be located within the Town's right-of-way. A copy of the recorded agreement shall be submitted to the Engineering Division of the Parks and Public Works Department prior to the issuance of any grading or building permits.

61. PRIVATE IMPROVEMENTS IN THE PUBLIC RIGHT-OF-WAY (INDEMNITY AGREEMENT): The property owner shall enter into an agreement with the Town for all existing and proposed private improvements within the Town's right-of-way. The Owner shall be solely responsible for maintaining the improvements in a good and safe condition at all times and shall indemnify the Town of Los Gatos. The agreement must be completed and accepted by the Director of Parks and Public Works, and subsequently recorded by the Town Clerk at the Santa Clara County Office of the Clerk-Recorder, prior to the issuance of any grading or building permits.
62. STREET/SIDEWALK CLOSURE: Any proposed blockage or partial closure of the street and/or sidewalk requires an encroachment permit. Special provisions such as limitations on works hours, protective enclosures, or other means to facilitate public access in a safe manner may be required.
63. GRADING PERMIT: A grading permit is required for all site grading and drainage work except for exemptions listed in Section 12.20.015 of The Code of the Town of Los Gatos (Grading Ordinance). All grading work taking place with this application and related applications /projects within a two year time period are considered eligible for the grading permit process and will be counted toward the quantities used in determining grading permit requirements. After the preceding Architecture and Site Application has been approved by the respective deciding body and the appeal period has passed, the grading permit application with grading plans and associated required materials shall be submitted via email to the PPW engineer assigned to the A&S review. Plan check fees (determined after initial submittal) shall be sent to the Engineering Division of the Parks and Public Works Department located at 41 Miles Avenue. Unless specifically allowed by the Director of Parks and Public Works, the grading permit will be issued concurrently with the building permit. The grading permit is for work outside the building footprint(s). Prior to Engineering signing off and closing out on the issued grading permit, the Owner's soils engineer shall verify, with a stamped and signed letter, that the grading activities were completed per plans and per the requirements as noted in the soils report. A separate building permit, issued by the Building Department, located at 110 E. Main Street, is needed for grading within the building footprint.
64. SECURITY OF PERFORMANCE: Prior to approval of the grading permit, the applicant shall provide security for the performance of the work described and delineated on the approved grading plans, encroachment plans and or public improvement plans. The form of security shall be one (1) or a combination of the following to be determined by the Town Engineer and subject to the approval of the Town Attorney
 - Bond or bonds issued by one (1) or more duly authorized corporate sureties on a form approved by the Town.
 - Deposit, with the Town, money, negotiable bonds of the kind approved for securing deposits of public monies, or other instrument of credit from one (1) or more financial

institutions subject to regulation by the State or Federal Government wherein such financial institution pledges funds are on deposit and guaranteed for payment.

65. DRIVEWAY: The driveway conform to existing pavement on National Avenue shall be constructed in a manner such that the existing drainage patterns will not be obstructed. The Owner, Applicant and/or Developer shall install a Town standard residential driveway approach. The new driveway approach shall be constructed per Town Standard Plans and must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued. New concrete shall be free of stamps, logos, names, graffiti, etc. Any concrete identified that is displaying a stamp or equal shall be removed and replaced at the Contractor's sole expense and no additional compensation shall be allowed therefore.
66. CONSTRUCTION EASEMENT: Prior to the issuance of a grading or building permit, it shall be the sole responsibility of the Owner, Applicant and/or Developer to obtain any and all proposed or required easements and/or permissions necessary to perform the grading herein proposed. Proof of agreement/approval is required prior to the issuance of any Permit.
67. DRAINAGE STUDY: Prior to the issuance of any grading or building permits, the following drainage studies shall be submitted to and approved by the Town Engineer: a drainage study of the project including diversions, off-site areas that drain onto and/or through the project, and justification of any diversions; a drainage study evidencing that the proposed drainage patterns will not overload the existing storm drain facilities; and detailed drainage studies indicating how the project grading, in conjunction with the drainage conveyance systems (including applicable swales, channels, street flows, catch basins, storm drains, and flood water retarding) will allow building pads to be safe from inundation from rainfall runoff which may be expected from all storms up to and including the theoretical 100-year flood.
68. TREE REMOVAL: Copies of all necessary tree removal permits shall be provided prior to the issuance of a building permit. An arborist report may be necessary. Please contact Tammy Robnett-Illges, Engineering Administrative Assistant trobnett-illges@losgatosca.gov (408) 399-5771 for more information.
69. DEDICATIONS: The following shall be dedicated by separate instrument. The dedications shall be recorded before any grading or building permits are issued:
 - a. A 10-foot street right-of-way shall be dedicated in fee.
 - b. A 5-foot Public Service Easement.
70. DEMOLITION: Within 60-days of the Development Review Committee approval action being final (i.e. after the 10-day appeal period and no requested appeals being submitted to the Town), the Property Owner shall record a Deed Restriction on each of the number (#) parcels in question which prohibits the recording of a Certificate of Compliance until one of the two (2) prerequisite actions occurs prior to the proposed recordation: 1) removal of any structures which cross lot/property lines or 2) the Property Owner successfully obtaining an Architecture & Site approval from the Town of Los Gatos for the demolition of the existing house and construction of a replacement house.
71. IMPROVEMENT AGREEMENT: The Owner, Applicant and/or Developer shall enter into an agreement to construct public improvements in accordance with Town Code Section

- 24.40.020. The Owner, Applicant and/or Developer shall supply suitable securities for all public improvements that are part of the development in a form acceptable to the Town in the amount of 100% performance and 100% labor and materials prior to the issuance of any encroachment, grading or building permit. The Owner, Applicant and/or Developer shall provide two (2) copies of documents verifying the cost of the public improvements to the satisfaction of the Engineering Division of the Parks and Public Works Department. An electronic copy (PDF) of the executed agreement shall be submitted to the Engineering Division of the Parks and Public Works Department prior to the issuance of any encroachment, grading or building permit.
72. JOINT TRENCH PLANS: Joint trench plans shall be reviewed and approved by the Town prior to recordation of a map. The joint trench plans shall include street and/or site lighting and associated photometrics. A letter shall be provided by PG&E stating that public street light billing will be by Rule LS2A, and that private lights shall be metered with billing to the homeowners' association. Pole numbers, assigned by PG&E, shall be clearly delineated on the plans.
73. PUBLIC IMPROVEMENTS: The following improvements shall be installed by the Owner and/or Applicant. Plans for those improvements shall be prepared by a California registered civil engineer, reviewed and approved by the Town, and guaranteed by contract, Faithful Performance Security and Labor & Materials Security before the issuance of any grading or building permits or the recordation of a map. The improvements must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued.
- a. National Avenue: New curb, gutter, sidewalk, streetlights, tie-in paving, signing, striping, utility pole relocation, as required.
 - b. National Ave: 2" overlay from the centerline to the edge of pavement, or alternative pavement restoration measure as approved by the Town Engineer.
74. CERTIFICATE OF OCCUPANCY: The Engineering Division of the Parks and Public Works Department will not sign off on a Temporary Certificate of Occupancy or a Final Certificate of Occupancy until all required improvements within the Town's right-of-way have been completed and approved by the Town.
75. FRONTAGE IMPROVEMENTS: The Owner and/or Applicant shall be required to improve the project's public frontage (right-of-way line to centerline and/or to limits per the direction of the Town Engineer) to current Town Standards. These improvements may include but not limited to curb, gutter, sidewalk, driveway approach(es), curb ramp(s), signs, pavement, raised pavement markers, thermoplastic pavement markings, storm drain facilities, traffic signal(s), street lighting (upgrade and/or repaint) etc. The improvements must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued.
76. PARKING LOTS: Parking lots and other impervious areas shall be designed to drain stormwater runoff to vegetated drainage swales, filter strips, and/or other Low Impact Development (LID) treatment devices that can be integrated into required landscaping areas and traffic islands prior to discharge into the storm drain system and/or public right-of-way. The amount of impervious area associated with parking lots shall be minimized by utilizing design features such as providing compact car spaces, reducing stall dimensions, incorporating efficient parking lanes, using permeable pavement where feasible, and

adhering to the Town's [Parking Development Standards](#). The use of permeable paving for parking surfaces is encouraged to reduce runoff from the site. Such paving shall meet Santa Clara County Fire Department requirements and be structurally appropriate for the location.

77. UTILITIES: The Owner, Applicant and/or Developer shall install all new, relocated, or temporarily removed utility services, including telephone, electric power and all other communications lines underground, as required by Town Code Section 27.50.015(b). All new utility services shall be placed underground. Underground conduit shall be provided for cable television service. The Owner, Applicant and/or Developer is required to obtain approval of all proposed utility alignments from any and all utility service providers before a Certificate of Occupancy for any new building can be issued. The Town of Los Gatos does not approve or imply approval for final alignment or design of these facilities.
78. TRENCHING MORATORIUM: Trenching within a newly paved street will be allowed subject to the following requirements:
- a. The Town standard "T" trench detail shall be used.
 - b. A Town-approved colored controlled density backfill shall be used.
 - c. All necessary utility trenches and related pavement cuts shall be consolidated to minimize the impacted area of the roadway.
 - d. The total asphalt thickness shall be a minimum of three (3) inches, meet Town standards, or shall match the existing thickness, whichever is greater. The final lift shall be 1.5-inches of one-half ($\frac{1}{2}$) inch medium asphalt. The initial lift(s) shall be of three-quarter ($\frac{3}{4}$) inch medium asphalt.
 - e. The Contractor shall schedule a pre-paving meeting with the Town Engineering Construction Inspector the day the paving is to take place.
 - f. A slurry seal topping may be required by the construction inspector depending their assessment of the quality of the trench paving. If required, the slurry seal shall extend the full width of the street and shall extend five (5) feet beyond the longitudinal limits of trenching. Slurry seal materials shall be approved by the Town Engineering Construction Inspector prior to placement. Black sand may be required in the slurry mix. All existing striping and pavement markings shall be replaced upon completion of slurry seal operations. All pavement restorations shall be completed and approved by the Inspector before occupancy.
79. VALLEY GUTTER REPAIR: The Owner/Applicant shall repair and replace to existing Town standards any valley gutter damaged now or during construction of this project. All new and existing adjacent infrastructure must meet Town standards. New valley gutter shall be constructed per Town Standard Details. New concrete shall be free of stamps, logos, names, graffiti, etc. Any concrete identified that is displaying a stamp or equal shall be removed and replaced at the Contractor's sole expense and no additional compensation shall be allowed therefore. The limits of valley gutter repair will be determined by the Engineering Construction Inspector during the construction phase of the project. The improvements must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued.

80. BICYCLE FACILITIES: Bicycle facilities including, but may not be limited to, bike lanes and bike boxes will be provided in all directions and approaches of improved streets and intersections as directed by Town Engineer.
81. TRAFFIC STUDY: Any development of land use that generates greater traffic impacts than those assumed in the traffic study report may require an updated traffic study in accordance with the Town's traffic impact policy. Applicant can receive proposals from vendors through the Town or submit studies from other consultants and pay for peer review. For more information please contact Mike Vroman, Senior Traffic Engineer MVroman@losgatosca.gov (408) 399-5777.
82. TRAFFIC IMPACT MITIGATION FEE: Prior to the issuance of any building or grading permits, the Owner shall pay the project's proportional share of transportation improvements needed to serve cumulative development within the Town of Los Gatos. The fee amount will be based upon the Town Council resolution in effect at the time the building permit is issued. The amount based on the current resolution is **\$10,457.76**.
83. HAULING OF SOIL: Hauling of soil on- or off-site shall not occur during the morning or evening peak periods (between 7:00 a.m. and 9:00 a.m. and between 4:00 p.m. and 6:00 p.m.), and at other times as specified by the Director of Parks and Public Works. Prior to the issuance of a grading or building permit, the Owner and/or Applicant or their representative shall work with the Town Building Department and Engineering Division Inspectors to devise a traffic control plan to ensure safe and efficient traffic flow under periods when soil is hauled on or off the project site. This may include, but is not limited to provisions for the Owner and/or Applicant to place construction notification signs noting the dates and time of construction and hauling activities, or providing additional traffic control. Coordination with other significant projects in the area may also be required. Cover all trucks hauling soil, sand and other loose debris.
84. CONSTRUCTION MANAGEMENT PLAN SHEET: Prior to the issuance of any grading or building permits, the Owner and/or Applicant's design consultant shall submit a construction management plan sheet (full-size) within the plan set that shall incorporate at a minimum the Earth Movement Plan, Traffic Control Plan, Project Schedule, site security fencing, employee parking, construction staging area, materials storage area(s), construction trailer(s), concrete washout(s) and proposed outhouse locations. Please refer to the Town's [Construction Management Plan Guidelines](#) document for additional information.
85. NPDES STORMWATER COMPLIANCE: In the event that, during the production of construction drawings for the plans approved with this application by the Town of Los Gatos, it is determined that the project will create and/or replace more than 2,500 square feet of impervious area, completion of the NPDES Stormwater Compliance Small Projects Worksheet and implementation of at least one of the six low impact development site design measures it specifies shall be completed and submitted to the Engineering Division before issuance of a grading/building permit.
86. EROSION CONTROL: Interim and final erosion control plans shall be prepared and submitted to the Engineering Division of the Parks and Public Works Department. A maximum of two (2) weeks is allowed between clearing of an area and stabilizing/building on an area if grading is allowed during the rainy season. Interim erosion control measures,

to be carried out during construction and before installation of the final landscaping, shall be included. Interim erosion control method shall include, but are not limited to: silt fences, fiber rolls (with locations and details), erosion control blankets, Town standard seeding specification, filter berms, check dams, retention basins, etc. Provide erosion control measures as needed to protect downstream water quality during winter months. The Town of Los Gatos Engineering Division of the Parks and Public Works Department and the Building Department will conduct periodic NPDES inspections of the site throughout the recognized storm season to verify compliance with the Construction General Permit and Stormwater ordinances and regulations.

87. AIR QUALITY: To limit the project's construction-related dust and criteria pollutant emissions, the following the Bay Area Air Quality Management District (BAAQMD)-recommended basic construction measures shall be included in the project's grading plan, building plans, and contract specifications:
- All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day, or otherwise kept dust-free.
 - All haul trucks designated for removal of excavated soil and demolition debris from site shall be staged off-site until materials are ready for immediate loading and removal from site.
 - All haul trucks transporting soil, sand, debris, or other loose material off-site shall be covered.
 - As practicable, all haul trucks and other large construction equipment shall be staged in areas away from the adjacent residential homes.
 - All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day, or as deemed appropriate by Town Engineer. The use of dry power sweeping is prohibited. An on-site track-out control device is also recommended to minimize mud and dirt-track-out onto adjacent public roads.
 - All vehicle speeds on unpaved surfaces shall be limited to fifteen (15) miles per hour.
 - All driveways and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.
 - Post a publicly visible sign with the telephone number and person to contact at the lead agency regarding dust complaints. This person shall respond and take corrective action within forty-eight (48) hours. The Air District's phone number shall also be visible to ensure compliance with applicable regulations. Please provide the BAAQMD's complaint number on the sign: 24-hour toll-free hotline at 1-800-334-ODOR (6367).
 - All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed twenty (20) miles per hour.
 - Vegetative ground cover (e.g., fast-germinating native grass seed) shall be planted in disturbed areas as soon as possible and watered appropriately until vegetation is established.
88. SITE DRAINAGE: Rainwater leaders shall be discharged to splash blocks. No through curb drains will be allowed. On-site drainage systems for all projects shall include one of the

alternatives included in section C.3.i of the Municipal Regional NPDES Permit. These include storm water reuse via cisterns or rain barrels, directing runoff from impervious surfaces to vegetated areas and use of permeable surfaces. If stormwater treatment facilities are to be used they shall be placed a minimum of ten (10) feet from the adjacent property line and/or right-of-way. Alternatively, the facility(ies) may be located with an offset between 5 and 10 feet from the adjacent property and/or right-of-way line(s) if the responsible engineer in charge provides a stamped and signed letter that addresses infiltration and states how facilities, improvements and infrastructure within the Town's right-of-way (driveway approach, curb and gutter, etc.) and/or the adjacent property will not be adversely affected. No improvements shall obstruct or divert runoff to the detriment of an adjacent, downstream or down slope property.

TO THE SATISFACTION OF THE SANTA CLARA COUNTY FIRE DEPARTMENT:

89. GENERAL REVIEW: Review of this Developmental proposal is limited to acceptability of site access, water supply and may include specific additional requirements as they pertain to fire department operations, and shall not be construed as a substitute for formal plan review to determine compliance with adopted model codes. Prior to performing any work, the applicant shall make application to, and receive from, the Building Department all applicable construction permits.
90. FIRE SPRINKLERS REQUIRED: (As Noted on Sheet CS) Approved automatic sprinkler systems in new and existing buildings and structures shall be provided in the locations described in this Section or in Sections 903.2.1 through 903.2.12 whichever is the more restrictive and Sections 903.2.14 through 903.2.21. For the purposes of this section, firewalls and fire barriers used to separate building areas shall be constructed in accordance with the California Building Code and shall be without openings or penetrations. 1. An automatic sprinkler system shall be provided throughout all new buildings and structures, other than Group R occupancies, except as follows: a. Buildings and structures not located in any Wildland-Urban Interface and not exceeding 1,200 square feet of fire area. b. Buildings and structures located in any Wildland-Urban Interface Fire Area and not exceeding 500 square feet of fire area. c. Group S-2 or U occupancies, including photovoltaic support structures, used exclusively for vehicle parking which meet all of the following: i. Noncombustible construction. ii. Maximum 5,000 square feet in building area. iii. Structure is open on not less than three (3) sides nor 75% of structure perimeter. iv. Minimum of 10 feet separation from existing buildings, or similar structures, unless area is separated by fire walls complying.
91. WATER SUPPLY REQUIREMENTS: Potable water supplies shall be protected from contamination caused by fire protection water supplies. It is the responsibility of the applicant and any contractors and subcontractors to contact the water purveyor supplying the site of such project, and to comply with the requirements of that purveyor. Such requirements shall be incorporated into the design of any water-based fire protection systems, and/or fire suppression water supply systems or storage containers that may be

physically connected in any manner to an appliance capable of causing contamination of the potable water supply of the purveyor of record. Final approval of the system(s) under consideration will not be granted by this office until compliance with the requirements of the water purveyor of record are documented by that purveyor as having been met by the applicant(s). 2019 CFC Sec. 903.3.5 and Health and Safety Code 13114.7.

92. ADDRESS IDENTIFICATION: New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Where required by the fire code official, address numbers shall be provided in additional approved locations to facilitate emergency response. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall be a minimum of 4 inches (101.6 mm) high with a minimum stroke width of 0.5 inch (12.7 mm). Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. Address numbers shall be maintained. CFC Sec. 505.1.
93. CONSTRUCTION SITE FIRE SAFETY: All construction sites must comply with applicable provisions of the CFC Chapter 33 and our Standard Detail and Specification S1-7. Provide appropriate notations on subsequent plan submittals, as appropriate to the project. CFC Chp. 33.
94. FIRE APPARATUS (ENGINE)ACCESS DRIVEWAY REQUIRED: An access driveway shall be provided having an all-weather surface of either asphalt, concrete or other engineered surface capable of supporting 75,000 pounds and approved by a civil engineer. It shall have a minimum unobstructed width of 12 feet, vertical clearance of 13 feet 6 inches, minimum turning radius of 40 feet outside, and a maximum slope of 15%. Installations shall conform to Fire Department Standard Details and Specifications sheet D-1.
95. This review shall not be construed to be an approval of a violation of the provisions of the California Fire Code or of other laws or regulations of the jurisdiction. A permit presuming to give authority to violate or cancel the provisions of the fire code or other such laws or regulations shall not be valid. Any addition to or alteration of approved construction documents shall be approved in advance. [CFC, Ch.1, 105.3.6]

SCOPE OF WORK

LOT SIZE AND DRIVEWAY: VACANT LOT IS APPROXIMATELY 13,209 SQUARE FEET, WITH 2,480 SQUARE FEET DESIGNATED FOR THE PROPOSED DRIVEWAY TO ACCOMMODATE ENTRANCES FOR BOTH PROPERTIES.

MAIN STRUCTURE: THE MAIN STRUCTURE WILL BE A TWO-FLOOR SINGLE-FAMILY RESIDENCE. THE FIRST FLOOR WILL HAVE 1,722 SQUARE FEET OF LIVING SPACE AND A GARAGE TOTALING 901 SQUARE FEET. THE SECOND FLOOR WILL HAVE THREE BEDROOMS AND THREE FULL BATHROOMS, INCLUDING A MASTER BEDROOM SUITE. LIVING SPACE ON THE SECOND FLOOR WILL BE 1,518 SQUARE FEET. THE TOTAL FLOOR AREA RATIO (FAR) WILL BE 3,240 SQUARE FEET,

BASEMENT AND JADU: THE MAIN STRUCTURE WILL HAVE A BASEMENT BELOW GRADE AND AN ATTACHED JUNIOR ACCESSORY DWELLING UNIT (JADU) OF 500 SQUARE FEET NOT PART OF THIS APPLICATION), WITH WINDOWS MEETING ALL REQUIREMENTS FROM THE RESIDENTIAL BUILDING CODE (RBC). THE BASEMENT WILL ALSO INCLUDE A CELLAR OF 1,200 SQUARE FEET FOR WINE, DRY FOOD, AND GENERAL STORAGE.

DETACHED ADU: UNDER A SEPARATE PERMIT NOT INCLUDED IN THIS SUBMITTAL, A DETACHED ACCESSORY DWELLING UNIT (ADU) WILL BE PROPOSED. THE ADU WILL MEET THE TOWN CODE AND WILL HAVE A TOTAL AREA OF 900 SQUARE FEET.

TREE PRESERVATION AND REPLACEMENT: SIX TREES IDENTIFIED IN THE ARBORIST REPORT WILL BE REPLACED, AND THE OWNER WILL FOLLOW REPLACEMENT REQUIREMENTS MANDATED BY CITY ORDINANCES.

OVERALL, THE SCOPE OF WORK INCLUDES (UNDER SEPERATE PERMIT), GRADING, CONSTRUCTION OF A SINGLE-FAMILY RESIDENCE WITH A BASEMENT AND JADU, PRESERVATION AND REPLACEMENT OF TREES

THE PROJECT MEETS' SETBACKS, LOT COVERAGE, HEIGHT, PARKING AND IS LESS THAN THE MAXIMUM ALLOWABLE FAR AND SQUARE FOOTAGE ALLOWED BY TOWN CODE FOR A R1:8 ZONED PARCEL.

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24.08.28

Jose Rama 15919 Village Way Morgan Hill, Ca. 95037 jer@jerdesigngroup.com 408.843.8067

Property Owner Vyankatesh and Rammy Muddada 15411 National Ave. Los Gatos, Ca.

Subject: Justification for Project Adherence to Zoning Regulations and Residential Design Guidelines

I am writing to provide a comprehensive justification for the design aspects of 15411 National Ave. as it pertains to the zoning regulations and residential design guidelines of our neighborhood. The proposed structure has been meticulously designed to comply with the prescribed Floor Area Ratio formula, that is, as established by **Los Gatos Residential Design Guidelines**, on sheet 12.

The structure is designed to meet the allowable formula for building size in conjunction with the design guidelines. We are pleased to report that our design is under the allowable limit by 23 sq. ft.

FAR calculation of .304 was derived from neighboring houses, predominantly over 20 years old, with some even older than 50 years and having diverse styles. However, there are a few outliers in the neighborhood, notably a 2-story building constructed in 2017 (15461 National Avenue) with an FAR of .37, which exceeds the city's FAR limit of .35. Additionally, there's a large hospital building (Mission Oaks Medical Plaza, 15400 National Ave) nearby that also contributes significantly to the area.

Considering the context you've provided, it appears that the neighborhood isn't uniform in terms of building age, style, or size. The presence of both older and newer structures with varying FARs can make it challenging to establish a standard or benchmark for comparison.

Furthermore, the use of National Avenue for commercial purposes, hosting multiple multi-story buildings, adds another layer of complexity to the neighborhood's composition. The commercial nature of this area might further impact the comparison of FARs, especially when assessing residential properties.

a. Justification for Largest House in the Immediate Neighborhood:

We understand the significance of conforming to the Residential Design Guidelines while addressing the project's unique requirements. The lot is on the rear side of the property that was divided as a flag lot. The following points elucidate the justification for the size of the house:

The unique positioning of our lot, situated on the rear side and designated as a flag lot, necessitates considerations in conforming to the F.A.R. requirement in comparison to neighboring properties. Our adherence to the Residential Design Guidelines remains paramount, and the following elucidates the justification for the size of the proposed house:

Compliance with F.A.R.: While the design marginally doesn't exceed the stipulated F.A.R. it remains within reasonable limits and is a result of conscientious planning to accommodate the needs of our multi-generational household without compromising the neighborhood's integrity.

Flag Lot Dynamics: The unique configuration of our flag lot presents distinctive challenges and opportunities in adhering to zoning regulations while ensuring that the proposed structure harmonizes with the immediate surroundings.

Residential Design Guidelines: Our design integrates architectural elements that contribute positively to the visual appeal and uniqueness of the area, aligning with the overarching aim of the Residential Design Guidelines.

Family Needs: The expanded size of the house is necessitated by the specific requirements of our family structure, including multi-generational living arrangements that demand additional space for comfort and functionality.

Architectural Design: The design incorporates innovative architectural elements that enrich the character of the neighborhood, aligning with the guidelines while contributing positively to the visual appeal and uniqueness of the area.

Privacy: To ensure privacy between adjacent properties, the design incorporates several elements:

1. **Fencing:** Installing high-quality fences or walls to create a physical barrier.
2. **Landscaping:** Using trees, shrubs, and hedges to create natural screens.
3. **Window:** Will use opaque glass for the second-floor windows by incorporate first two divider panels.
4. **Setbacks:** Ensuring sufficient distance between structures and property lines.

These elements collectively enhance privacy while maintaining the aesthetic harmony of the neighborhood.

b. Justification for Largest Garage in the Immediate Neighborhood:

The design for 15411 National Ave. includes a larger garage, compliant with city regulations allowing for a maximum of 901 sq. ft., as specified on the cover sheet. The reasons supporting this decision are as follows:

Functional Necessity: The larger garage is essential to accommodate multiple vehicles, including recreational and utility vehicles, aligning with the needs of our household, and ensuring adequate storage space.

Aesthetic Integration: The design integrates the garage seamlessly into the overall architectural concept, maintaining aesthetic harmony with the house and neighborhood.

Sustainability Measures: The larger garage will include eco-friendly features such as battery solar panels and other systems, contributing to the neighborhood's sustainability goals and aligning with green initiatives.

Safety and Security: Enhanced security measures within the larger garage will ensure the safety of stored items and vehicles, thereby contributing to the overall safety of the neighborhood.

We recognize the significance of conforming to zoning regulations and residential design guidelines while addressing the specific attributes of our property. Our aim remains to create a residence that not only meets our family's needs but also contributes positively to the character and aesthetics of the neighborhood.

Should you require further clarification or additional information regarding our design approach and its adherence to regulations, we would be more than willing to provide it.

Sincerely,

Jose Rama



We have collaborated closely with our planning team to address each critical requirement outlined in the town's guidelines. This partnership has enabled us to design a project that fully meets the town's standards, from lot coverage and building height to setback and landscaping specifications.

Given the unique challenges of the flag lot configuration, we have carefully crafted a design that addresses access, privacy, and spatial constraints, ensuring full compliance with town code guidelines. Our approach balances functionality and aesthetic appeal, enhancing both the character and usability of the space, and contributing positively to the community. Through detailed planning and a commitment to quality, our design integrates seamlessly with the surrounding environment and meets all technical requirements.

Our design considers the following key areas to meet town standards:

1. Access and Driveway Requirements
 - We've incorporated a driveway that meets the town's width and length specifications, ensuring safe and convenient access to the main portion of the lot while minimizing impact on neighboring properties.
2. Setback and Privacy Considerations
 - Despite the limited lot shape, we've maintained all required setbacks, which helps to maximize privacy for both this lot and adjacent properties. The positioning of windows and landscaping further enhances privacy while adhering to the code.
 - We have met all side, front, and rear setback requirements, ensuring that the building has the proper spacing from property lines and neighboring structures. This compliance fosters adequate spacing, privacy, and safety.
3. Building Orientation and Lot Coverage
 - The building orientation has been carefully planned to optimize light and airflow while staying within the maximum allowable lot coverage. This layout provides an efficient use of space while maintaining open areas as required.
4. Height and Massing Compliance
 - The design meets the town's height restriction, ensuring the building is in harmony with the scale of surrounding properties and does not overpower the narrow lot.
 - The building height does not exceed 30 feet from grade, adhering to the town's height restriction. This maintains compatibility with the surrounding neighborhood structures and prevents visual obstruction.
5. Landscape, Buffer Zones and Open Spcae
 - Landscaping and buffer zones have been integrated to enhance aesthetics and maintain neighborhood character, meeting the town's design guidelines and environmental considerations.
 - Landscaped areas and open spaces, creating a balance between natural and built environments that enhances the visual appeal and ecological function of the site.
6. Lot Coverage
 - Our design respects the town's maximum lot coverage limit, ensuring the total built area remains well within the allowed percentage, which maintains the balance of built and open space as per the town's standards.
7. Floor Area Ratio (FAR)
 - The design is under the allowable FAR by 100 square feet, following the density formula prescribed by the town. This compliance ensures that our building mass is appropriate for the area and aligns with density limitations.
8. Architectural Design Guidelines
 - The exterior design aligns with the town's architectural guidelines, incorporating approved materials, color schemes, facade treatments, and window configurations. Our design choices support the town's aesthetic goals and enhance neighborhood cohesion.
9. Stormwater Management
 - Stormwater systems are designed according to town specifications, including provisions for adequate drainage to prevent runoff and manage water flow effectively on-site.
10. Energy and Sustainability Standards
 - The building is designed to meet or exceed the town's energy efficiency requirements, incorporating sustainable materials and systems to reduce environmental impact and support town sustainability goals.
11. Light Restrictions

- We have included measures to meet town standards for lighting control, ensuring minimal impact on surrounding properties and a comfortable environment for residents

By thoughtfully addressing these elements, our design effectively overcomes the challenges of the flag lot and ensures compliance with town codes and guidelines.



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15415 National Avenue - Site Photos - 08-27-24



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ARCHITECTURE PLANNING URBAN DESIGN

October 13, 2023

Ms. Erin Walters
Community Development Department
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95031

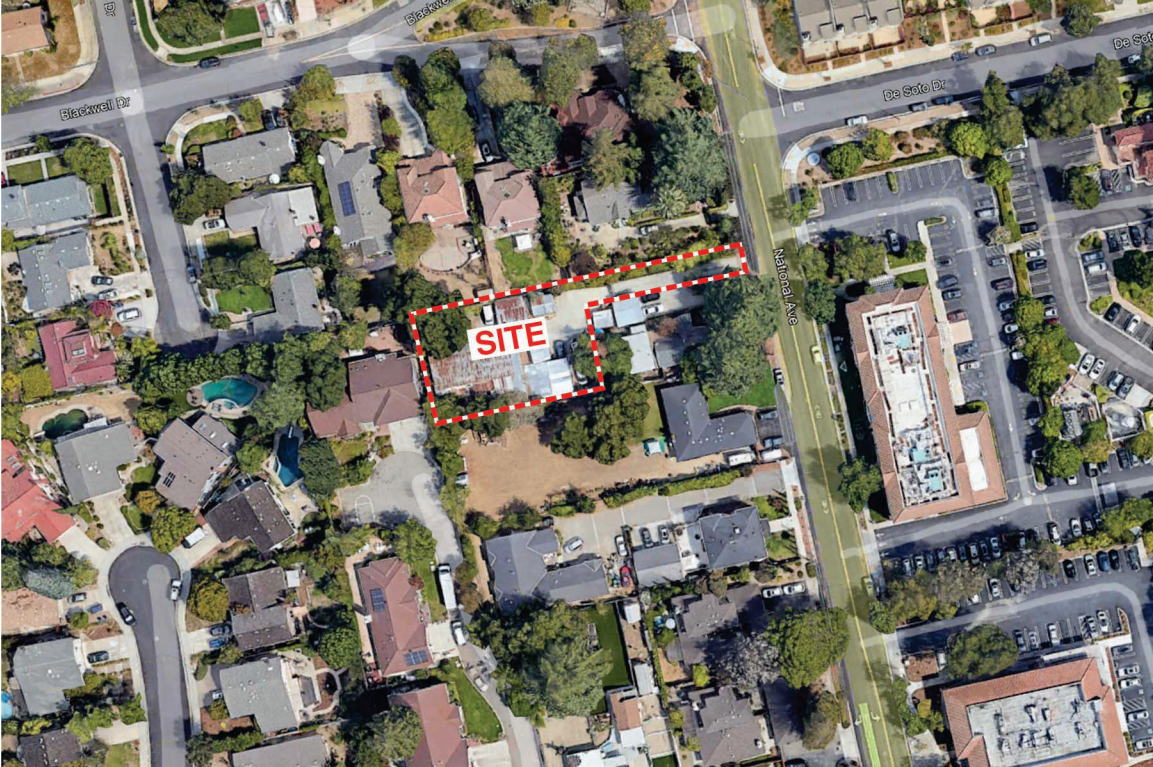
RE: 15411 National Avenue

Dear Erin:

I reviewed the drawings and evaluated the neighborhood context. My comments and recommendations on the design are as follows:

NEIGHBORHOOD CONTEXT

The site is located in a mixed use neighborhood with mostly one story traditional homes on the west side of National Avenue and taller office structures and parking lots on the east side. Photos of the site and its surrounding neighborhood are shown on the following page.





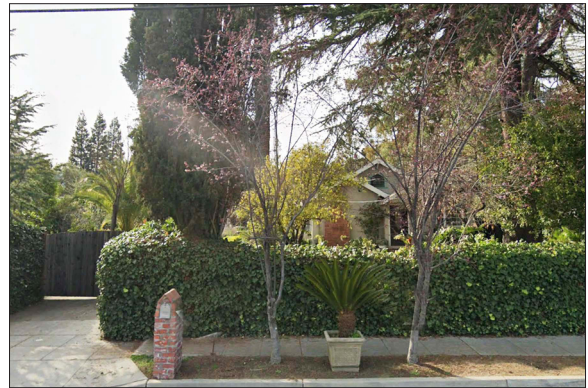
THE SITE



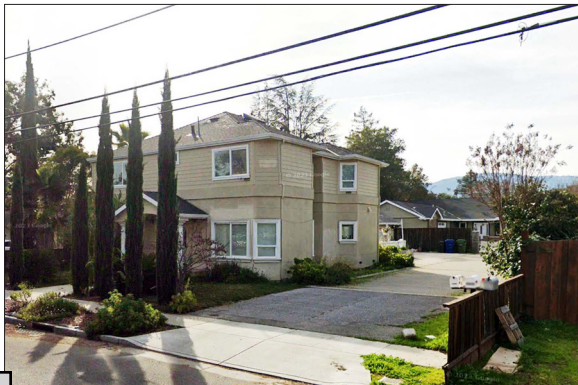
Office building across National Avenue



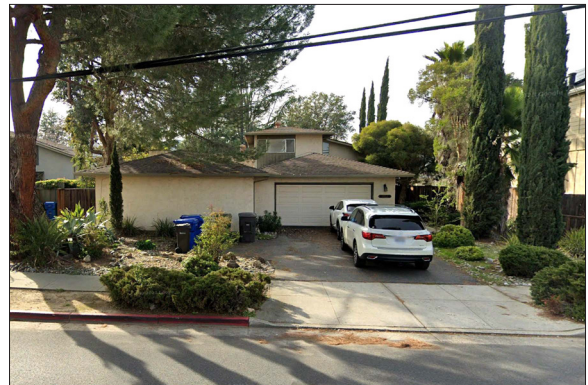
House immediately to the left



House immediately to the right



Nearby two story house



Nearby house



Proposed Front Elevation



Proposed Rear Elevation



Proposed Left Side Elevation



Proposed Right Side Elevation

ISSUES AND CONCERNS

The immediate neighborhood contains a predominance of one story homes designed in traditional styles. These homes are modest in scale and mass and have simple roof forms. The proposed house appears to emulate a traditional Mediterranean home style but is designed in a much more generic design style with a lack of consistency in its design treatment. This would appear to not be consistent with the Town's Residential Design Guidelines 3.2.1 and 3.2.2.

3.2.1 Select an architectural style with sensitivity to the surrounding neighborhood

3.2.2 Design for architectural integrity

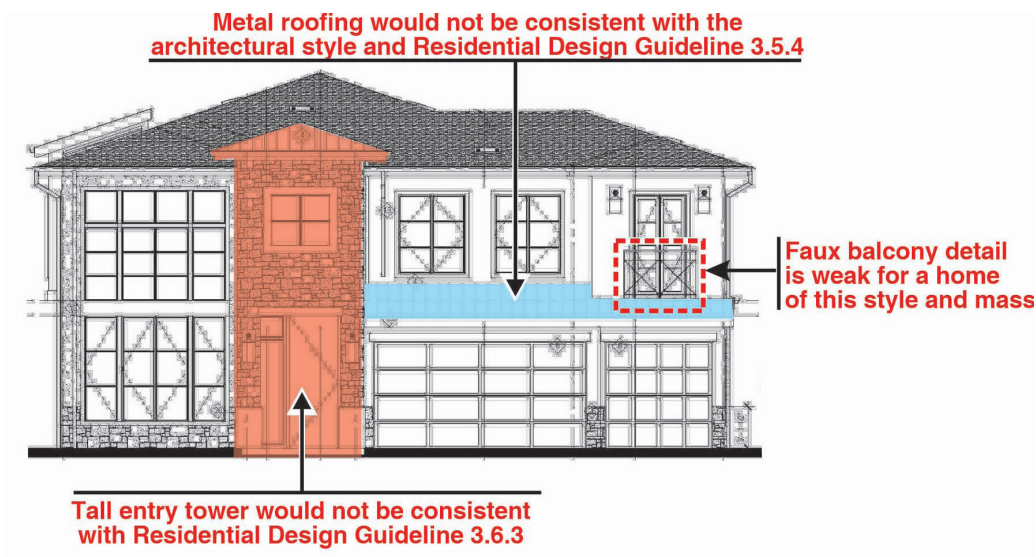
- *Building massing, roof pitches, materials, window types and proportions, design features (e.g., roof dormers), and other architectural features should be consistent with the traditions of the selected style*

Some specific issues include the following:

1. The tall home entry is not the norm of the immediate neighborhood and would not be consistent with Residential Design Guideline 3.6.3.

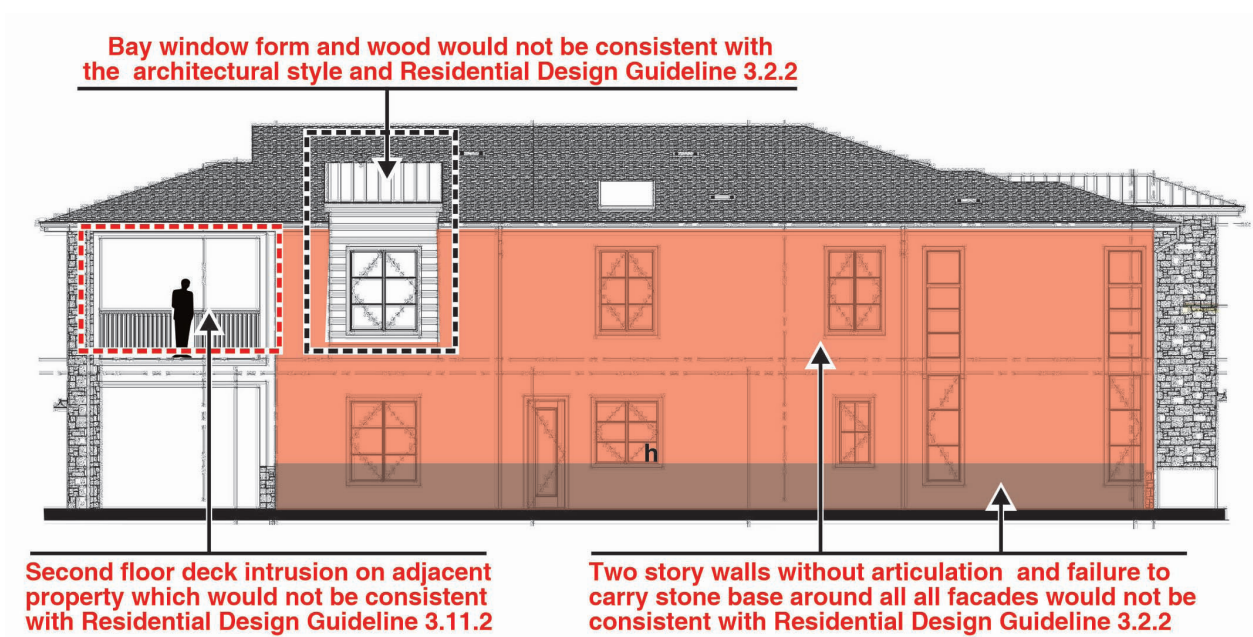
3.6.3 Design entries with sensitivity to the surrounding neighborhood

- *Avoid large and formal entries unless that is the norm for nearby houses. It is often best to start the design consideration with an entry type (e.g., projecting or under eave porch) that is similar to nearby homes.*
2. The proposed metal roofing would not be consistent with the proposed architectural style and Residential Design Guideline 3.6.3.
 3. The faux balcony detail on the front facade is weak for a home of this style and mass.



3. The forms and wood siding on the second story bay windows on the side elevations would not be consistent with the architectural style

3.5.4 Design dormers with attention to the architectural style and the neighborhood



4. The two story wall on the left side facade lacks articulation and would not be consistent with Residential Design Guidelines 3.3.3.

3.3.3 Provide visual relief for two story walls

Some techniques include:

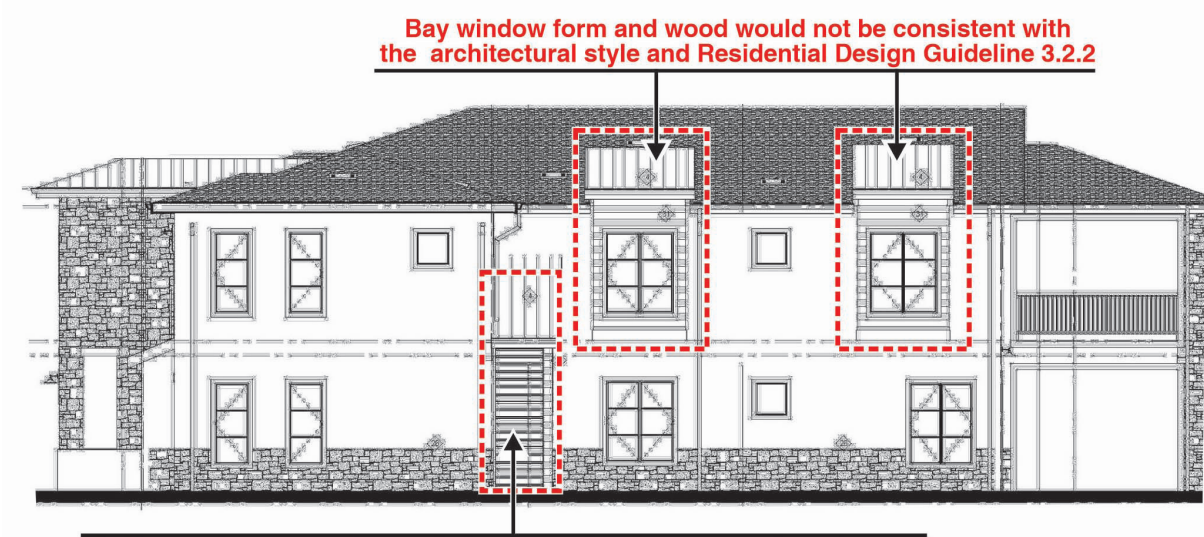
- *Belly bands (see photo below left)*
- *Pop outs and bay windows*
- *Material and color changes*
- *Chimneys*
- *Wide overhangs with projecting brackets*
- *Juliet balconies*
- *Window boxes and pot shelves*
- *Landscaped trellises and lattices*

5. The failure to carry the building base around on all four facades would not be consistent with Residential Design Guidelines 3.2.2.

3.2.2 Design for architectural integrity

- *Carry wall materials, window types and architectural details around all sides of the house. Avoid side and rear elevations that are markedly different from the front elevation.*

6. The stair entry to the second floor on the right side elevation is very much out of character with the proposed architectural style and size, and it is poorly integrated into the overall design.



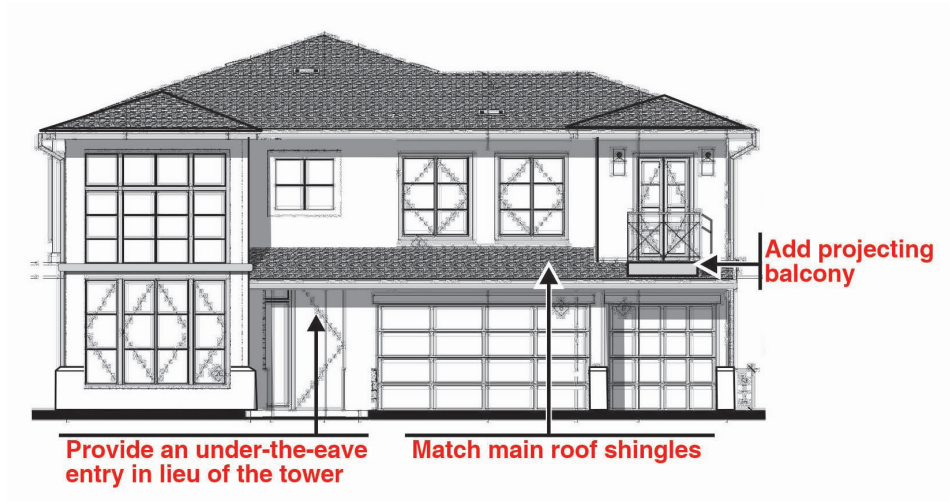
7. The large second floor deck probably does not pose a privacy intrusion impact on nearby properties at present, but could in the future if the large adjacent property were to be developed in a similar manner with a home at the rear of the property.



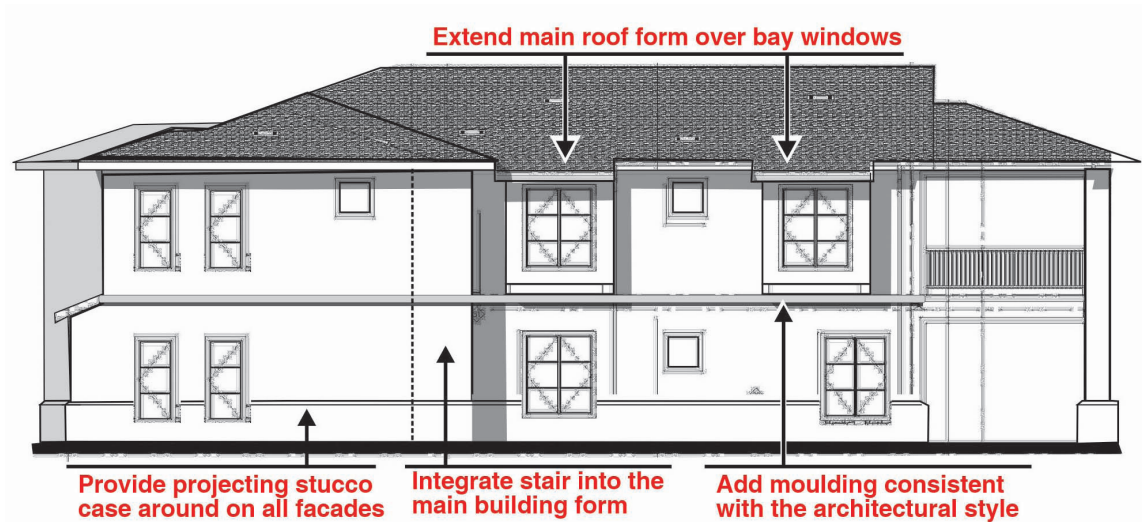
RECOMMENDATIONS

The following recommendations are intended to simplify the design and bring it into a greater compliance with the Town's Residential Design Guidelines.

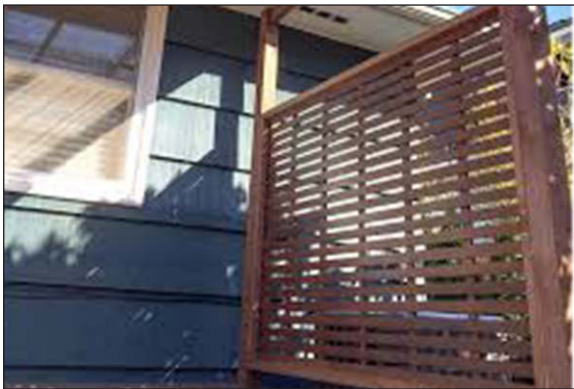
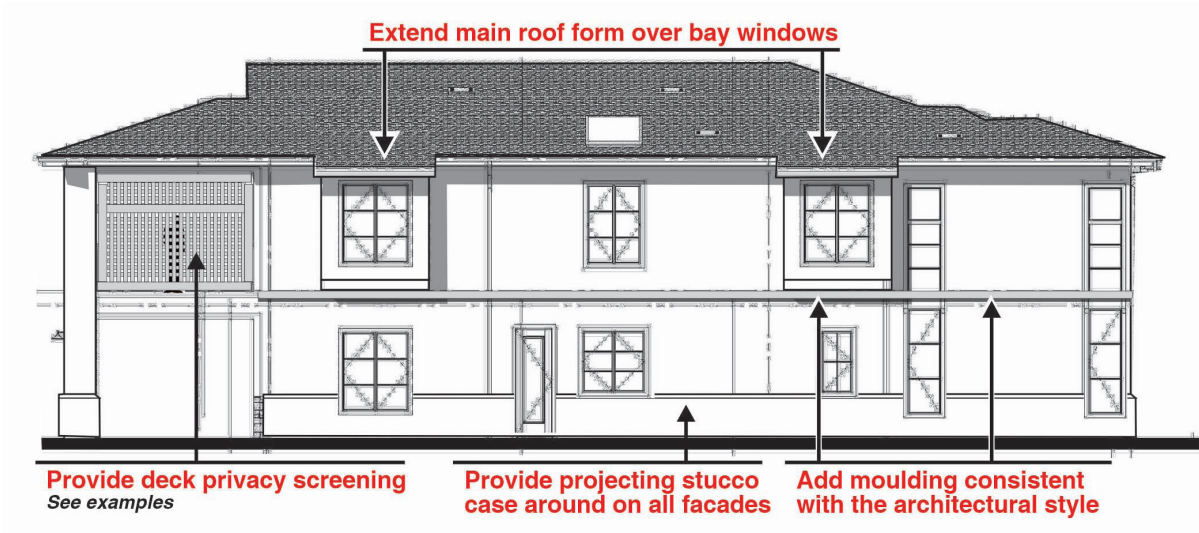
1. Provide an under-the-eave entry in lieu of the proposed stone tower.
2. Match the lower first floor roofing to the shingles on the main roof.
3. Add a projecting balcony at the second floor on the front elevation.



4. Extend the main roof form over the bay windows on the side elevations and use stucco in lieu of the proposed wood siding.
5. Provide projecting trim at the second floor line around all sides of the home.
6. Provide a projecting stucco base around on all facades.
7. Integrate the stair on the right side elevation into the main building form.



8. Provide a visual screen on the deck side nearest the adjacent property line - some photo examples are shown below.



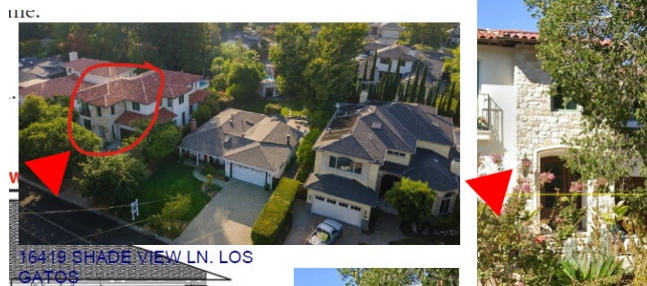
Erin, please let me know if you have any questions or if there are any issues that I did not address.

Sincerely,
CANNON DESIGN GROUP

Larry L. Cannon

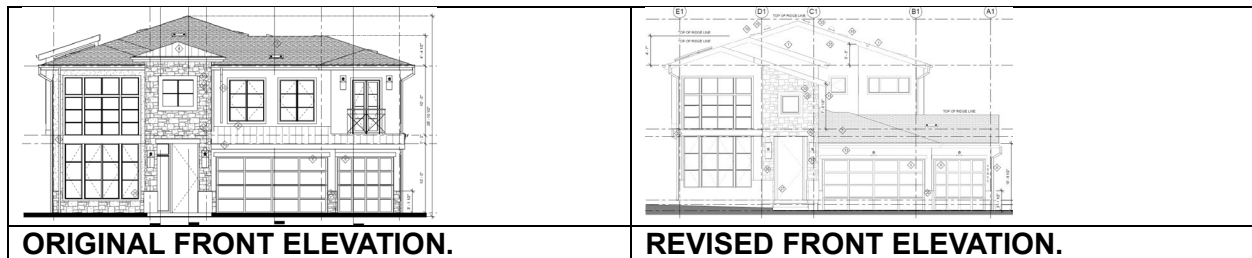
**15411 NATIONAL AVENUE
RESPONSE TO TOWN'S CONSULTING ARCHITECT'S REPORT RECOMMENDATIONS**

- 1. Provide an under-the-eave entry in lieu of the proposed stone tower.**
REVISED THE ENTRY WAY FROM LARGE TOWER TO SMALLER STONE ENTRY WAY - INVESTIGATED MULTIPLE HOMES IN THE SURROUNDING THAT HAVE BEEN APPROVED BY THE ARCHITECTURAL BOARD, THAT HAVE A STONE TOWER AS AN ENTRY WAY, HAVE PROVIDED PICTURES AND ADDRESS FOR REFERENCE BELOW



- 2. Match the lower first floor roofing to the shingles on the main roof.**
LOWER FIRST FLOOR ROOFING REVISED TO MATCH THE SINGLES ON THE MAIN ROOF.

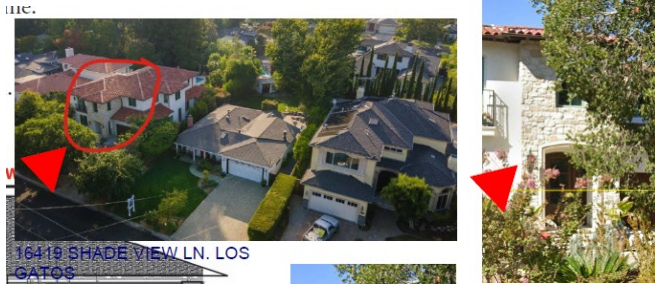
- 3. Add a projecting balcony at the second floor on the front elevation.**
REVISED FRONT ELEVATION BY REMOVING THE JADU FROM THE SECOND FLOOR OVER THE GARAGE, REDUCING THE BULKY DESIGN AND REDESIGNED THE ROOF LINE TO ACCOMMODATE A SMOOTHER TRANSITION.



- 4. Extend the main roof form over the bay windows on the side elevations and use stucco in lieu of the proposed wood siding.**

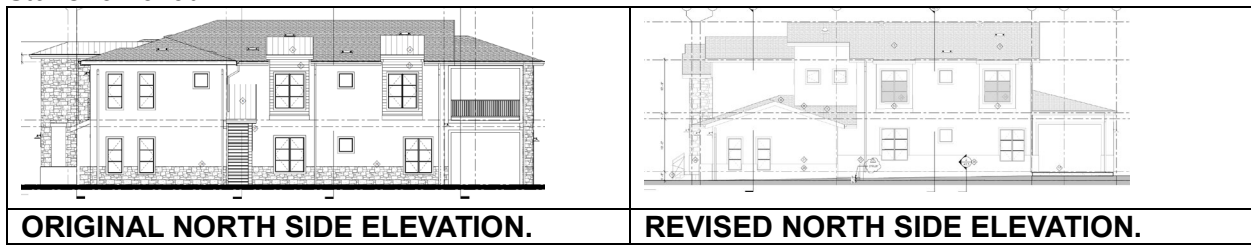
REVISED NORTH ELEVATION BY RELOCATING THE JADU TO THE BASEMENT LEVEL THAT ALSO REDUCES THE MASSING AND BLENDS THE JADU ENTRANCE WITH THE FAÇADE. EXTENDED MAIN ROOF FORM OVER BAY WINDOWS ON SIDE ELEVATIONS AND USE STUCCO IN LIEU OF THE PROPOSED WOOD SIDING. REVISED THE ROOF LINE TO ACCOMMODATE THE EXTENSION OF THE BAY WINDOWS AT ALL LOCATIONS.

- 5. Provide projecting trim at the second-floor line around all sides of the home.**
INVESTIGATED MULTIPLE HOMES IN THE SURROUNDING THAT HAVE BEEN APPROVED BY THE ARCHITECTURAL BOARD, THAT DO NOT HAVE A BELLY BAND TRIM AT THE BREAK OF THE FIRST AND SECOND FLOORS AND ALSO THE FRONT ENTRANCE DESIGN. HAVE PROVIDED PICTURES AND ADDRESS FOR REFERENCE BELOW.

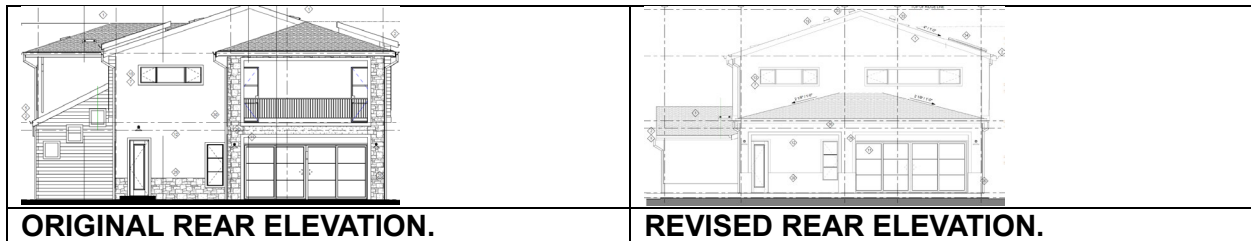
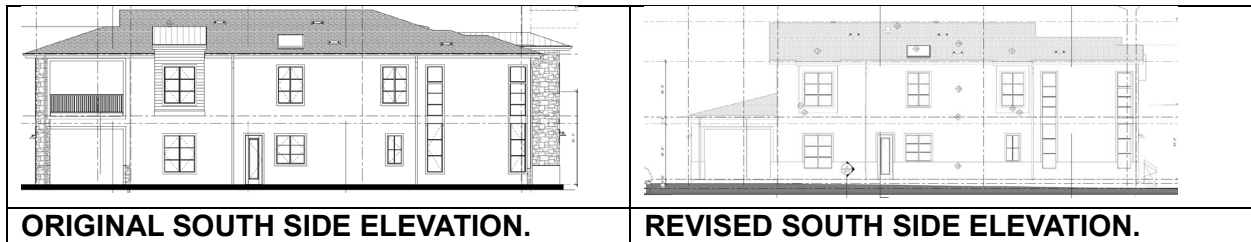


6. Provide a projecting stucco base around on all facades.
REVISED THE BASE TO PROJECT FROM WALL WITH A WAINSCOT PROFILE.

7. Integrate the stair on the right-side elevation into the main building form.
Stairs removed.



8. Provide a visual screen on the deck side nearest the adjacent property line.
SECOND STORY DECK REMOVED TO ADDRESS PRIVACY.



**Tree Inventory, Assessment,
and
Protection Report**

**15411 National Avenue
Los Gatos, CA 95032**

Prepared for:

Town of Los Gatos

October 22, 2023

Prepared By:



Monarch Consulting Arborists

Richard Gessner
P.O. Box 1010 - Felton, CA 95018
1 831 331 8982
www.monarcharborists.com

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Summary

The applicant is requesting approval to construct a new single-family residence on a vacant property zoned R-1:8. APN 424-12-140. Categorically exempt pursuant to CEQA guidelines section 15303: new construction.

The inventory contains twelve (12) trees comprised of seven (7) different species. There is one Large Protected coast live oak (*Quercus agrifolia*) #72, none are Exempt fruit trees or species listed in 29.10.0970 subsection (2) and there are no Street Trees.

Five trees are in good condition, two fair, two poor, and three very poor including mulberries (*Morus alba*) #61, #62, and pepper (*Schinus molle*) #71.

Four trees will be highly impacted, one moderate, and seven not affected. The applicant will be required to replace four protected trees.

There were twelve trees (12) protected trees appraised for a rounded depreciated value of \$120,330.00.

Two trees need access to assess on the adjacent property. There should be an attempt to retain deodar cedar (*Cedrus deodara*) #67 by modifying the alignment of the walkway and the joint trench.

Introduction

Background

The Town of Los Gatos asked me to assess the site, trees, and proposed footprint plan, and to provide a report with my findings and recommendations to help satisfy planning requirements.

Assignment

- Provide an arborist's report including an assessment of the trees within the project area and on the adjacent sites. The assessment is to include the species, size (trunk diameter), condition (health, structure, and form), and suitability for preservation ratings. Affix number tags on the trees for reference on site and on plans.
- Provide tree protection specifications, guidelines, and impact ratings for those affected by the project.
- Provide appraised values using the Trunk Formula Technique.

Limits of the assignment

- The information in this report is limited to the condition of the trees during my inspection on October 20, 2023. No tree risk assessments were performed.
- Tree heights and canopy diameters are estimates.



- The plans reviewed for this assignment were as follows (Table 1)

Table 1: Plans Reviewed Checklist

Plan	Date	Sheet	Reviewed	Source
Existing Site Topographic	2023	TM2	Yes	JER Group
Proposed Site Plan	2023	A1.0	Yes	JER Group
Erosion Control			No	
Grading and Drainage			No	
Utility Plan and Hook-up locations			No	
Exterior Elevations			No	
Landscape Plan			No	
Irrigation Plan			No	
T-1 Tree Protection Plan			No	

Purpose and use of the report

The report is intended to identify all the trees within the plan area that could be affected by a project. The report is to be used by the Town of Los Gatos and the property owners as a reference for existing tree conditions to help satisfy planning requirements.

Observations

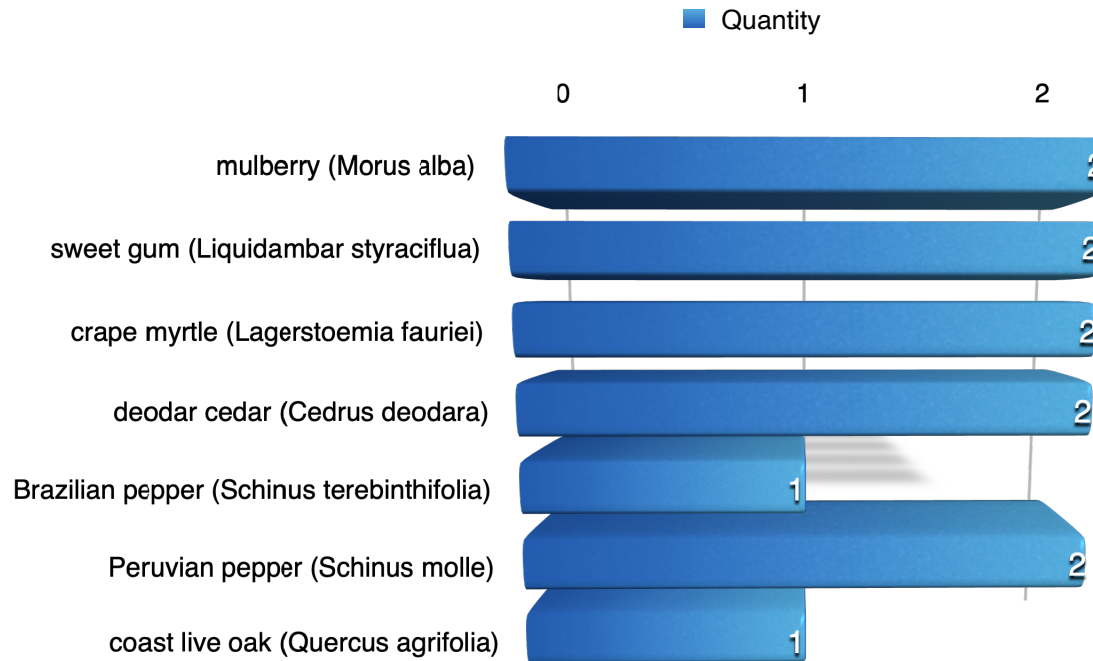
Tree Inventory

The inventory consists of trees protected by the Town of Los Gatos located on site and those in close proximity on neighboring properties. Sec. 29.10.0960. - Scope of protected trees. All trees which have a four-inch or greater diameter (twelve and one half-inch circumference) of any trunk, when removal relates to any review for which zoning approval or subdivision approval is required. (Appendix A and B). Los Gatos Town Ordinance 29.10.0970 Exceptions (1) states the following: “A fruit or nut tree that is less than eighteen (18) inches in diameter (fifty-seven-inch circumference).



The inventory contains twelve (12) trees comprised of seven (7) different species (Chart 1). There is one Large Protected¹ coast live oak #72, none are Exempt² fruit trees or species listed in 29.10.0970 subsection (2) and there are no Street Trees³. There are potentially two more coast live oaks that were inaccessible to the south of the site.

Chart 1: Species Distribution



¹ Large protected tree means any oak (*Quercus spp.*), California buckeye (*Aesculus californica*), or Pacific madrone (*Arbutus menziesii*) which has a 24-inch or greater diameter (75-inch circumference); or any other species of tree with a 48-inch or greater diameter (150-inch circumference).

² A fruit or nut tree that is less than eighteen (18) inches in diameter (fifty-seven-inch circumference). Species listed in 29.10.0970 subsection (2).

³ Street tree means a tree in a public place, or along or within a public street or right-of-way.

Analysis

Tree appraisal was performed according to the Council of Tree & Landscape Appraisers *Guide for Plant Appraisal 10th Edition, 2019* (CLTA) along with Western Chapter International Society of Arboriculture *Species Classification and Group Assignment, 2004*. The trees were appraised using the “Cost Approach” and more specifically the “Trunk Formula Technique” (Appendix B).

“Trunk Formula Technique” is calculated as follows: Basic Tree Cost = (Unit tree cost x Appraised trunk area), Appraised Value = (Basic tree cost X functional Limitations (percentage) X Condition (percentage) X External Limitations (percentage)).

The trunk formula valuations are based on four tree factors; size (trunk cross sectional area), condition, functional limitations, and external limitations. There are two steps to determine the overall value. The first step is to determine the “Basic Tree Cost” based on size and unit tree cost. Unit tree cost is calculated by dividing the nursery wholesale cost of a 24 inch box specimen and its replacement size (cost per square inch trunk caliper) which is determined by the *Species Classification and Group Assignment, 2004 Western Chapter Regional Supplement*. The cost of the 24 inch box wholesale specimen was determined through personal communications with BrightView and Normans nurseries in Farmington and Central Wholesale in San Jose for an average of \$214.00.

The second part is to depreciate the tree’s Basic Cost through an assessment of condition, functional limitations, and external limitations. The condition assessment guidelines and percentages are defined in the “Condition Rating” section of this report. Functional limitations are based on factors associated with the tree’s interaction to its planting site that would affect condition, limit development, or reduce the utility in the future and include genetics, placement, and site conditions for the individual tree. External limitations are outside the property, out of control of the owner and also affect condition, limit development, or reduce the utility in the future (i.e power lines, municipal restrictions, drought adaptations, or species susceptibility to pests).

There were twelve trees (12) protected trees appraised for a rounded depreciated value of \$120,330.00.

Appraisal worksheets are available upon request.



Discussion

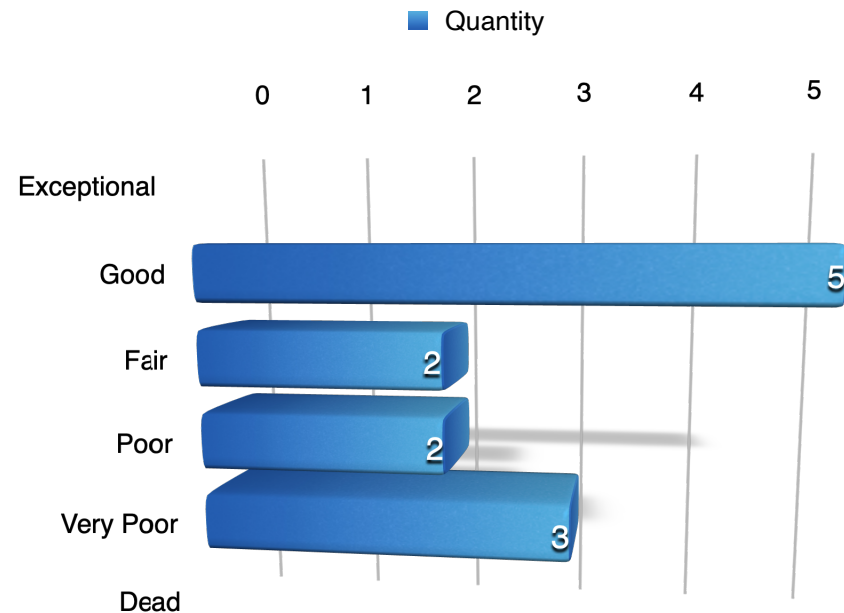
Condition Rating

A tree's condition is a determination of its overall health, structure, and form. The assessment considered all three criteria for a combined condition rating.

- 100% - Exceptional = Good health and structure with significant size, location or quality.
- 61-80% - Good = Normal vigor, well-developed structure, function and aesthetics not compromised with good longevity for the site.
- 41-60 % - Fair = Reduced vigor, damage, dieback, or pest problems, at least one significant structural problem or multiple moderate defects requiring treatment. Major asymmetry or deviation from the species normal habit, function and aesthetics compromised.
- 21-40% - Poor = Unhealthy and declining appearance with poor vigor, abnormal foliar color, size or density with potential irreversible decline. One serious structural defect or multiple significant defects that cannot be corrected and failure may occur at any time. Significant asymmetry and compromised aesthetics and intended use.
- 6-20% - Very Poor = Poor vigor and dying with little foliage in irreversible decline. Severe defects with the likelihood of failure being probable or imminent. Aesthetically poor with little or no function in the landscape.
- 0-5% - Dead/Unstable = Dead or imminently ready to fail.

Five trees are in good condition, two fair, two poor, and three very poor including mulberries #61, #62, and pepper #71 (Chart 2).

Chart 2: Condition Ratings



Expected Impact Level

Impact level defines how a tree may be affected by construction activity and proximity to the tree, and is described as low, moderate, or high. The following scale defines the impact rating:

- Low = The construction activity will have little influence on the tree.
- Moderate = The construction may cause future health or structural problems, and steps must be taken to protect the tree to reduce future problems.
- High = Tree structure and health will be compromised and removal is recommended, or other actions must be taken for the tree to remain. The tree is located in the building envelope.

Based on the plans and the tree conditions mulberries #61 and #62, and pepper #71 should be removed and replaced regardless.

The most significant tree indicated for removal is deodar cedar #67. Deodar cedar #67 is proposed for removal to accommodate improvements along the road frontage including the extension of the footpath and a joint trench. In this instance it would appear public works is requiring the removal of this tree somewhat unrelated to the proposed plan by the applicant.

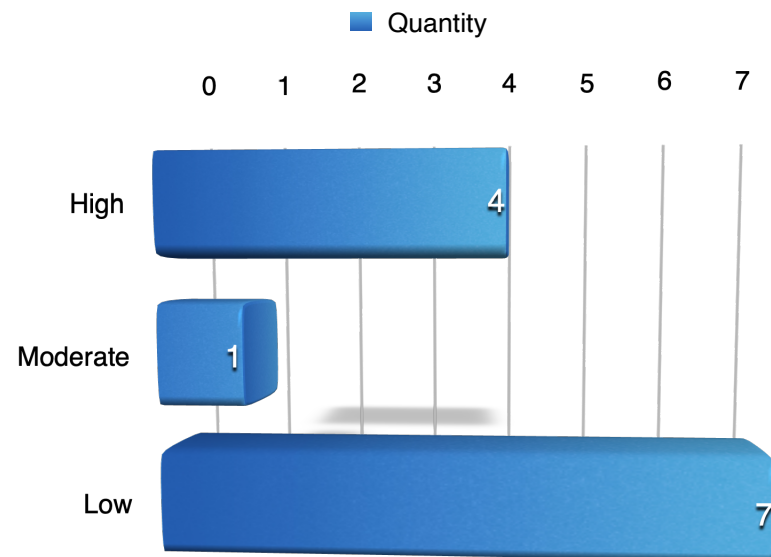
There are at least two coast live oaks along the south side of the property which could be on the adjacent site or on the property line. However, I could not assess these trees because the only

access is through the adjacent property, which I do not have permission to enter. It would appear based on the existing building locations and infrastructure the proposed plan could go forward without further damaging these trees because the new structures are actually farther away.

Coast live oak #72 is large and near the proposed ADU. The plans do not actually provide enough detail to determine what the impacts could be, including exact location and foundation design.

Four trees will be highly impacted, one moderate, and seven not affected.

Chart 4: Expected Impact



Mitigation for Removals

The table below indicates the recommended replacement values (Table 2). The applicant will be required to replace four protected trees. Alternatively it may be possible to create an approved landscape plan or provide an in-lieu payment. The landscape plan does not indicate any replacement trees.

Table 2: Town of Los Gatos Tree Canopy - Replacement Standard

Canopy Size of Removed Tree (1)	Replacement Requirement (2)(4)	Single Family Residential Replacement Option (3)(4)
10 feet or less	Two 24 inch box trees	Two 15 gallon trees
More than 10 feet to 25 feet	Three 24 inch box trees	Three 15 gallon trees
More than 25 feet to 40 feet	Four 24 inch box trees or two 36 inch box trees	Four 15 gallon trees
More than 40 feet to 55 feet	Six 24 inch box trees; or three 36 inch box trees	Not available
Greater than 55 feet	Ten 24 inch box trees; or five 36 inch box trees	Not available

¹To measure an asymmetrical canopy of a tree, the widest measurement shall be used to determine canopy size.

²Often, it is not possible to replace a single large, older tree with an equivalent tree(s). In this case, the tree may be replaced with a combination of both the Tree Canopy Replacement Standard and in-lieu payment in an amount set forth by Town Council resolution paid to the Town Tree Replacement Fund.

³Single Family Residential Replacement Option is available for developed single family residential lots under 10,000 square feet that are not subject to the Town’s Hillside Development Standards and Guidelines. All 15-gallon trees must be planted on-site. Any in-lieu fees for single family residential shall be based on 24” box tree rates as adopted by Town Council.

⁴Replacement Trees shall be approved by the Town Arborist and shall be of a species suited to the available planting location, proximity to structures, overhead clearances, soil type, compatibility with surrounding canopy and other relevant factors. Replacement with native species shall be strongly encouraged. Replacement requirements in the Hillside shall comply with the Hillside Development Standards and Guidelines Appendix A and Section 29.10.0987 Special Provisions—Hillside.



Tree Protection

Typically there are three different tree protection schemes which are called Type I (Appendix D1), Type II and Type III (Appendix D2) trunk protection only. The tree protection zone (TPZ) is the defined area in which certain activities are prohibited to minimize potential injury to the tree and should encompass the critical root zone. There are two tree protection zones determined which include the “calculated” and “specified” tree protection zones. The “calculated” tree protection zone is determined by a multiplication factor based on species tolerance, tree age/vigor/health, and trunk diameter (Table 3). The “specified” tree protection zone is adjusted in size and shape to accommodate the existing infrastructure, planned construction, and specific site constraints. This “specified” zone includes tree canopy conformation, visible root orientation, size, condition, maturity, and species tolerances (Gilpin, R, Hauer, R, Matheny, N, and Smiley, E.T. 2023).

Tree protection will consist primarily of protection around the coast live oak #72 because there is already fence around deodar cedar #68. Once plans indicated building and infrastructure proximities more clearly a better specified tree protection plan can be developed.



Conclusion

The applicant is requesting approval to construct a new single-family residence on a vacant property zoned R-1:8. APN 424-12-140. Categorically exempt pursuant to CEQA guidelines section 15303: new construction.

The inventory contains twelve (12) trees comprised of seven (7) different species. There is one Large Protected coast live oak #72, none are Exempt fruit trees or species listed in 29.10.0970 subsection (2) and there are no Street Trees. There are potentially two more coast live oaks that were inaccessible to the south of the site.

Five trees are in good condition, two fair, two poor, and three very poor including mulberries #61, #62, and pepper #71.

Based on the plans and the tree conditions mulberries #61 and #62, and pepper #71 should be removed and replaced regardless. The most significant tree indicated for removal is deodar cedar #67. Deodar cedar #67 is proposed for removal to accommodate improvements along the road frontage including the extension of the footpath and a joint trench. In this instance it would appear public works is requiring the removal of this tree somewhat unrelated to the proposed plan by the applicant.

There are at least two coast live oaks along the south side of the property which could be on the adjacent site or on the property line. However, I could not assess these trees because the only access is through the adjacent property, which I do not have permission to enter. It would appear based on the existing building locations and infrastructure the proposed plan could go forward without further damaging these trees because the new structures are actually farther away.

Coast live oak #72 is large and near the proposed ADU. The plans do not actually provide enough detail to determine what the impacts could be, including exact location and foundation design.

Four trees will be highly impacted, one moderate, and seven not affected. The applicant will be required to replace four protected trees.

There were twelve trees (12) protected trees appraised for a rounded depreciated value of \$120,330.00.



Recommendations

1. Place tree numbers on all the plans including the Grading and Drainage plans. Make sure the plans and tree removals are consistent between the plan sets. Provide access to trees not assessed through the property on the south side.
2. Re-review plans once greater detail is provided. Consider realigning or reconfiguring the walkway and joint trench to preserve deodar cedar #67.
3. Place 4-6 inches of mulch inside the tree protection zone. Install temporary irrigation or soaker hoses in the TPZ. Monitor watering times or amounts to ensure adequate soil saturation. (A 5/8" soaker hose requires about 200 minutes to deliver one inch of water to a garden. This number is affected by the length of the hose and the overall rate of flow from the faucet. A good rule of thumb is to expect about ½ GPM as a standard faucet flow rate.). Infrequent deeper watering is preferred.
4. All tree maintenance and care shall be performed by a qualified arborist with a C-61/D-49 California Contractors License. Tree maintenance and care shall be specified in writing according to American National Standard for Tree Care Operations: *Tree, Shrub and Other Woody Plant Management: Standard Practices* parts 1 through 10 and adhere to ANSI Z133.1 safety standards and local regulations. All maintenance is to be performed according to ISA Best Management Practices.
5. Refer to Appendix D for general tree protection guidelines including recommendations for arborist assistance while working under trees, trenching, or excavation within a trees drip line or designated TPZ/CRZ.
6. Place all the tree protection fence locations and guidelines on the plans including the grading, drainage, and utility plans. Create a separate plan sheet that includes all three protection measures labeled "T-1 Tree Protection Plan."
7. Provide a copy of this report to all contractors and project managers, including the architect, civil engineer, and landscape designer or architect. It is the responsibility of the owner to ensure all parties are familiar with this document. Arrange a pre-construction meeting with the project arborist or landscape architect to verify tree protection is in place, with the correct materials, and at the proper distances.



Bibliography

American National Standard for Tree Care Operations: Tree, Shrub and Other Woody Plant Management : Standard Practices (Management of Trees and Shrubs During Site Planning, Site Development, and Construction)(Part 5). Londonderry, NH: Secretariat, Tree Care Industry Association, 2019. Print.

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Smiley, E, Matheny, N, Lilly, S, ISA. *Best Management Practices: Tree Risk Assessment*: International Society of Arboriculture, 2017. Print



Glossary of Terms

calculated tree protection zone: A TPZ calculated using the trunk diameter and a multiplication factor based on species tolerance to construction and tree age. It is often plotted on a plan as a circle or other arbitrary shape and can be used as a guide for establishing the specified TPZ.

critical root zone: a conceptual soil area containing the minimal amount of all the essential parts of the root zone needed to sustain tree health and structural integrity. There are no universally accepted methods to calculate the CRZ.

basic Tree Cost: The cost of replacement for a perfect specimen of a particular species and cross sectional area prior to location and condition depreciation.

cost Approach: An indication of value by adding the land value to the depreciated value of improvements.

defect: An imperfection, weakness, or lack of something necessary. In trees defects are injuries, growth patterns, decay, or other conditions that reduce the tree's structural strength.

diameter at breast height (DBH): Measures at 1.4 meters (4.5 feet) above ground in the United States, Australia (arboriculture), New Zealand, and when using the Guide for Plant Appraisal, 9th edition; at 1.3 meters (4.3 feet) above ground in Australia (forestry), Canada, the European Union, and in UK forestry; and at 1.5 meters (5 feet) above ground in UK arboriculture.

drip Line: Imaginary line defined by the branch spread or a single plant or group of plants. The outer extent of the tree crown.

form: Describes a plant's habit, shape or silhouette defined by its genetics, environment, or management.

health: Assessment is based on the overall appearance of the tree, its leaf and twig growth, and the presence and severity of insects or disease

mechanical damage: Physical damage caused by outside forces such as cutting, chopping or any mechanized device that may strike the tree trunk, roots or branches.



scaffold branches: Permanent or structural branches that form the scaffold architecture or structure of a tree.

specified tree protection zone (specified TPZ): a TPZ that is adjusted in size or shape to accommodate the existing infrastructure, planned construction, and aspects of the site, as well as the tree canopy conformation, visible root orientation, size, condition, maturity, and species response to construction.

straw wattle: also known as straw worms, bio-logs, straw noodles, or straw tubes are man made cylinders of compressed, weed free straw (wheat or rice), 8 to 12 inches in diameter and 20 to 25 feet long. They are encased in jute, nylon, or other photo degradable materials, and have an average weight of 35 pounds.

structure: Evaluation focused on the crown, trunk, trunk flare, above ground roots and the site conditions contributing to conditions and/or defects that may contribute to failure.

Tree Protection Zone (TPZ): Defined area within which certain activities are prohibited or restricted to prevent or minimize potential injury to designated trees, especially during construction or development.

Tree Risk Assessment: Process of evaluating what unexpected things could happen, how likely it is, and what the likely outcomes are. In tree management, the systematic process to determine the level of risk posed by a tree, tree part, or group of trees.

trunk: Stem of a tree.

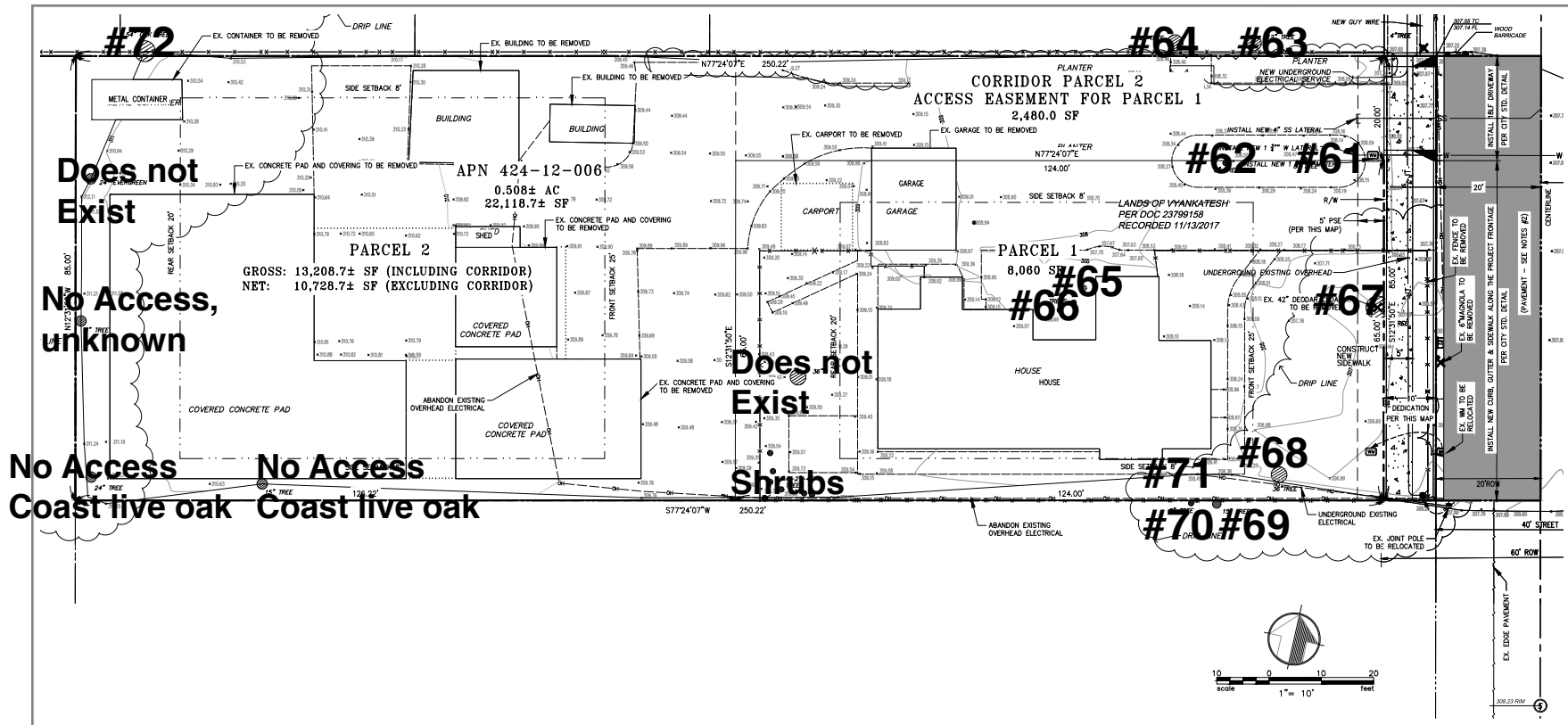
Trunk Formula Technique: Method to appraise the monetary value of trees considered too large to be replaced with nursery or field grown stock. Based on developing a representative unit cost for replacement with the same or comparable species of the same size and in the same place, subject to depreciation for various factors. Contrast with replacement cost method.

volunteer: A tree, not planted by human hands, that begins to grow on residential or commercial property. Unlike trees that are brought in and installed on property, volunteer trees usually spring up on their own from seeds placed onto the ground by natural causes or accidental transport by people. Normally, volunteer trees are considered weeds and removed, but many desirable and attractive specimens have gone on to become permanent residents on many public and private grounds.

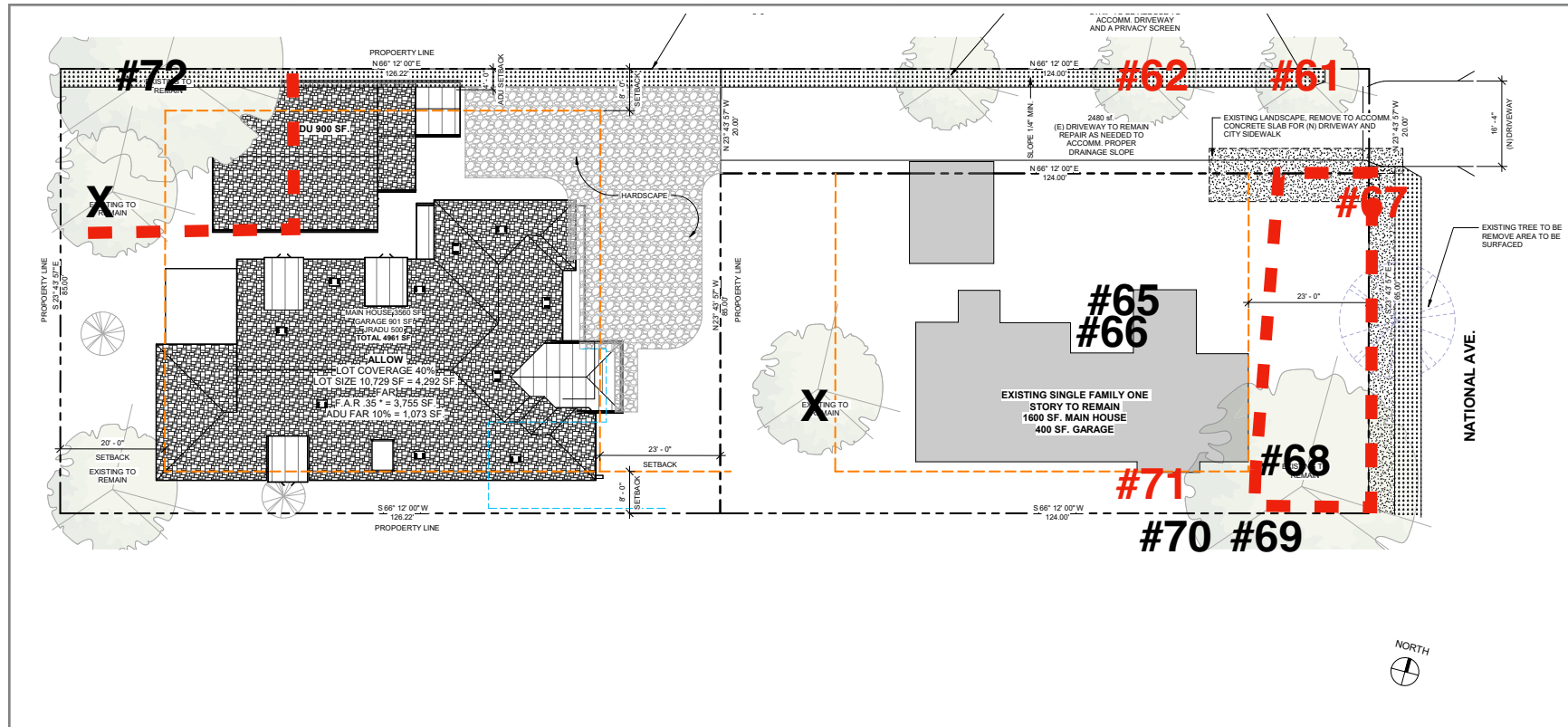


Appendix A: Tree Inventory Map and Site Plan

A1: Existing Site Plan and Tree Locations



A2: Propose Site Plan and Tree Protection Configuration



Appendix B: Tree Inventory and Assessment Tables

Table 2: Inventory and Assessment Summary

Tree Species	I.D. #	Trunk Diameter (in.)	~ Canopy Diameter (ft.)	Condition	Expected Impact	Protection Status	Rounded Depreciated Value	Calculated Protection Radii (ft.)
mulberry (<i>Morus alba</i>)	61	9	8	Very poor	High	Protected	\$130.00	8
mulberry (<i>Morus alba</i>)	62	9	10	Very poor	High	Protected	\$200.00	8
sweet gum (<i>Liquidambar styraciflua</i>)	63	12	15	Poor	Low	Protected	\$1,210.00	10
sweet gum (<i>Liquidambar styraciflua</i>)	64	12	10	Poor	Low	Protected	\$1,210.00	10
crape myrtle (<i>Lagerstoemia fauriei</i>)	65	2, 2, 3, 3, 3	8	Fair	Low	Protected	\$980.00	5
crape myrtle (<i>Lagerstoemia fauriei</i>)	66	2, 2, 2, 3, 3	8	Fair	Low	Protected	\$980.00	5
deodar cedar (<i>Cedrus deodara</i>)	67	46	45	Good	High	Protected	\$34,400.00	38
deodar cedar (<i>Cedrus deodara</i>)	68	42	35	Good	Low	Protected	\$28,700.00	35
Brazilian pepper (<i>Schinus terebinthifolia</i>)	69	12, 10	15	Good	Low	Protected	\$3,260.00	13
Peruvian pepper (<i>Schinus molle</i>)	70	10	15	Good	Low	Protected	\$1,160.00	8
Peruvian pepper (<i>Schinus molle</i>)	71	18	8	Very poor	High	Protected	\$0.00	15
coast live oak (<i>Quercus agrifolia</i>)	72	48	55	Good	Moderate	Large Protected	\$48,100.00	40



Appendix C: Photographs

C1: Trees #61, #62, #65, #66, #67, #68



C2: Coast live oak #72



C3: Peppers #69, #70, and #71

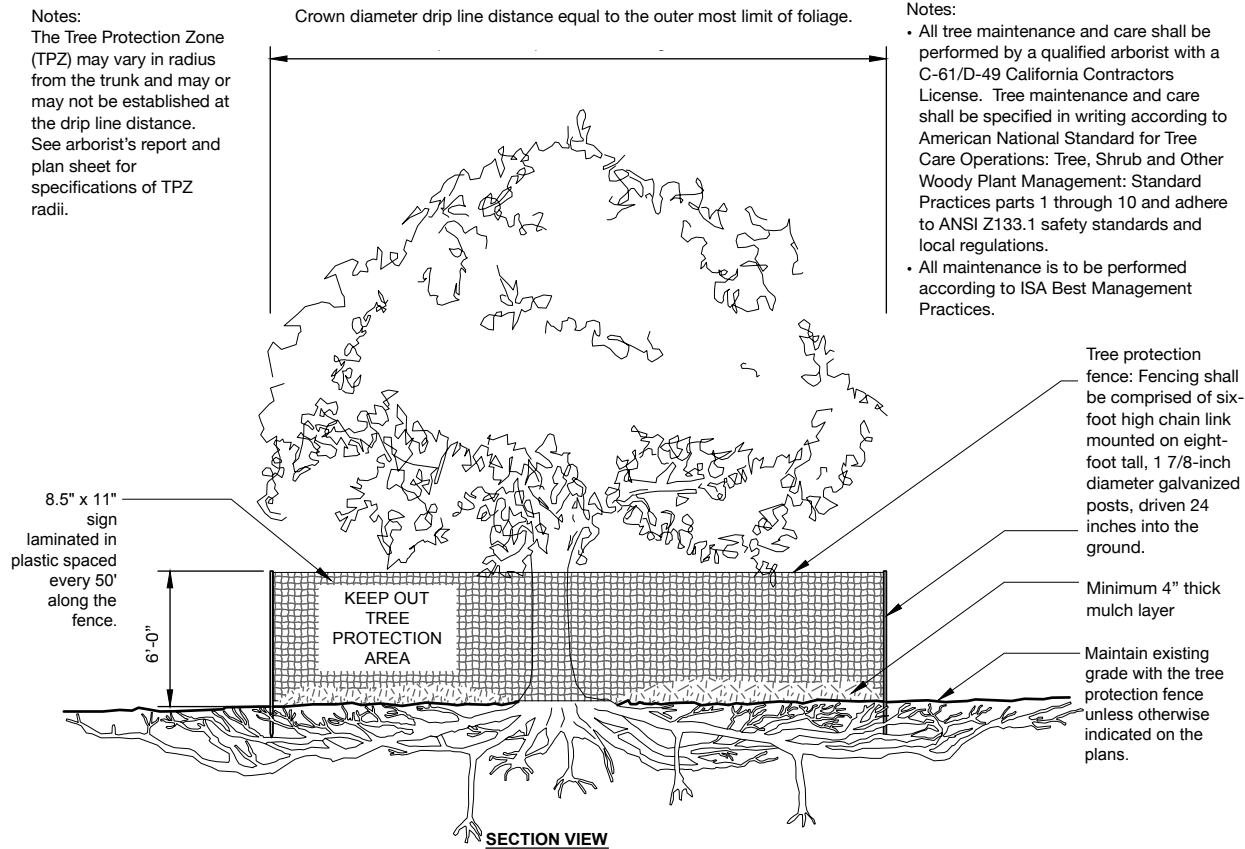


C4: Sweetgums #63 and #64



Appendix D: Tree Protection Guidelines

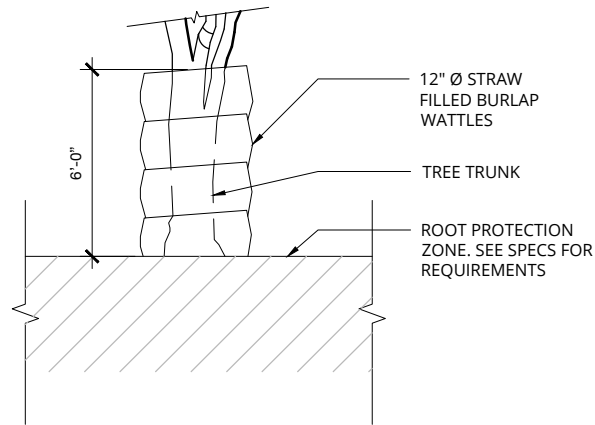
D1: Plan Sheet Detail S-X (Type I)



S-X TREE PROTECTION

URBAN TREE FOUNDATION © 2014
OPEN SOURCE FREE TO USE
Modified by Monarch Consulting
Arborists LLC, 2019

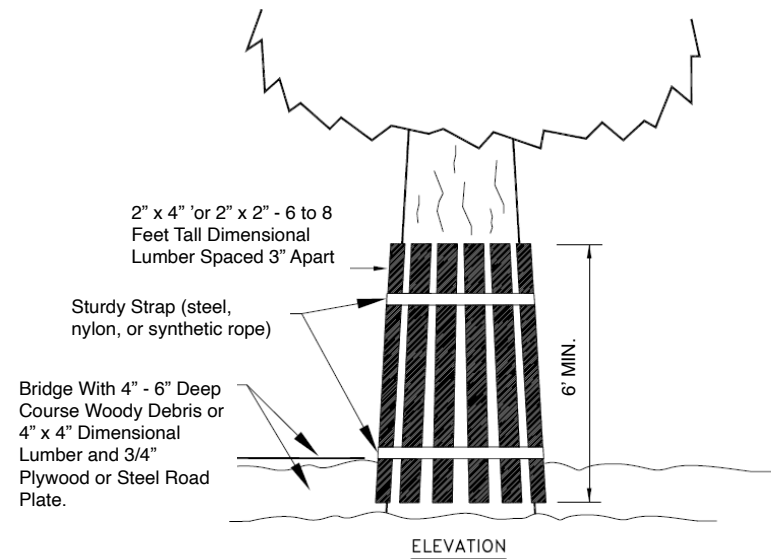
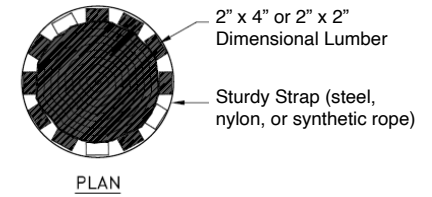
D2: Plan Sheet Detail S-Y (Type III)



SECTION VIEW

S-Y TRUNK PROTECTION WITH WATTLE

Note: See Local Ordinance Requirements and Arborist's Report for Additional Protection Specifications and Guidelines.



Trunk Protection Vertical Timber Detail



D3: Section 29.10.1005. - Protection of Trees During Construction

Tree Protection Zones and Fence Specifications

1. **Size and materials:** Six (6) foot high chain link fencing, mounted on two-inch diameter galvanized iron posts, shall be driven into the ground to a depth of at least two (2) feet at no more than ten-foot spacing. For paving area that will not be demolished and when stipulated in a tree preservation plan, posts may be supported by a concrete base.
2. **Area type to be fenced:** Type I: Enclosure with chain link fencing of either the entire dripline area or at the tree protection zone (TPZ), when specified by a certified or consulting arborist. Type II: Enclosure for street trees located in a planter strip: chain link fence around the entire planter strip to the outer branches. Type III: Protection for a tree located in a small planter cutout only (such as downtown): orange plastic fencing shall be wrapped around the trunk from the ground to the first branch with two-inch wooden boards bound securely on the outside. Caution shall be used to avoid damaging any bark or branches.
3. **Duration of Type I, II, III fencing:** Fencing shall be erected before demolition, grading or construction permits are issued and remain in place until the work is completed. Contractor shall first obtain the approval of the project arborist on record prior to removing a tree protection fence.
4. **Warning Sign:** Each tree fence shall have prominently displayed an eight and one-half-inch by eleven-inch sign stating: "Warning—Tree Protection Zone—This fence shall not be removed and is subject to penalty according to Town Code 29.10.1025." Text on the signs should be in both English and Spanish (Appendix E).



All persons, shall comply with the following precautions

1. Prior to the commencement of construction, install the fence at the dripline, or tree protection zone (TPZ) when specified in an approved arborist report, around any tree and/or vegetation to be retained which could be affected by the construction and prohibit any storage of construction materials or other materials, equipment cleaning, or parking of vehicles within the TPZ. The dripline shall not be altered in any way so as to increase the encroachment of the construction.
2. Prohibit all construction activities within the TPZ, including but not limited to: excavation, grading, drainage and leveling within the dripline of the tree unless approved by the Director.
3. Prohibit disposal or depositing of oil, gasoline, chemicals or other harmful materials within the dripline of or in drainage channels, swales or areas that may lead to the dripline of a protected tree.
4. Prohibit the attachment of wires, signs or ropes to any protected tree.
5. Design utility services and irrigation lines to be located outside of the dripline when feasible.
6. Retain the services of a certified or consulting arborist who shall serve as the project arborist for periodic monitoring of the project site and the health of those trees to be preserved. The project arborist shall be present whenever activities occur which may pose a potential threat to the health of the trees to be preserved and shall document all site visits.
7. The Director and project arborist shall be notified of any damage that occurs to a protected tree during construction so that proper treatment may be administered.

Prohibited Activities

The following are prohibited activities within the TPZ:

- Grade changes (e.g. soil cuts, fills);
- Trenches;
- Root cuts;
- Pedestrian and equipment traffic that could compact the soil or physically damage roots;
- Parking vehicles or equipment;
- Burning of brush and woody debris;
- Storing soil, construction materials, petroleum products, water, or building refuse; and,
- Disposing of wash water, fuel or other potentially damaging liquids.



Monitoring

Any trenching, construction or demolition that is expected to damage or encounter tree roots should be monitored by the project arborist or a qualified ISA Certified Arborist and should be documented.

The site should be evaluated by the project arborist or a qualified ISA Certified Arborist after construction is complete, and any necessary remedial work that needs to be performed should be noted.

Root Pruning

Roots greater than two inches in diameter shall not be cut. When roots over two inches in diameter are encountered and are authorized to be cut or removed, they should be pruned by hand with loppers, handsaw, reciprocating saw, or chain saw rather than left crushed or torn. Roots should be cut beyond sinker roots or outside root branch junctions and be supervised by the project arborist. When completed, exposed roots should be kept moist with burlap or backfilled within one hour.

Boring or Tunneling

Boring machines should be set up outside the drip line or established Tree Protection Zone. Boring may also be performed by digging a trench on both sides of the tree until roots one inch in diameter are encountered and then hand dug or excavated with an Air Spade® or similar air or water excavation tool. Bore holes should be adjacent to the trunk and never go directly under the main stem to avoid oblique (heart) roots. Bore holes should be a minimum of three feet deep.

Tree Pruning and Removal Operations

All tree pruning or removals should be performed by a qualified arborist with a C-61/D-49 California Contractors License. Treatment, including pruning, shall be specified in writing according to the most recent ANSI A-300A Standards and Limitations and performed according to ISA Best Management Practices while adhering to ANSI Z133.1 safety standards. Trees that need to be removed or pruned should be identified in the pre-construction walk through.



Appendix E: Tree Protection Signs
E1: English

Warning

Tree Protection Zone

**This Fence Shall Not Be Removed
And Is Subject To Penalty According To
Town Code 29.10.1025**



E2: Spanish

Cuidado Zona De Arbol Pretejido

Esta valla no podrán ser sacados
Y está sujeta a sanción en función de
Código Ciudad del 29.101025



Qualifications, Assumptions, and Limiting Conditions

Any legal description provided to the consultant is assumed to be correct. Any titles or ownership of properties are assumed to be good and marketable. All property is appraised or evaluated as though free and clear, under responsible ownership and competent management.

All property is presumed to be in conformance with applicable codes, ordinances, statutes, or other regulations.

Care has been taken to obtain information from reliable sources. However, the consultant cannot be responsible for the accuracy of information provided by others.

The consultant shall not be required to give testimony or attend meetings, hearings, conferences, mediations, arbitration, or trials by reason of this report unless subsequent contractual arrangements are made, including payment of an additional fee for such services.

This report and any appraisal value expressed herein represent the opinion of the consultant, and the consultant's fee is not contingent upon the reporting of a specified appraisal value, a stipulated result, or the occurrence of a subsequent event.

Sketches, drawings, and photographs in this report are intended for use as visual aids, are not necessarily to scale, and should not be construed as engineering or architectural reports or surveys. The reproduction of information generated by architects, engineers, or other consultants on any sketches, drawings, or photographs is only for coordination and ease of reference. Inclusion of said information with any drawings or other documents does not constitute a representation as to the sufficiency or accuracy of said information.

Unless otherwise expressed: a) this report covers only examined items and their condition at the time of inspection; and b) the inspection is limited to visual examination of accessible items without dissection, excavation, probing, or coring. There is no warranty or guarantee, expressed or implied, that structural problems or deficiencies of plants or property may not arise in the future.



Certification of Performance

I Richard Gessner, Certify:

That I have personally inspected the tree(s) and/or the property referred to in this report, and have stated my findings accurately. The extent of the evaluation and/or appraisal is stated in the attached report and Terms of Assignment;

That I have no current or prospective interest in the vegetation or the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved;

That the analysis, opinions and conclusions stated herein are my own;

That my analysis, opinions, and conclusions were developed and this report has been prepared according to commonly accepted Arboricultural practices;

That no one provided significant professional assistance to the consultant, except as indicated within the report.

That my compensation is not contingent upon the reporting of a predetermined conclusion that favors the cause of the client or any other party, nor upon the results of the assessment, the attainment of stipulated results, or the occurrence of any other subsequent events;

I further certify that I am a Registered Consulting Arborist® with the American Society of Consulting Arborists, and that I acknowledge, accept and adhere to the ASCA Standards of Professional Practice. I am an International Society of Arboriculture Board Certified Master Arborist®. I have been involved with the practice of Arboriculture and the care and study of trees since 1998.

Richard J. Gessner



ASCA Registered Consulting Arborist® #496
ISA Board Certified Master Arborist® WE-4341B



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Hello Erin,

Below are the 2 major concerns for privacy from the neighbors,

1. Balcony facing Leila Ct.
2. The 2 windows facing Blackwell Dr.

After multiple email communications and lot of discussion, we have proceeded to address the concerns as below,

1. Removing the balcony from the plans, which eliminates all privacy concerns from 113 Leila Ct as there are no major windows facing Leila Ct.
2. Adding 5 Leyland trees along the fence facing Blackwell Dr., these trees are known to create privacy, they are evergreen and doesn't have a canopy for drip issues.
3. Privacy layer to cover the line of sight of the window (mentioned in the housing development guidelines), updated the plans showing the change.
4. The existing large Oak tree has been trimmed and should be considered as an instrument which provides privacy.
5. The distance between the 2 windows and the neighboring property windows on Blackwell Dr is between 80ft to 120ft, which should be considered while discussing privacy.

Summary of the privacy concerns from the neighbors

All the comments addressing privacy concerns were sent to below address,

377 Blackwell Dr – Owner [REDACTED]

373 Blackwell Dr – Owner [REDACTED]

369 Blackwell Dr – Owner [REDACTED]

113 Leila Ct – Owner [REDACTED]

Please let me know if you have any more questions or concerns,

Best,

Ramya Muddada

[REDACTED]

Correspondence with 369 Blackwell Drive

From: Ramya Muddada [REDACTED] >
Sent: Wednesday, July 31, 2024 4:06 PM
To: Erin Walters <EWalters@losgatosca.gov>; Vyankatesh B <[REDACTED]>; Jose (Architect) rama [REDACTED]
Subject: Fw: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

[EXTERNAL SENDER]

Email sent to 369 Blackwell Drive,

Best,

Ramya

--- Forwarded Message -----

From: Ramya Muddada <[REDACTED]>
To: [REDACTED]
Cc: Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
Sent: Wednesday, July 31, 2024 at 01:45:51 PM PDT
Subject: Re: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

Hello [REDACTED]

After reviewing all the neighbors' comments and concerns, we have decided to take more steps to mitigate the privacy concerns.

Below are all the things done/available to address the privacy concerns of the neighbors about the two windows and balcony:

1. Removing the balcony from the plans (please see the revised attached plans)
2. Adding 5 Leyland trees – Know the best trees to create privacy.
3. Privacy layer to cover the line of sight of the window (mentioned in the housing development guidelines).
4. The current oak tree will be trimmed and will be the best privacy screen even after the trim.
5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

Please let me know if you have any more questions or concerns,

Best,

Ramya

On Sunday, May 12, 2024 at 03:13:18 PM PDT, Ramya Muddada <[REDACTED]> wrote:

Hello [REDACTED]

We have decided to take more steps to mitigate the privacy concerns by adding a privacy layer to cover line of sight of the window, this is one of the mitigations that can be used according to the city housing development guidelines - please see the attached (please note this is reference only not exact).

Below are all the things done/available to address privacy concerns of the neighbors with regards to the two windows and balcony:

1. Adding 3-4 Leyland trees – Know as best trees to create privacy.
2. Privacy layer to cover line of sight of the window – mentioned in the housing development guidelines.
3. Adding a permanent privacy screens to the balcony.
4. Current Oak tree – which will be trimmed and would be the best privacy screen even after the trim.
5. The distance between windows (yours's and proposed) is over 100ft, which should be considered while discussing privacy.

I would like to request your contact (phone #) again - as we need to coordinate with regards to Oak tree trimming,

Please let me know if you any more concerns,

Best,

Ramya

On Tuesday, May 7, 2024 at 01:43:31 AM PDT, Ramya Muddada <[REDACTED]> wrote:

Hello [REDACTED]

Thank you for the response. We thought we would talk to you last Saturday, as per the email received on 05.02.24, but unfortunately, it couldn't happen; please share your phone number so we can communicate better,

As mentioned in my last email, we have been getting quotes from different arborist teams to trim the big oak tree. Since we need access to your property, please provide us with your number so we can communicate the trimming dates/times.

Your additional comments/concerns/suggestions are addressed below and highlighted in Green:

Leyland trees are known to be used for blocking out unwanted noise, shield a view of a busy street, and also act as a privacy shield from neighbors as they are evergreen trees that do not shade in winter and grow up to 40-60 feet in height and 3-4 feet in width,

1. Window Adjustment: Would it be possible to consider removing or relocating the windows that directly overlook my master bedroom and bathroom? Installing the windows on a different side of the house could help mitigate privacy issues while still allowing for natural light and ventilation. - The Windows will not be directly looking into your property due to the big oak tree in the back and also due to privacy trees that will be planted; even after a good trim, the tree canopy will act as a privacy screen. Unfortunately, the windows can not be moved to another side of the property as we have 2 windows there, too. The window closer to you can not be moved to the back of the property as the sunlight during summer (after 3 PM) will be so strong that the room will become a sauna; I have been enduring it for the past 3 years, as my office window is exactly in the same position and it gets unbearably hot during summer, it is one of the main reasons to have a much smaller window and nearer to the ceiling at the back of the property, with regards to the small window in between-its too high (over 6ft) to consider as privacy issue, please also consider the distance between properties (the estimated distance is about 100 ft for one window and over 100 on the other).

2. Skylights: Instead of traditional windows, could we explore the possibility of installing skylights for ventilation in the affected areas? Skylights would allow for ample natural light without compromising privacy, as they are typically positioned high on the ceiling and do not provide direct sightlines into neighboring properties. - The rooms with windows facing Blackwell Drive are very small, and Skylights will make them super hot during summer.

3. Improved Privacy Screen: If a permanent privacy screen is deemed necessary, could we explore options for a screen that offers better coverage and privacy? Perhaps a solid black filter without any holes would be more effective in blocking visibility from your balcony while still allowing for airflow. Yes, we can add black insect netting/mesh to our chosen privacy screen.

I have CCed our designer/architect to this email so he can provide insight if needed,

As always, all suggestions/concerns regarding the project are most welcome and open for further discussion,

Best,

Ramya

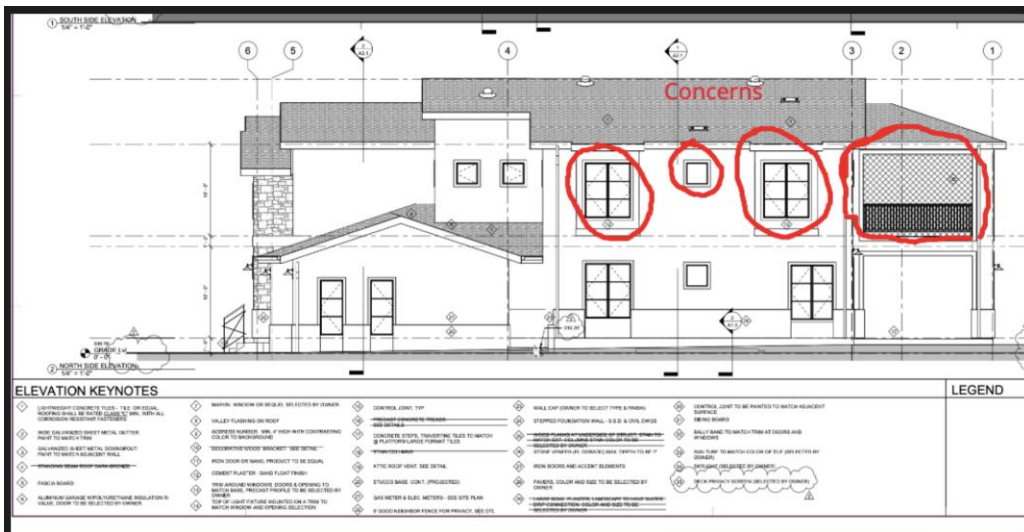
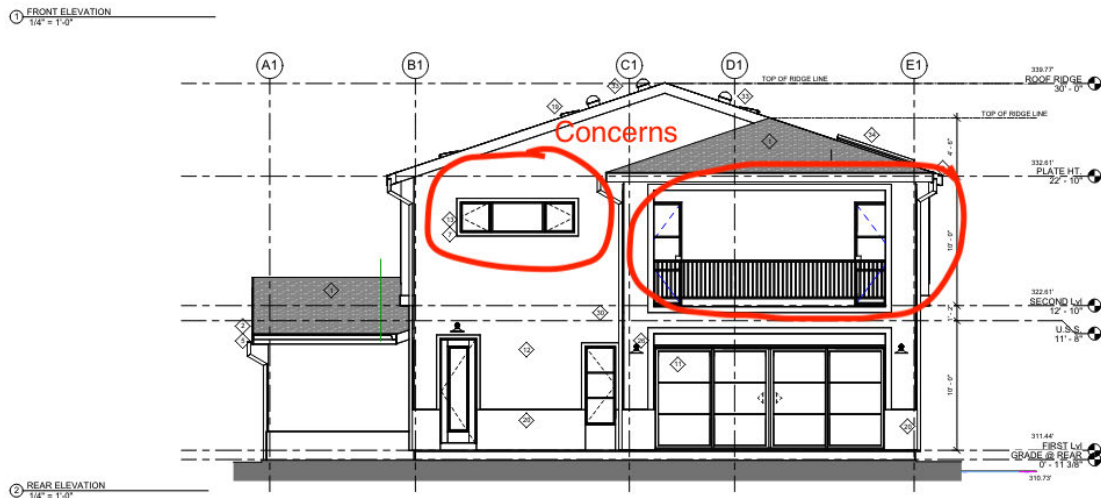
[REDACTED]

(Please leave a voice mail - if I don't pick up, I may be driving or in a meeting)

On Monday, May 6, 2024 at 02:22:37 PM PDT, [REDACTED] > wrote:
 Hi Ramya and Venkat,

Thank you for your response and for considering my concerns regarding the privacy implications of your construction plans. I appreciate your efforts to address the issue by adding a permanent privacy screen to the balcony and planting Leyland Cypress Trees for additional privacy.

However, after carefully reviewing the proposed solutions and the attached renderings, I still have some reservations about the effectiveness of these measures in ensuring our privacy. Upon closer inspection, it seems that the permanent privacy screen may not provide adequate coverage, as there are visible gaps that could allow for sightlines into my **master bedroom and bathroom**. Additionally, the placement of the privacy trees may not fully block the view from your balcony and windows, especially during certain times of the year when foliage is sparse.



Considering these concerns, I would like to explore alternative options that could better address our privacy needs. Here are a few suggestions:

- 1. Window Adjustment:** Would it be possible to consider removing or relocating the windows that directly overlook my master bedroom and bathroom? Installing the windows on a different side of the house could help mitigate privacy issues while still allowing for natural light and ventilation.
- 2. Skylights:** Instead of traditional windows, could we explore the possibility of installing skylights for ventilation in the affected areas? Skylights would allow for ample natural light without compromising privacy, as they are typically positioned high on the ceiling and do not provide direct sightlines into neighboring properties.
- 3. Improved Privacy Screen:** If a permanent privacy screen is deemed necessary, could we explore options for a screen that offers better coverage and privacy? Perhaps a solid black filter without any holes would be more effective in blocking visibility from your balcony while still allowing for airflow.

I understand that making changes to the construction plans may require additional time and resources, but I believe that finding a mutually satisfactory solution is important for maintaining positive relationships within our neighborhood.

I am open to further discussion and collaboration to find the best possible solution that respects the rights and privacy of both parties. Please let me know your thoughts on the proposed alternatives, and if there are any other ideas you would like to explore.

Thank you for your understanding and cooperation.

Best regards,
Dev

On Mon, 6 May 2024 at 11:14, Vyankatesh B [REDACTED] > wrote:

Hello [REDACTED]

Please share your contact phone number so that we can connect in person as well.

Regards,

Venky
[REDACTED]

On Saturday, May 4, 2024, 12:18 AM, Ramya Muddada [REDACTED] wrote:

Hello [REDACTED]

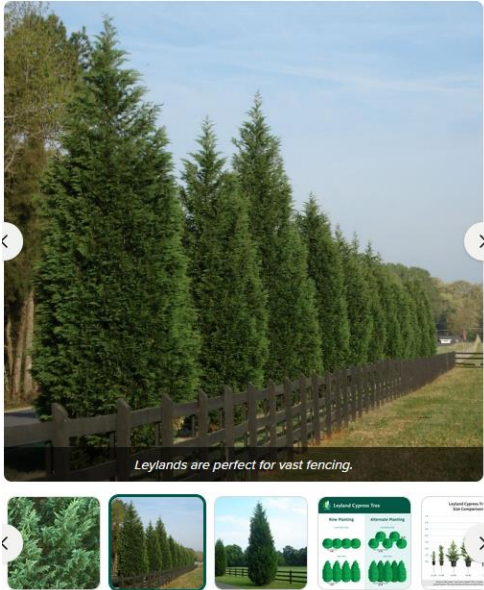
My sincere apology to have missed your email - I think it went into spam by accident,

We appreciate you bringing your concerns to our attention; we take the privacy concerns of all our neighbors very seriously,

We are doing a few things to mitigate this issue, like adding a permanent privacy screen to the balcony and planting a minimum of 3-4 privacy trees (Leyland Cypress Trees) where the windows are currently situated.

We have also done some rendering of the proposed building, which I have attached to show where the trees would be placed (please note that the trees in the rendering and the proposed screen trees are different),

Below are the pictures of the proposed screening trees/material to be used,



EVERGREEN TREES

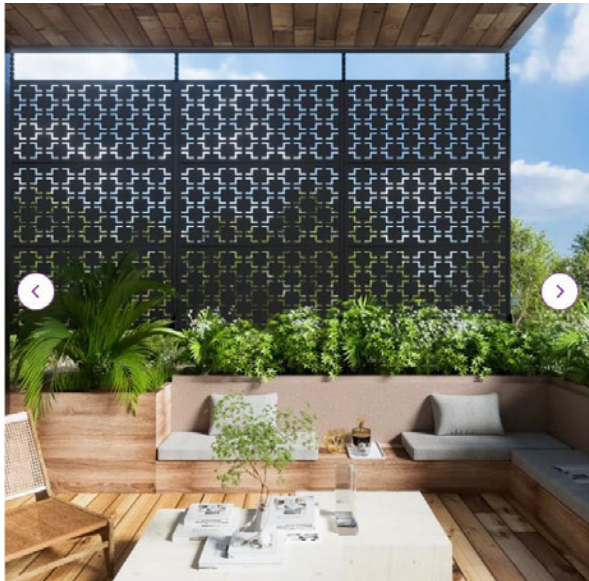
Leyland Cypress Tree

Cupressus × leylandii

★★★★★ 593 reviews

Reaching impressive heights of 40 to 60 feet, the Leyland Cypress Tree is an ideal privacy screen.

- ✓ Thick foliage ensures a dense screen for any space around your home.
- ✓ This hardy tree will stay green and strong down to temperatures as low as 0 degrees.



Per our conversation when we met last time, we also know you have concerns about the big oak tree in the back, which will be trimmed very soon (we are in the process of getting a few quotes).

Please feel free to reach out if you have any questions or additional concerns, your patience and cooperation is highly appreciated.

Looking forward to talking to you,

Best,
Ramya

On Thursday, May 2, 2024 at 07:55:43 AM PDT, [REDACTED] wrote:

Hi Venky,

I hope this email finds you well. Thank you for reaching out, and I appreciate your willingness to discuss the concerns I've raised regarding the construction project.

It's unfortunate that my original email didn't reach you. I've attached a PDF copy of the email for your reference. Please let me know if you encounter any issues accessing it.

I'm glad to hear that you're open to discussing the concerns further. I agree that a conversation would be beneficial to address any questions or issues that may arise. I'm available to chat this Saturday, and I'll give you a call on your phone to discuss in more detail.

Looking forward to our conversation.

Best regards,
[REDACTED]

On Wed, 1 May 2024 at 10:13, Vyankatesh B [REDACTED] wrote:

Hi [REDACTED]

Hope, everything is going well with you! I received email from Erin about the concern you have. Unfortunately, your original email to us, we never received it. Not sure, if you have the correct email.

We would like to discuss with you on your concerns and would be happy to provide you more details.

Let's connect when you have time. You can call me anytime and/or we can meetup in person. Thank you!

Best,

Venky
[REDACTED]

Correspondence with 373 Blackwell Drive

From: Ramya Muddada <[REDACTED]>
Sent: Wednesday, July 31, 2024 4:11 PM
To: Erin Walters <EWalters@losgatosca.gov>; Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
Subject: Fw: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

[EXTERNAL SENDER]

Email chain sent to 373Blackwell Drive,

Best,

Ramya

----- Forwarded Message -----

From: Ramya Muddada <[REDACTED]>
To: [REDACTED]
Cc: Vyankatesh B <[REDACTED]>; Jose (Architect) rama [REDACTED]
Sent: Wednesday, July 31, 2024 at 01:49:03 PM PDT
Subject: Re: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

Hello [REDACTED]

After reviewing all the neighbors' comments and concerns, we have decided to take more steps to mitigate the privacy concerns.

Below are all the things done/available to address the privacy concerns of the neighbors about the two windows and balcony:

1. Removing the balcony from the plans (please see the revised attached plans)
2. Adding 5 Leyland trees – Know the best trees to create privacy.
3. Privacy layer to cover the line of sight of the window (mentioned in the housing development guidelines).
4. The current oak tree will be trimmed and will be the best privacy screen even after the trim.
5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

Please let me know if you have any more questions or concerns,

Best,

Ramya

On Sunday, May 12, 2024 at 02:48:07 PM PDT, Ramya Muddada <[REDACTED]> wrote:

Hello [REDACTED]

Thank you for the comments sent to the planning, we take privacy concerns of 15411 and all immediate neighborhood very seriously as mentioned on the email sent to you early morning of May 7th,

Below are the responses to the comments sent (**bold**):

1. Concerned about the privacy due to a big two storied building. As our 3 bedrooms (including the Master Bedroom) are open to our backyard and it's a concern for the privacy of my family due this big construction.

We are mitigating the privacy concern by planting 3-4 Leyland trees which are commonly used to create privacy, this would cover all of the view from the 2 windows you see in the plan- These are evergreen trees with minimal maintenance, in addition to the Leyland trees we are going put privacy layer to cover line of sight of the window please see the attached (please note this reference only not exact). I would also bring to your attention that the proposed structure of 15411 is similar to your two storied structure, but due to the placement of site location the house might look big.

2. This big two floored building is going to obstruct the view of the mountains and it's a claustrophobic for my family.

All most all the mountain viewing is obstructed by the tree in your backyard or trees on my other side of my property and with regards to claustrophobic - your neighboring house which is of same height as yours's much closer to you (approx.10ft) then 15411 structure (over 80ft in distance from your structure to the proposed structure).

3. After hearing that we are going to have tree screening to obstruct view from their windows or big balcony, we are concerned about the time and maintenance of these trees going forward. Looking at the situation now, we are concerned about the maintenance.

As mentioned in my previous email and above Leyland trees are evergreen trees with minimal maintenance, and as we are going to be living on that property, we would be maintaining the Leyland trees. With regards to balcony - 80 % of the view from balcony will be blocked by the huge oak tree we share in the back yard and then for the remaining % we are going to install privacy screen on the balcony mentioned in my previous email. (please see the attached for the balcony screening)

4. As I mentioned, the way the bushes (vine iv) or sheds or barn roof iron sheets are maintained, I see animals (bobcats), snakes on the fence or barn roof and it's a big concern. Another concern about the flying barn roof iron sheets during the storm and not maintaining them.

As we are proposing to build a beautiful house replacing all the sheds there wouldn't be any flying barns roofs - this proposal would improve/enhance the neighborhood and also increase the value of the properties in the immediate neighborhood, with regards to bobcats and snakes - was the animal control called as this is first time I am hearing about it, please let me know immediately when you see any sighting of either bobcats or snakes as we all have kids and pets and need immediate attention, but all of this wouldn't be problem once the proposed plan comes to fruition results.

5. Due to vine iv bushes in the back, growing on my shed and damaging the roof. Also the fence. My gardener cleaned the vines and also paid for the repair of fence in the past.

This shouldn't be a concern - as you and I are working on getting a new fence on a different email, the only request I had made was that we trim the Oak tree we share first.

6. Looked at the latest plans at this link and here is the big balcony that my family is concerned about...This situation gives rise to considerable privacy concerns for my family.

Addressed on Comment # 3.

Correspondence with 377 Blackwell Drive

From: Ramya Muddada [REDACTED]
Sent: Wednesday, July 31, 2024 4:02 PM
To: Erin Walters <EWalters@losgatosca.gov>; Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
Subject: Fw: Your neighbor at 15411 National Ave - New construction

[EXTERNAL SENDER]

Hello Erin,

Please see the email chain for the emails sent/corresponded with our neighbors (377 Blackwell Drive)

please let me know if you have questions or concerns,

Best,

Ramya

----- Forwarded Message -----

From: Ramya Muddada [REDACTED]
To: [REDACTED]
Cc: Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
Sent: Wednesday, July 31, 2024 at 01:53:05 PM PDT
Subject: Re: Your neighbor at 15411 National Ave - New construction

Hello [REDACTED]

After reviewing all the neighbors' comments and concerns, we have decided to take more steps to mitigate the privacy concerns.

Below are all the things done/available to address the privacy concerns of the neighbors about the two windows and balcony:

1. Removing the balcony from the plans (please see the revised attached plans)
2. Adding 5 Leyland trees – Know the best trees to create privacy.
3. Privacy layer to cover the line of sight of the window (mentioned in the housing development guidelines).
4. The current oak tree will be trimmed and will be the best privacy screen even after the trim.
5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

Please let me know if you have any more questions or concerns,

Best,

Ramya

On Tuesday, May 7, 2024 at 02:14:56 AM PDT, Ramya Muddada [REDACTED] wrote:

Hello [REDACTED]

I emailed you the proposed plans in February 2024 and was hoping you would reach out to us with any questions or concerns; my husband had also tried to reach you via text but didn't get any feedback.

However, the other 2 neighbors made some comments on privacy issues, and we are trying to address them, as we take the privacy concerns of all our neighbors very seriously.

We are doing a few things to mitigate this issue, like adding a permanent privacy screen to the balcony and planting a minimum of 3-4 privacy trees (Leyland Cypress Trees) where the windows are currently situated.

We have also done some rendering of the proposed building, which I have attached to show where the trees would be placed (please note that the trees in the rendering and the proposed screen trees are different; we are working on getting the correct trees on to the rendering),

Below are the pictures of the proposed screening trees/material to be used,



EVERGREEN TREES

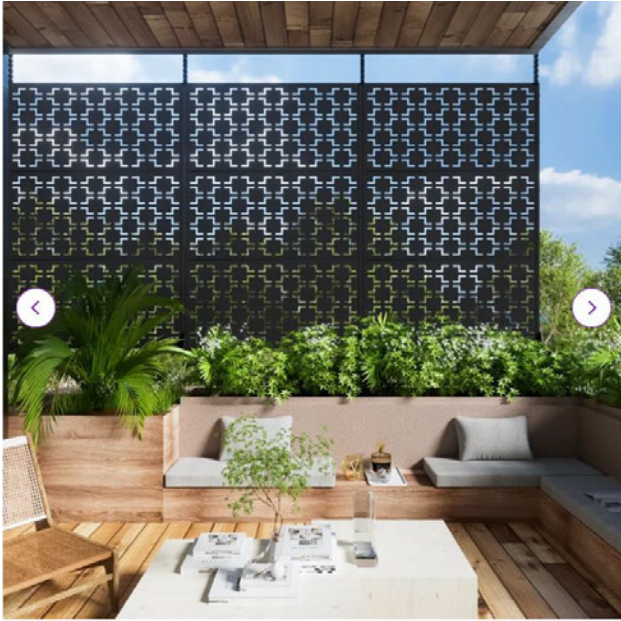
Leyland Cypress Tree

Cupressus × leylandii

★★★★★ 593 reviews

Reaching impressive heights of 40 to 60 feet, the Leyland Cypress Tree is an ideal privacy screen.

- ✓ Thick foliage ensures a dense screen for any space around your home.
- ✓ This hardy tree will stay green and strong down to temperatures as low as 0 degrees.



Please feel free to ask questions or express any additional concerns; your patience and cooperation are highly appreciated. I have also CCed my designer/architect so he can add to the discussion when needed,

Looking forward to talking to you,

Best,
Ramya

[Redacted signature]

(Please leave a voice mail - if I don't pick up, I may be driving or in a meeting)



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408.843.8067 c

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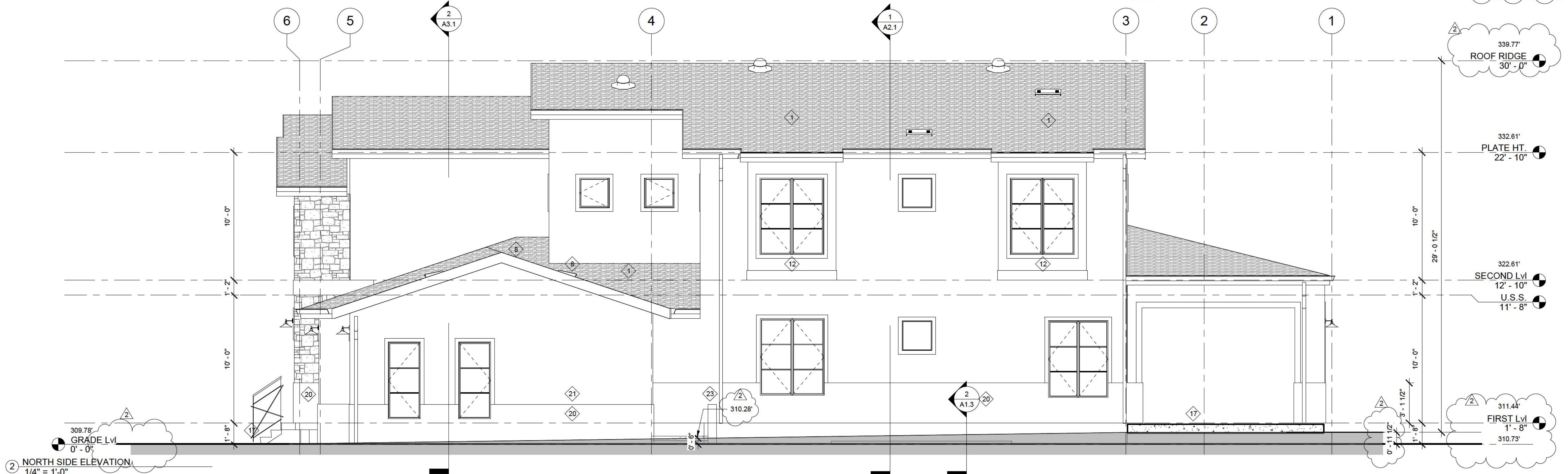
VYANKATESH B. & RAMYA MUDDADA RES.
15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140
PROPOSED BUILDING ELEVATIONS

MARK	DATE	DESCRIPTION
2	010924	PLANNING 2

PROJECT NO: 424-12-140
CAD DWG FILE: Y:\Shared\Project\154111 National Ave. Los
DRAWN BY: Author\WG\S240610 - Rev.
CHK'D BY: Ramya Resl.rvt - Checker
COPYRIGHT: 2023
JER DESIGN GROUP

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SHEET OF
07/02/2024



ELEVATION KEYNOTES

- | | | | | |
|---|--|--|--|--|
| 1 LIGHTWEIGHT CONCRETE TILES - TILE OR EQUAL. ROOFING SHALL BE RATED CLASS "C" MIN., WITH ALL CORROSION RESISTANT FASTENERS | 7 MARVIN WINDOW OR SEQUEL SELECTED BY OWNER | 15 CONTROL JOINT, TYP. | 23 WALL CAP (OWNER TO SELECT TYPE & FINISH) | 30 CONTROL JOINT TO BE PAINTED TO MATCH ADJACENT SURFACE |
| 2 WIDE GALVANIZED SHEET METAL GUTTER. PAINT TO MATCH TR M | 8 VALLEY FLASHING ON ROOF | 16 PRECAST CONCRETE TREADS. SEE DETAILS | 24 STEPPED FOUNDATION WALL - S.S.D. & CIVIL DWGS | 31 SIDING BOARD |
| 3 GALVANIZED SHEET METAL DOWNSPOUT. PAINT TO MATCH ADJACENT WALL | 9 ADDRESS NUMBER. MIN. 4" HIGH WITH CONTRASTING COLOR TO BACKGROUND | 17 CONCRETE STEPS, TRAVERTINE TILES TO MATCH @ PLATFORM LARGE FORMAT TILES | 25 WOOD PLANKS AT UNDERSIDE OF STRUCT. STAIN TO MATCH EXT. COLUMNS STAIN COLOR TO BE SELECTED BY OWNER | 32 BALLY BAND TO MATCH TRIM AT DOORS AND WINDOWS |
| 4 STANDING SEAM ROOF DARK-BRONZE | 10 DECORATIVE WOOD BRACKET. SEE DETAIL | 18 STAIN COLUMNS | 26 STONE VENEER (EL DORADO) MAX. DEPTH TO BE 1" | 33 SUN TUBE TO MATCH COLOR OF TILE (SELECTED BY OWNER) |
| 5 FASCIA BOARD | 11 IRON DOOR OR NANO, PRODUCT TO BE EQUAL | 19 ATTIC ROOF VENT. SEE DETAIL | 27 IRON DOORS AND ACCENT ELEMENTS | 34 SKYLIGHT (SELECTED BY OWNER) |
| 6 ALUMINUM GARAGE W/POLYURETHANE INSULATION R-VALUE. | 12 CEMENT PLASTER : SAND FLOAT FINISH | 20 STUCCO BASE CONT. (PROJECTED) | 28 PAVERS, COLOR AND SIZE TO BE SELECTED BY OWNER | |
| | 13 TRIM AROUND WINDOWS, DOORS & OPENING TO MATCH BASE, PRECAST PROFILE TO BE SELECTED BY OWNER | 21 GAS METER & ELEC. METERS - SEE SITE PLAN | 29 LARGE BOWL PLANTER. LANDSCAPE TO HAVE WATER DRIP CONNECTION. COLOR AND SIZE TO BE SELECTED BY OWNER | |
| | 14 TOP OF LIGHT FIXTURE MOUNTED ON A TRIM TO MATCH WINDOW AND OPENING SELECTION | 22 6" GOOD NEIGHBOR FENCE FOR PRIVACY, SEE DTL | | |

LEGEND

Correspondence with 113 Lelia Ct

From: Ramya Muddada <[REDACTED]>
Sent: Wednesday, July 31, 2024 4:38 PM
To: Erin Walters <EWalters@losgatosca.gov>; Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
Subject: Fw: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

[EXTERNAL SENDER]

Email sent to 113 Leila Ct

----- Forwarded Message -----

From: Ramya Muddada <[REDACTED]>
To: [REDACTED]
Cc: Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
Sent: Wednesday, July 31, 2024 at 02:03:33 PM PDT
Subject: Re: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

Hello [REDACTED],

After reviewing all the neighbors' comments and concerns, we have decided to take more steps to mitigate the privacy concerns.

Below are all the things done/available to address the privacy concerns of the neighbors about the two windows and balcony:

1. Removing the balcony from the plans (please see the revised attached plans)
2. Adding 4 Leyland trees in the back – Know as the best trees to create privacy; they are evergreen, so this mitigates the issue of foliage dripping onto your property.
3. The current oak tree will be trimmed, and the privacy screen will be the best even after the trim.
4. There are currently NO big windows that would look into your side of the property, which should be considered when discussing privacy.

Please let me know if you have any more questions or concerns,

Best,

Ramya

On Tuesday, May 7, 2024 at 01:07:33 PM PDT, Ramya Muddada [REDACTED] wrote:

Hello [REDACTED],

I visited your house and emailed you the proposed plans for 15411 National Ave (APN 424-12-40 Site application S-23-033). I was hoping you would contact us with any questions or concerns; we received your concerns through the city and are trying to address them, as we take the privacy concerns of all our neighbors very seriously.

We are doing a few things to mitigate the privacy issue, like adding a permanent privacy screen to the balcony and planting a minimum of 3-4 privacy trees (Leyland Cypress Trees) where the 2nd-floor porch is situated.

We have also done some rendering of the proposed building, which I have attached to show where the trees would be placed (please note that the trees in the rendering and the proposed screen trees are different; we are working on getting the correct trees on to the rendering),

Below are the pictures of the proposed screening trees/material to be used,



EVERGREEN TREES

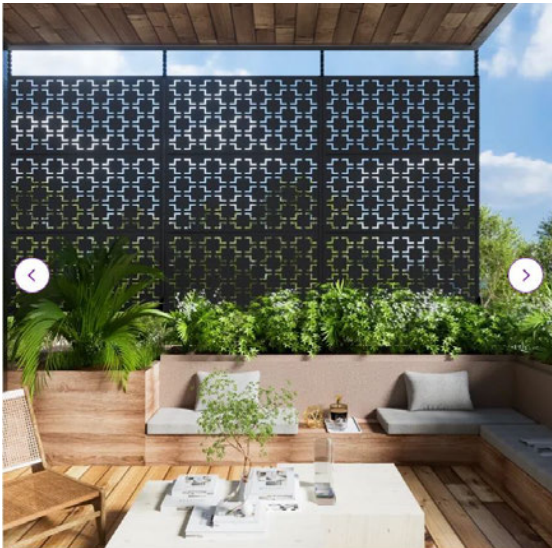
Leyland Cypress Tree

Cupressus × leylandii

★★★★★ 593 reviews

Reaching impressive heights of 40 to 60 feet, the Leyland Cypress Tree is an ideal privacy screen.

- ✓ Thick foliage ensures a dense screen for any space around your home.
- ✓ This hardy tree will stay green and strong down to temperatures as low as 0 degrees.



Please feel free to ask questions or express any additional concerns; your patience and cooperation are highly appreciated. I have also CCed my designer/architect so he can add to the discussion when needed,

I would like to bring to your attention that we are getting quotes to trim the big oak tree in the back and will contact you in a separate email as we will need access to your property when the date is fixed,

Looking forward to talking to you,

Best,
Ramya

██████████

(Please leave a voice mail - if I don't pick up, I may be driving or in a meeting)



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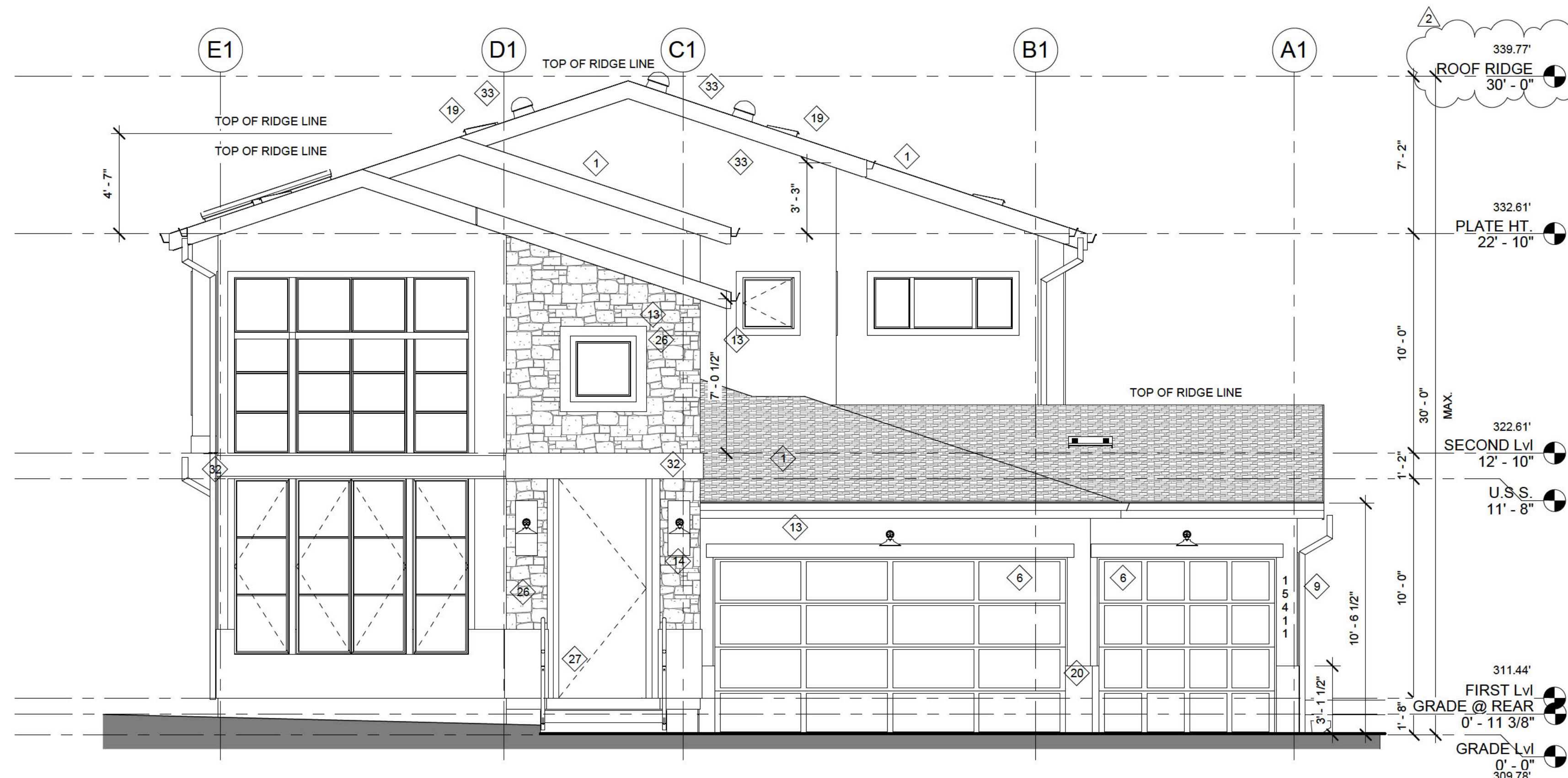
VYANKATESH B. & RAMYA MUDDADA RES.
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 424-12-140
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2	01/09/24	PLANNING 2

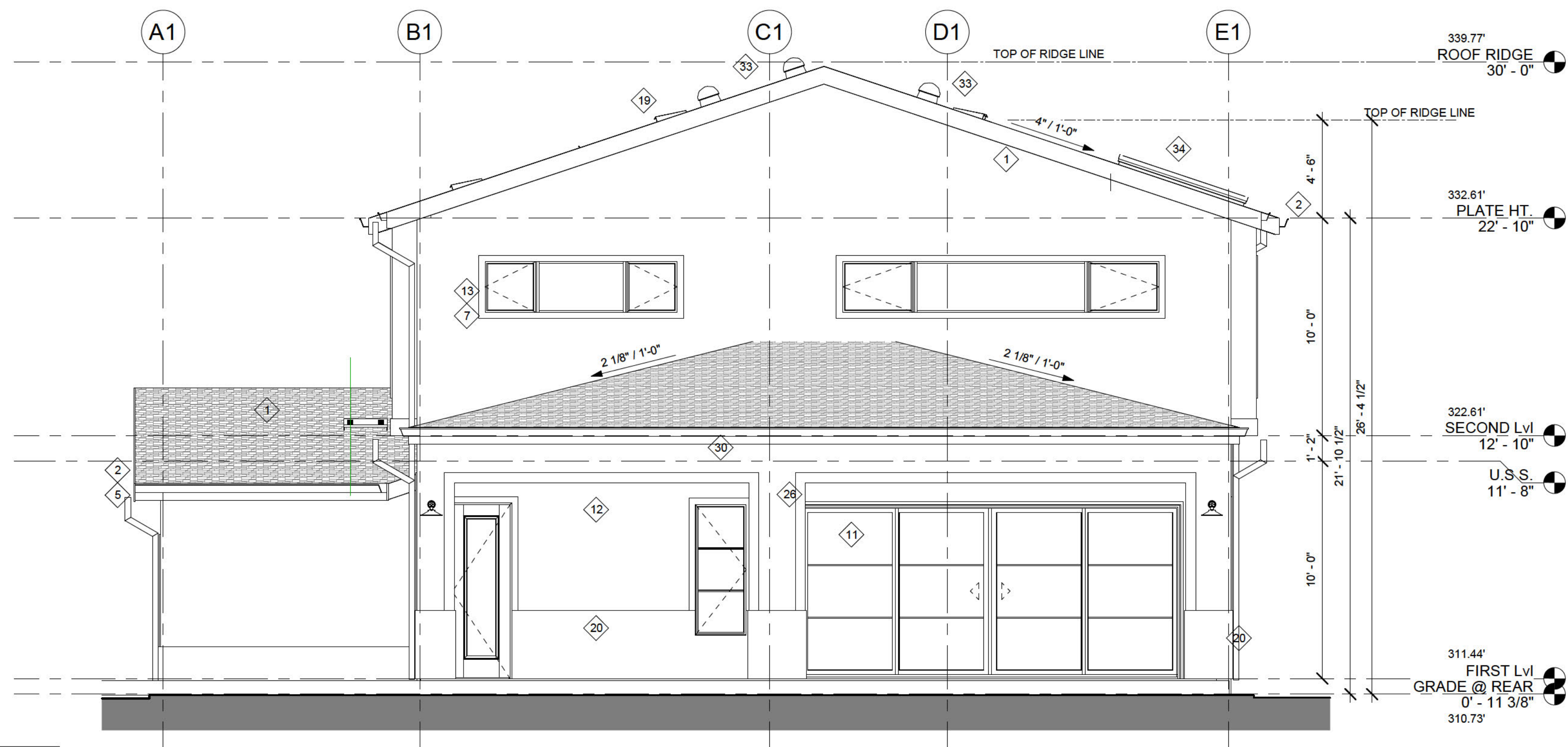
PROJECT NO: 424-12-140
 CAD DWG FILE: Y:\Shared\Project\15411\National Ave. Los Gatos\15411.dwg
 DRAWN BY: Author\WG\S240610 - Rev. Ramya Resl.rvt
 CHK'D BY: Checker
 COPYRIGHT: 2023
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 SHEET TITLE

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SHEET OF



① FRONT ELEVATION
 1/4" = 1'-0"



② REAR ELEVATION
 1/4" = 1'-0"

ELEVATION KEYNOTES

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LEGEND

- | | |
|--|--|
| ③① CONTROL JOINT TO BE PAINTED TO MATCH ADJACENT SURFACE | ③③ SUN TUBE TO MATCH COLOR OF TILE (SELECTED BY OWNER) |
| ③② SIDING BOARD | ③④ SKYLIGHT (SELECTED BY OWNER) |
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VYANKATESH B. & RAMYA MUDDADA RES.
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2	010924	PLANNING 2

PROJECT NO: 424-12-140
 CAD DWG FILE: Y:\Shared\Project\154111\National Ave. Los
 DRAWN BY: Author\WG\S240610 - Rev.
 CHK'D BY: Ramya Resl.rvt -
 Checker
 COPYRIGHT: 2023
 JER DESIGN GROUP
 SHEET TITLE

A4.1

SHEET OF

07/02/2024



ELEVATION KEYNOTES

- 1 LIGHTWEIGHT CONCRETE TILES - TILE OR EQUAL. ROOFING SHALL BE RATED CLASS "C" MIN., WITH ALL CORROSION RESISTANT FASTENERS
- 2 WIDE GALVANIZED SHEET METAL GUTTER. PAINT TO MATCH TR M
- 3 GALVANIZED SHEET METAL DOWNSPOUT. PAINT TO MATCH ADJACENT WALL
- 4 ~~STANDING SEAM ROOF DARK-BRONZE~~
- 5 FASCIA BOARD
- 6 ALUMINUM GARAGE W/POLYURETHANE INSULATION R-VALUE.
- 7 MARVIN WINDOW OR SEQUEL SELECTED BY OWNER
- 8 VALLEY FLASHING ON ROOF
- 9 ADDRESS NUMBER. MIN. 4" HIGH WITH CONTRASTING COLOR TO BACKGROUND
- 10 ~~DECORATIVE WOOD BRACKET. SEE DETAIL~~
- 11 IRON DOOR OR NANO, PRODUCT TO BE EQUAL
- 12 CEMENT PLASTER : SAND FLOAT FINISH
- 13 TRIM AROUND WINDOWS, DOORS & OPENING TO MATCH BASE, PRECAST PROFILE TO BE SELECTED BY OWNER
- 14 TOP OF LIGHT FIXTURE MOUNTED ON A TRIM TO MATCH WINDOW AND OPENING SELECTION
- 15 CONTROL JOINT, TYP.
- 16 ~~PRECAST CONCRETE TREADS. SEE DETAILS~~
- 17 CONCRETE STEPS, TRAVERTINE TILES TO MATCH @ PLATFORM LARGE FORMAT TILES
- 18 ~~STAIN COLUMNS~~
- 19 ATTIC ROOF VENT. SEE DETAIL
- 20 STUCCO BASE CONT. (PROJECTED)
- 21 GAS METER & ELEC. METERS - SEE SITE PLAN
- 22 6" GOOD NEIGHBOR FENCE FOR PRIVACY, SEE DTL
- 23 WALL CAP (OWNER TO SELECT TYPE & FINISH)
- 24 STEPPED FOUNDATION WALL - S.S.D. & CIVIL DWGS
- 25 ~~WOOD PLANKS AT UNDERSIDE OF STRUCT. STAIN TO MATCH EXT. COLUMNS STAIN COLOR TO BE SELECTED BY OWNER~~
- 26 STONE VENEER (EL DORADO) MAX. DEPTH TO BE 1"
- 27 IRON DOORS AND ACCENT ELEMENTS
- 28 PAVERS, COLOR AND SIZE TO BE SELECTED BY OWNER
- 29 ~~LARGE BOWL PLANTER. LANDSCAPE TO HAVE WATER DRIP CONNECTION. COLOR AND SIZE TO BE SELECTED BY OWNER~~
- 30 CONTROL JOINT TO BE PAINTED TO MATCH ADJACENT SURFACE
- 31 SIDING BOARD
- 32 BALLY BAND TO MATCH TRIM AT DOORS AND WINDOWS
- 33 SUN TUBE TO MATCH COLOR OF TILE (SELECTED BY OWNER)
- 34 SKYLIGHT (SELECTED BY OWNER)

LEGEND

MARK	DATE	DESCRIPTION
2	010924	PLANNING 2

From: Ramya Muddada [REDACTED]
 Sent: Thursday, November 7, 2024 9:35 AM
 To: Erin Walters <EWalters@losgatosca.gov>
 Cc: Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
 Subject: Fw: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

[EXTERNAL SENDER]

[REDACTED]-Blackwell Dr - a response was sent to neighbors based on emails received from the city.

Best,

Ramya

----- Forwarded Message -----

From: Ramya Muddada [REDACTED]
 To: [REDACTED]
 Cc: Vyankatesh B <[REDACTED]>; Jose (Architect) rama <[REDACTED]>
 Sent: Tuesday, November 5, 2024 at 08:45:17 PM PST
 Subject: Re: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

Hi [REDACTED]

This email addresses the concerns/comments sent to the city on 10.29.24

The image on the architectural drawing may not provide an accurate picture of the tree; it just shows the placement of the trees. The proposed privacy trees can easily grow in a 4x4 area and will grow within our property line; said that the photos you shared show plants near the fence. Will you also ensure the drip line of those plants, when grown, is within your property

Our first-floor windows shouldn't be a concern due to the fence. Still, I think you meant 2nd floor - The two windows combined on our property are smaller than the combined two windows on your home; even though you have more windows than us,

However, we've ensured we provide additional privacy, which was addressed in my 07.31.24 email. I am also repeating them below

1. Removing the balcony from the plans.
2. Adding five non-deciduous trees – Know the best trees to create privacy (less debry as they are non-deciduous trees)

3. A privacy layer (blurred windows) covers the window's line of sight (mentioned in the housing development guidelines).
4. The current giant oak tree will be the best privacy screen.
5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

I would like to point out that one of your neighbors, who is also two-story, has a clear view of your bedrooms and backyard through their side window, which is less than 20 feet in distance.

So, as you know, ADUs are not part of this application.

Again, I think you meant two-story and not three. I also want to point out that our property is just a little over 500 sqft larger than your property, which doesn't qualify as gigantic.

Please let me know if you have any additional questions or concerns.

Best,

Ramya

On Wednesday, July 31, 2024 at 01:49:03 PM PDT, Ramya Muddada <[REDACTED]> wrote:

Hello [REDACTED]

After reviewing all the neighbors' comments and concerns, we have decided to take more steps to mitigate the privacy concerns.

Below are all the things done/available to address the privacy concerns of the neighbors about the two windows and balcony:

1. Removing the balcony from the plans (please see the revised attached plans)
2. Adding 5 Leyland trees – Know the best trees to create privacy.
3. Privacy layer to cover the line of sight of the window (mentioned in the housing development guidelines).
4. The current oak tree will be trimmed and will be the best privacy screen even after the trim.
5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

Please let me know if you have any more questions or concerns,

Best,

Ramya

On Sunday, May 12, 2024 at 02:48:07 PM PDT, Ramya Muddada <[REDACTED]> wrote:

Hello [REDACTED]

Thank you for the comments sent to the planning, we take privacy concerns of 15411 and all immediate neighborhood very seriously as mentioned on the email sent to you early morning of May 7th,

Below are the responses to the comments sent (**bold**):

1. Concerned about the privacy due to a big two storied building. As our 3 bedrooms (including the Master Bedroom) are open to our backyard and it's a concern for the privacy of my family due this big construction.

We are mitigating the privacy concern by planting 3-4 Leyland trees which are commonly used to create privacy, this would cover all of the view from the 2 windows you see in the plan- These are evergreen trees with minimal maintenance, in addition to the Leyland trees we are going put privacy layer to cover line of sight of the window please see the attached (please note this refence only not exact). I would also bring to your attention that the proposed structure of 15411 is similar to your two storied structure, but due to the placement of site location the house might look big.

2. This big two floored building is going to obstruct the view of the mountains and it's a claustrophobic for my family.

All most all the mountain viewing is obstructed by the tree in your backyard or trees on my other side of my property and with regards to claustrophobic - your neighboring house which is of same height as yours's much closer to you (appro.10ft) then 15411 structure (over 80ft in distance from your structure to the purposed structure).

3. After hearing that we are going to have tree screening to obstruct view from their windows or big balcony, we are concerned about the time and maintenance of these trees going forward. Looking at the situation now, we are concerned about the maintenance.

As mentioned in my previous email and above Leyland trees are evergreen trees with minimal maintenance, and as we are going to be living on that property, we would be maintaining the Leyland trees. With regards to balcony - 80 % of the view from balcony will be blocked by the huge oak tree we share in the back yard and then for the remaining % we are going to install privacy screen on the balcony mentioned in my previous email. (please see the attached for the balcony screening)

4. As I mentioned, the way the bushes (vine iv) or sheds or barn roof iron sheets are maintained, I see animals (bobcats), snakes on the fence or barn roof and it's a big concern. Another concern about the flying barn roof iron sheets during the storm and not maintaining them.

As we are proposing to build a beautiful house replacing all the sheds there wouldn't be any flying barns roofs - this proposal would improve/enhance the neighborhood and also increase the value of the properties in the immediate neighborhood, with regards to bobcats and snakes - was the animal control called as this is first time I am hearing about it, please let me know immediately when you see any sighting of either bobcats or snakes as we all have kids and pets and need immediate attention, but all of this wouldn't be problem once the purposed plan comes to fruition results.

5. Due to vine iv bushes in the back, growing on my shed and damaging the roof. Also the fence. My gardener cleaned the vines and also paid for the repair of fence in the past.

This shouldn't be a concern - as you and I are working on getting a new fence on a different email, the only request I had made was that we trim the Oak tree we share first.

6. Looked at the latest plans at this link and here is the big balcony that my family is concerned about...This situation gives rise to considerable privacy concerns for my family.

Addressed on Comment # 3.

From: Ramya Muddada [REDACTED]
 Sent: Thursday, November 7, 2024 9:32 AM
 To: Erin Walters <EWalters@losgatosca.gov>
 Cc: Vyankatesh B [REDACTED]; Jose (Architect) rama [REDACTED]
 Subject: Fw: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033) - Comments received in Oct-2024

[EXTERNAL SENDER]

113 LEILA CT - a response was sent to neighbors based on emails received from the city.

Best,
 Ramya

----- Forwarded Message -----

From: Ramya Muddada [REDACTED]
 To: [REDACTED]
 Cc: Vyankatesh B [REDACTED]; Jose (Architect) rama [REDACTED]
 Sent: Monday, November 4, 2024 at 11:36:16 AM PST
 Subject: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033) - Comments received in Oct-2024

Hello [REDACTED]

We got your comments sent to the city; thank you for your concerns/comments.

We will not have any new trees in the back, and we haven't had a chance to revise the landscape design yet as we have not finalized the landscaping.

Regarding the cellar/basement, we have proposed it based on the city code. The proposed basement is almost 50 feet away from your garage wall, so this should not affect your foundation.

Please let me know if you have any additional questions or concerns,

Best,
 Ramya

From: Ramya Muddada [REDACTED]
 Sent: Thursday, November 7, 2024 9:33 AM
 To: Erin Walters <EWalters@losgatosca.gov>
 Cc: Vyankatesh B [REDACTED]; Jose (Architect) rama [REDACTED]
 Subject: Fw: 15411 National Ave. - Addressing comments received on 10.29.24

[EXTERNAL SENDER]

369 Blackwell Dr - a response was sent to neighbors based on emails received from the city.

----- Forwarded Message -----

From: Ramya Muddada [REDACTED]
 To: Devavrath S. [REDACTED]
 Cc: Vyankatesh B [REDACTED]; Jose (Architect) rama [REDACTED]

Sent: Monday, November 4, 2024 at 11:02:14 AM PST
Subject: 15411 Nationa Ave. - Addressing comments received on 10.29.24

Good Morning [REDACTED]

Thank you for the comments/concerns sent to the city, which will be addressed below:

1. Privacy: The current design of the second-floor windows, based on the story poles, continues to present a privacy issue. The placement and height of the windows appears to allow direct visibility into my master bedroom, bathroom (particularly the shower area), and backyard. Given the proximity, this remains a significant concern for my family's privacy. Additionally, the proposed new trees do not adequately shield the second-floor view. I've attached a few pictures below from my bathroom to illustrate this issue:

Thank you for the picture - which clearly shows that the Oak tree branch obstructs the bedroom window from 15411. The only clear structure visible from your photo is the garage; we have also addressed the privacy concern in the email sent on 07.31.2024

1. Removing the balcony from the plans (please see the revised attached plans)
2. Adding 5 Leyland trees – Know the best trees to create privacy.
3. A privacy layer (blurred windows) covers the window's line of sight (mentioned in the housing development guidelines).
4. The giant oak tree will be the best privacy screen.
5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

I also want to add that you have a neighbor with a two-story building with three windows facing your property, and the distance between the windows is less than 20f

3. Neighborhood Comparisons:

We need not replicate any construction style in the neighborhood as it is not a community-based construction; we have used our neighbors on Blackwell Dr as an example to propose the 2-story (one of them is your neighbor).

4. Tree Placement:

The image on the architectural drawing may not provide an accurate image of the tree; it just shows the placement of the trees. The proposed privacy trees can easily grow in a 4x4 area. Adequacy of privacy is also addressed in my first point and on my 07.31.2024 email.

3. Basement Impact:

The basement/cellar is proposed according to town codes.

Please let me know if you have any additional questions or concerns,

Best,
Ramya

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MUDDADA RESIDENCE ARCHITECTURE & SITE APPLICATION ONLY

NEW SINGLE-FAMILY
15411 NATIONAL AVE..
LOS GATOS, CA 95032
APN:424-12-140



SHEET INDEX

- ARCHITECTURE
- CS COVER SHEET
- A0.1 GENERAL NOTES
- A0.3A ARIEL VIEWPOINTS
- A0.6 3D VIEWS
- A0.7 SHADOW STUDY
- A0.8 SITE PLAN DIAGRAM
- A0.9 DIAGRAM BUILDING STRUCTURE'S ADJACENT
- A0.10 STREETScape
- A0.11 EXISTING SITE & DEMO
- A0.12 CONCEPTUAL LANDSCAPE
- A0.13 EROSION CONTROL
- ARCHITECTURE
- A1.0 SITE PLAN
- A1.1 FIRST Lvl - FLOOR PLAN
- A1.2 SECOND Lvl - FLOOR PLAN
- A1.3 BASEMENT Lvl
- A1.4 MAIN STRUCT - ROOF PLAN
- A2.1 BUILDING SECTIONS
- A3.1 SITE SECTION
- A4.0 PROPOSED BUILDING ELEVATIONS
- A4.1 PROPOSED BUILDING ELEVATIONS
- A4.3 COURTYARD ELEVATIONS / MAT.
- A8.0 DETAILS - SITE
- A8.2 WINDOW DETAILS

PROJECT INFORMATION

APN#: 424 12 140
 ADDRESS: 15411 NATIONAL AVE. LOS GATOS, CA.
 ZONING R-1:8 **MAX. ALLOWABLE**
 FLOOD ZONE D
 LOT COVERAGE 40% 5,283 SF. (LOT SIZE 13,209 SF.)
 FAR (.35 - (10.7 - 5)/25 x .20) = .3044 (3,263 SF. FAR)
 OCCUPANCY GROUP: R3 AND U
 FIRE SPRINKLER: YES
 TYPES OF CONSTRUCTION: **VB**

15411 NATIONAL AVENUE - NEW SINGLE - FAMILY RESIDENCE APN: 424-12-140			
	EXISTING	PROPOSED	MAXIMUM ALLOWABLE
GP LAND USE DESIGNATION	Low Density Res.	SAME	Same
Zoning	R-1:8	SAME	Same
Gross Lot Size	13,209	SAME	Same
Net Lot size	10,729	SAME	Same
Average Slope	10% less	SAME	Same
Use	Flag Lot W/ Accessory Struct.	Single Family Residence	
Floor Area			
Attic Non-Habitable	0	0	
2nd. Floor	0	1,518	
1st. Floor	0	1,722	
Total Countable FAR - Sub	N/A	3,240	3263 Max. Allowable FAR
Garage Attached	0	901	901 SF. Max.
Covered Porche Front		36	
Covered Porche Rear	0	570	
Total - Sub		1,507	
Total		4,747	
Below Grade		1200	Exempt
Below Grade JADU, SEPARATE PERMIT, NOT PART OF THIS APP.		500	Exempt Max. 500 SF. (FAR)
Detached ADU, SEPARATE PERMIT, NOT PART OF THIS APP.		900	1,073 SF. Max. 10% FAR Bump
Lot coverage			
Porches, First Floor, & Garage		3,229	5,284
		24%	40%
Struct. Height			
Main Structure Height	N/A	30 SF.	30 SF.
Main Struct. Setback			
Front		25'	25'
Side		8'	8'
Rear		20'	20'
Tree Removal		#61,62, 2 additional trees at rear = Total 4	Tree Removal Permit
Tree Replacement		2,3,3 = Total 8	Per Tree Removal Permit

VYANKATESH B. & RAMYA
MUDDADA RES.
 15411 NATIONAL AVE. LOS GATOS, CA.
 424-12-140
 COVER SHEET

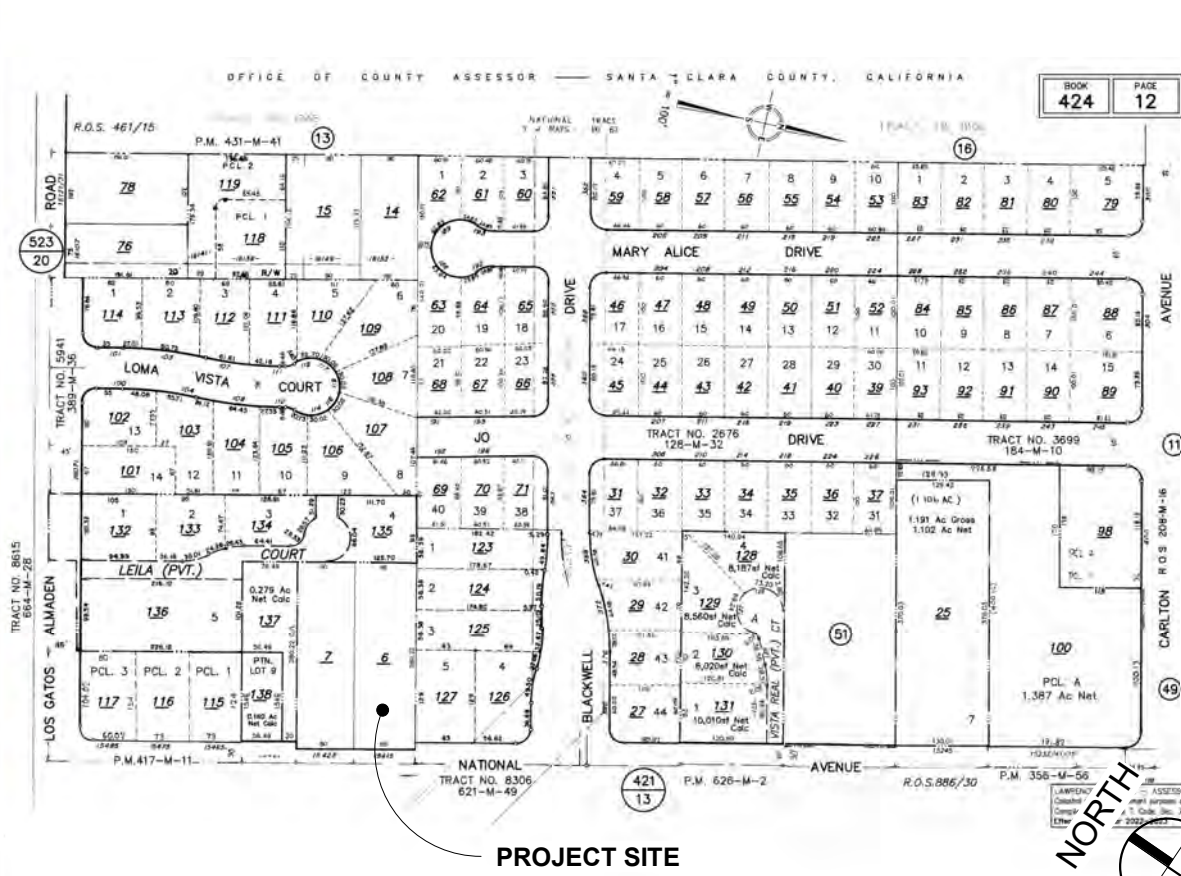
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2	01/09/24	PLANNING 2

PROJECT NO: 424-12-140
 CAD DWG FILE: Y:\Shared\Project\15411 National Ave. Los Gatos\15411 National Ave. Los Gatos.dwg
 DRAWN BY: Author\WG\S240610 - Rev. Ramya Resi.rvt
 CHK'D BY: Ramya Resi.rvt
 CHECKER: Ramya Resi.rvt
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 SHEET TITLE: -CS
 SHEET OF

VICINITY MAP



APN MAP



APPLICABLE CODE

- 2022 CBC CALIFORNIA BUILDING CODE
- 2022 CRC CALIFORNIA RESIDENTIAL CODE
- 2022 CEC CALIFORNIA ELECTRICAL CODE
- 2022 CPC CALIFORNIA PLUMBING CODE
- 2022 CMC CALIFORNIA MECHANICAL CODE
- 2022 CEMC CALIFORNIA ENERGY CODE
- 2022 CALG CALIFORNIA GREEN BUILDING STANDARD CODE
- 2022 CALM MINIMUM DESIGN LOADS FOR BUILDING
- 2022 SDPWS SPACEIAL DESIGN PROVISIONS FOR WIND & SEISMIC
- 2019 CFC CALIFORNIA FIRE CODE

DEFERRED SUBMITTAL

- FIRE SPRINKLER SYSTEM
- PV SYSTEM *A separate building permit is required for the PV system that is required by the California Energy Code Performance or Prescriptive standards. The separate PV System permit must be finalized prior to issuance of Certificate of Occupancy.

CONTACTS

OWNER RESIDENCE
 VYANKATESH B. & RAMYA
 MUDDADA
 15415 NATIONAL AVE.
 LOS GATOS, CA. 95032
 c 408.382.1170
 e ramyamuddada@yahoo.com

DESIGNER
 JER DESIGN GROUP
 15919 VILLAGE WAY
 MORGAN HILL, CA. 95037
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 e jer@jerdesigngroup.com

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 3340 WALNUT AVE. II STE. 292
 FREMONT, CA. 94538
 MOHAMED S. GENIDY, PE
 m. 510.377.7866 o. 650.331.7264
 e: mgenidy@gpmengineers.com

T-24
 NRG SOLUTIONS, LLC

SCOPE OF WORK

LOT SIZE AND DRIVEWAY: VACANT LOT IS APPROXIMATELY 13,209 SQUARE FEET, WITH 2,480 SQUARE FEET DESIGNATED FOR THE PROPOSED DRIVEWAY TO ACCOMMODATE ENTRANCES FOR BOTH PROPERTIES.

MAIN STRUCTURE: THE MAIN STRUCTURE WILL BE A TWO-FLOOR SINGLE-FAMILY RESIDENCE. THE FIRST FLOOR WILL HAVE 1,722 SQUARE FEET OF LIVING SPACE AND A GARAGE TOTALING 901 SQUARE FEET. THE SECOND FLOOR WILL HAVE THREE BEDROOMS AND THREE FULL BATHROOMS, INCLUDING A MASTER BEDROOM SUITE. LIVING SPACE ON THE SECOND FLOOR WILL BE 1,518 SQUARE FEET. THE TOTAL FLOOR AREA RATIO (FAR) WILL BE 3,240 SQUARE FEET.

BASEMENT AND JADU: THE MAIN STRUCTURE WILL HAVE A BASEMENT BELOW GRADE AND AN ATTACHED JUNIOR ACCESSORY DWELLING UNIT (JADU) OF 500 SQUARE FEET NOT PART OF THIS APPLICATION. WITH WINDOWS MEETING ALL REQUIREMENTS FROM THE RESIDENTIAL BUILDING CODE (RBC). THE BASEMENT WILL ALSO INCLUDE A CELLAR OF 1,200 SQUARE FEET FOR WINE, DRY FLOOR, AND GENERAL STORAGE.

DETACHED ADU: UNDER A SEPARATE PERMIT NOT INCLUDED IN THIS SUBMITTAL. A DETACHED ACCESSORY DWELLING UNIT (ADU) WILL BE PROPOSED. THE ADU WILL MEET THE TOWN CODE AND WILL HAVE A TOTAL AREA OF 900 SQUARE FEET.

TREE PRESERVATION AND REPLACEMENT: SIX TREES IDENTIFIED IN THE ARBORIST REPORT WILL BE REPLACED, AND THE OWNER WILL FOLLOW REPLACEMENT REQUIREMENTS MANDATED BY CITY ORDINANCES.

OVERALL, THE SCOPE OF WORK INCLUDES (UNDER SEPARATE PERMIT), GRADING, CONSTRUCTION OF A SINGLE-FAMILY RESIDENCE WITH A BASEMENT AND JADU, PRESERVATION AND REPLACEMENT OF TREES

THE PROJECT MEETS SETBACKS, LOT COVERAGE, HEIGHT, PARKING AND IS LESS THAN THE MAXIMUM ALLOWABLE FAR AND SQUARE FOOTAGE ALLOWED BY TOWN CODE FOR A R1:8 ZONED PARCEL.

NOTE: THIS RESIDENCE WILL COMPLY WITH TOWN'S ALL ELECTRIC APPLIANCE, ELECTRIC VEHICLE AND ENERGY STORAGE SYSTEM REQUIREMENTS IN ACCORDANCE WITH TOWN CODE.



PLANNING-DESIGN-RENDERING
email: jer@jerdesigngroup.com
408.843.8067 c

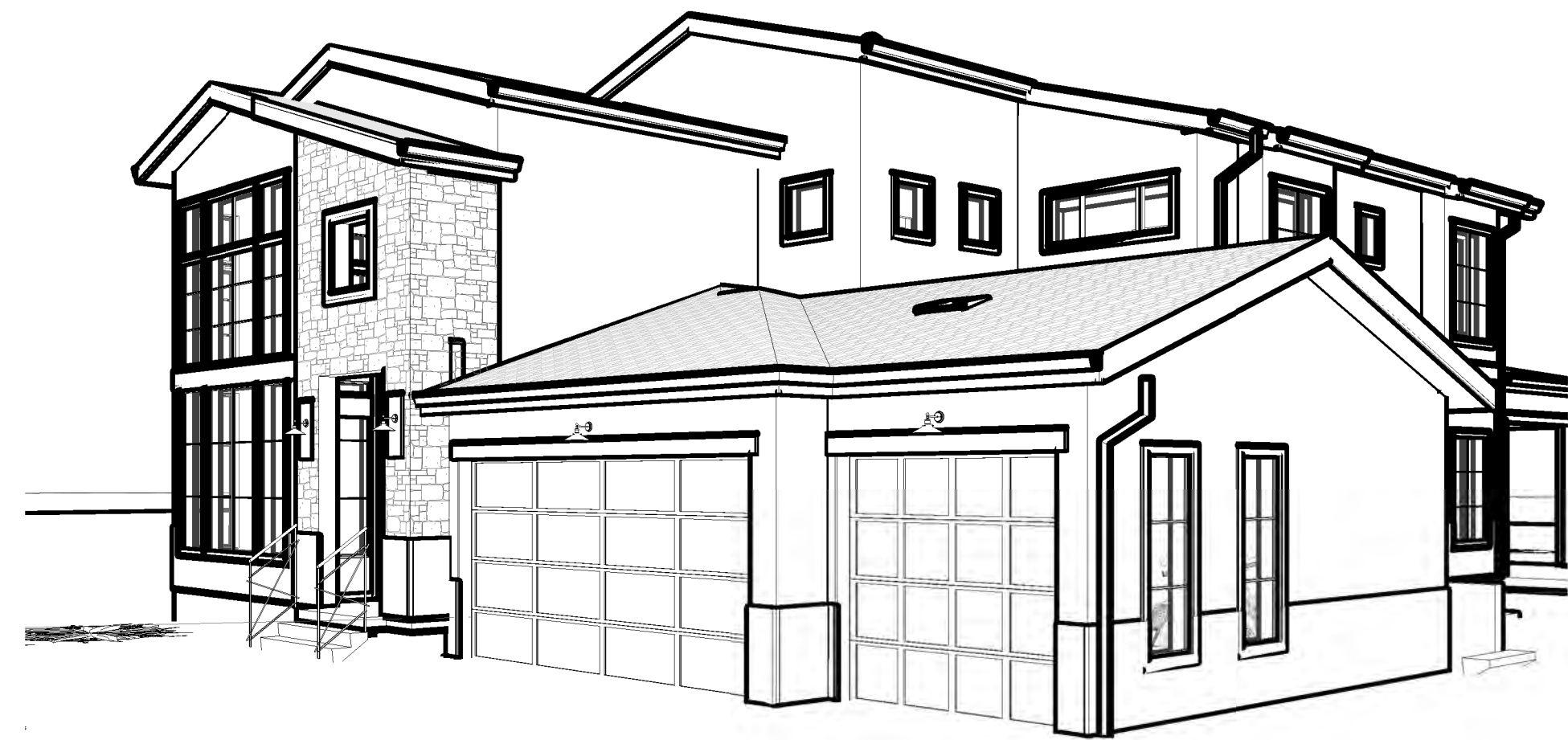
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OWNER

VYANKATESH B. & RAMYA MUDDADA RES.
15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140
3D VIEWS



④ 3D View 3



② 3D View 1



① 3D View 5



③ 3D View 2



⑤ 3D View 4

MARK	DATE	DESCRIPTION

PROJECT NO: 424-12-140
CAD DWG FILE: Y:\Shared\Project\sl15411
DRAWN BY: National Ave. Los
Author\WG\S240610 - Rev.
CHK'D BY: Ramya Resl.rvt
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SHEET OF

09/03/2024



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 408.843.8067 c

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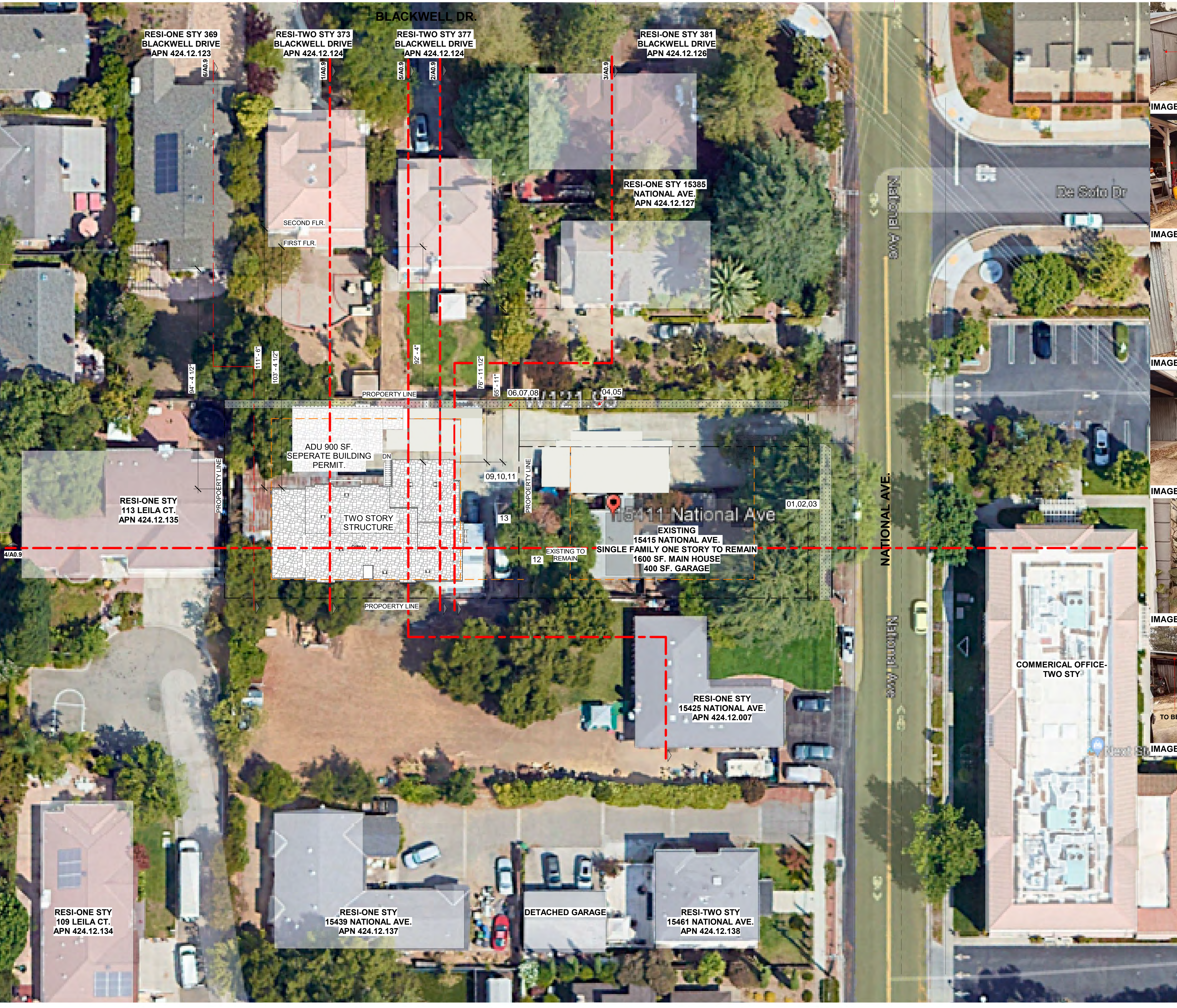
OWNER

VYANKATESH B. & RAMYA MUDDADA RES.
 15411 NATIONAL AVE. LOS GATOS, CA. 424-12-140
 SITE PLAN DIAGRAM

MARK	DATE	DESCRIPTION

PROJECT NO: 424-12-140
 CAD DWG FILE: Y:\Shared\Project\115411 National Ave. Los
 DRAWN BY: Author\WG\S240610 - Rev.
 CHK'D BY: Ramya Resi.rvt - Checker
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 SHEET OF
 09/03/2024





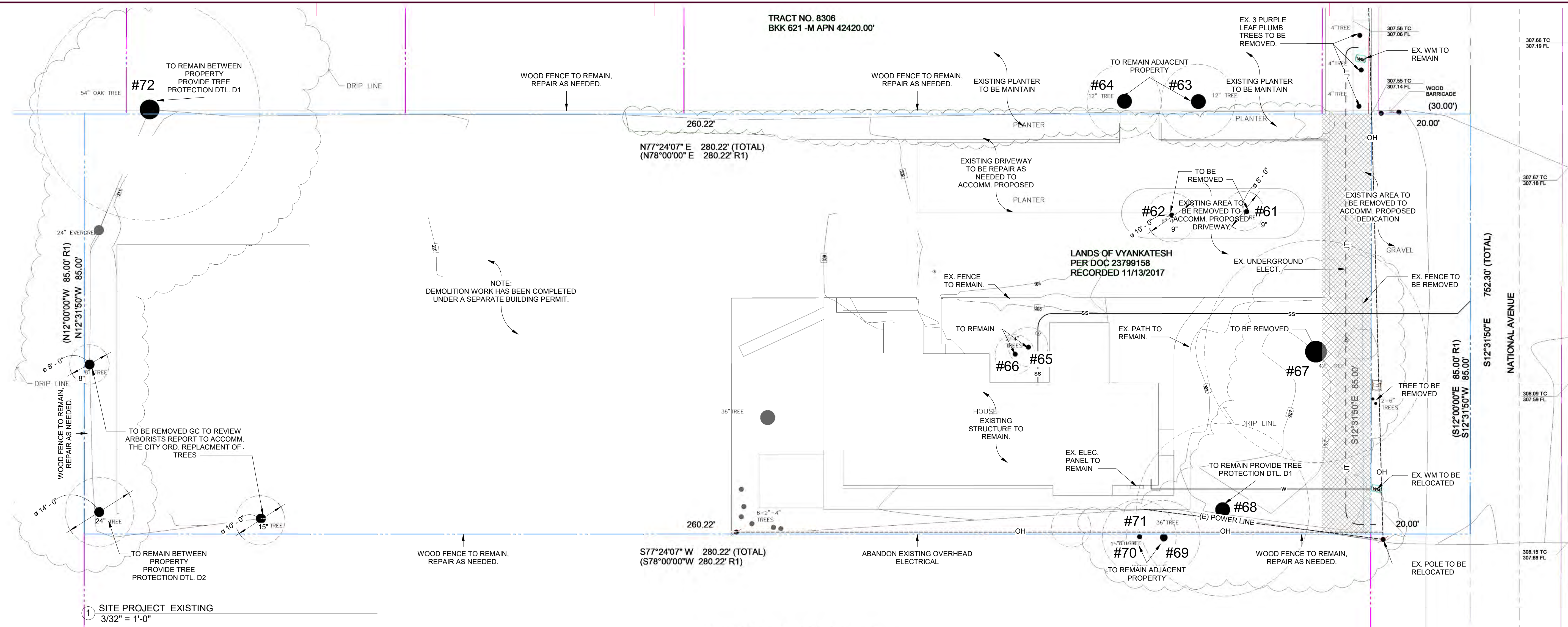
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email: jer@jerdesigngroup.com
408.843.8067 c

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VYANKATESH B. & RAMYA MUDDADA RES.
15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140

EXISTING SITE & DEMO



GENERAL DEMOLITION NOTES

- 1. THE GENERAL CONTRACTOR AND SUB-CONTRACTORS SHALL VISIT THE SITE PRIOR TO SUBMITTING HIS PROPOSAL TO BECOME FAMILIAR WITH ALL EXISTING FIELD CONDITIONS AND REPORT ANY DISCREPANCIES TO THE PROJECT MANAGER.
- 2. DEMOLITION CONTRACTOR SHALL PROVIDE ALL NECESSARY PROTECTION MEASURES TO SAFEGUARD THE PUBLIC DURING CONSTRUCTION ACTIVITIES.
- 3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING THE LOCATION OF ALL EXISTING UNDERGROUND AND OVERHEAD UTILITIES TO SAFEGUARD AGAINST THE INTERRUPTION OF SERVICES TO THE PUBLIC.
- 4. OWNER HAS FIRST RIGHT OF REFUSAL OF ALL SALVAGEABLE ITEMS. ALL EXISTING PERSONAL PROPERTY TO BE REMOVED BY OTHERS PRIOR TO DEMOLITION. ALL REMAINING ITEMS ARE THE PROPERTY OF THE OWNER. GENERAL CONTRACTOR SHALL COORDINATE WITH OWNER THE SALVAGE OF FIXTURES, FURNISHINGS, DOORS & MISCELLANEOUS EQUIPMENT.
- 5. WHILE AN ATTEMPT HAS BEEN MADE TO SHOW THE ITEMS TO BE REMOVED, IT IS THE RESPONSIBILITY OF THE VARIOUS CONTRACTORS TO CONDUCT ON-SITE EXAMINATIONS AND FAMILIARIZE THEMSELVES WITH THE ACTUAL SITE CONDITIONS. ADDITIONAL ITEMS, NOT SHOWN TO BE REMOVED, INTERFERING WITH THE COMPLETE REMOVAL OF THE EXISTING BUILDING, SHALL BE REMOVED WITHOUT ADDITIONAL COST TO THE OWNER.
- 6. CARE SHOULD BE EXERCISED IN THE REMOVAL OF WORK TO PREVENT THE RELEASE OF TOXIC SUBSTANCES. SHOULD TOXIC SUBSTANCES, SUCH AS ASBESTOS BE ENCOUNTERED, THE OWNER SHALL BE NOTIFIED. UPON AUTHORIZATION, THE DISPOSAL OF SAME SHALL CONFORM TO ALL GOVERNING CODES AND REGULATIONS. DISPOSAL SHALL BE DONE ONLY BY CONTRACTORS LICENSED FOR THIS WORK.
- 7. DURING DEMOLITION AND CONSTRUCTION OPERATIONS, PROVIDE ALL NECESSARY PROTECTION AND SAFE PASSAGE FOR THE PUBLIC. SUCH AS BUT NOT LIMITED TO: BARRICADES, TEMPORARY PARTITIONS, DUST BARRIERS, SIGNS, ETC. ERECT AND MAINTAIN THESE BARRIERS TO THE SATISFACTION OF THE OWNER AND ALL APPLICABLE RULES AND REGULATIONS.
- 8. CONTRACTOR SHALL TAKE PRECAUTIONS AS TO MINIMIZE DAMAGE TO ITEMS TO REMAIN, INCLUDING ALL UTILITIES. DURING DEMOLITION AND CONSTRUCTION OPERATIONS, ITEMS NOT SPECIFICALLY NOTED FOR REMOVAL THAT ARE DAMAGED, SHALL BE REPAIRED OR REPLACED TO MATCH EXISTING CONDITIONS AT NO ADDITIONAL COST TO THE OWNER. COORDINATE CONSTRUCTION TIMING, MOVEMENT OF CONSTRUCTION MATERIALS AND STORAGE OF REFUSE CONTAINERS WITH THE OWNER. DEMOLISH ENTIRE BUILDING INCLUDING CONCRETE SLAB ELECTRICAL AND PLUMBING GENERAL CONT. TO CAP ALL LINES THAT ARE NOT IN USE, COORD WITH OWNER.

D3: Section 29.10.1005. - Protection of Trees During Construction

Tree Protection Zones and Fence Specifications

1. **Size and materials:** Six (6) foot high chain link fencing, mounted on two-inch diameter galvanized iron posts, shall be driven into the ground to a depth of at least two (2) feet at no more than ten-foot spacing. For paving area that will not be demolished and when stipulated in a tree preservation plan, posts may be supported by a concrete base.

2. **Area type to be fenced:** Type I: Enclosure with chain link fencing of either the entire dripline area or at the tree protection zone (TPZ), when specified by a certified or consulting arborist. Type II: Enclosure for street trees located in a planter strip, chain link fence around the entire planter strip to the outer branches. Type III: Protection for a tree located in a small planter gutter only (such as downspouts) orange plastic fencing shall be wrapped around the trunk from the ground to the first branch with two-inch wooden boards bound securely on the outside. Caution shall be used to avoid damaging any bark or branches.

3. **Duration of Type I, II, III fencing:** Fencing shall be erected before demolition, grading or construction permits are issued and remain in place until the work is completed. Contractor shall first obtain the approval of the project arborist or record prior to removing a tree protection fence.

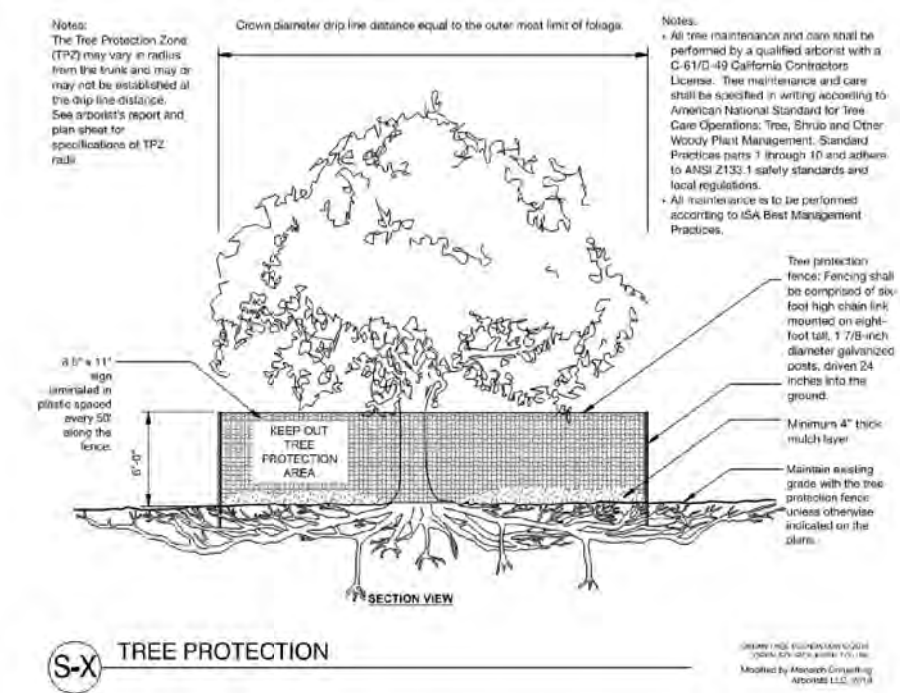
4. **Warning Signs:** Each tree fence shall have prominently displayed an eight and one-half-inch by eleven-inch sign stating: "Warning - Tree Protection Zone - This fence shall not be removed and is subject to penalty according to Town Code 29.10.1025." Text on the signs should be in both English and Spanish (Appendix E).

All persons, shall comply with the following precautions

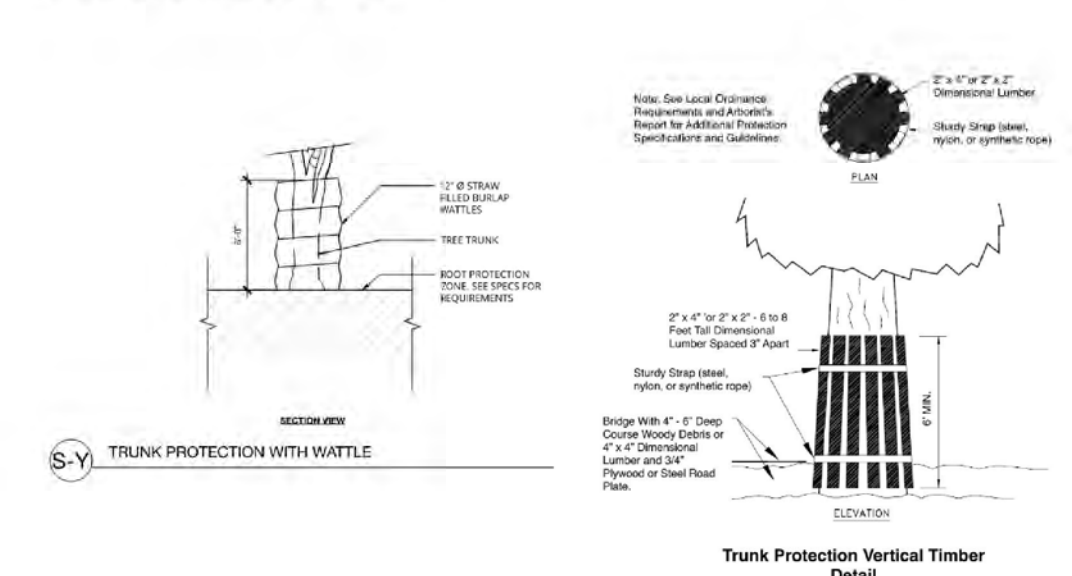
1. Prior to the commencement of construction, install the fence at the dripline, or tree protection zone (TPZ) when specified in an approved arborist report, around any tree and/or vegetation to be retained which could be affected by the construction and prohibit any storage of construction materials or other materials, equipment cleaning, or parking of vehicles within the TPZ. The dripline shall not be altered in any way so as to increase the encroachment of the construction.
2. Prohibit all construction activities within the TPZ, including but not limited to: excavation, grading, drainage and leveling within the dripline of the tree unless approved by the Director.
3. Prohibit disposal or depositing of oil, gasoline, chemicals or other harmful materials within the dripline of or in drainage channels, swales or areas that may lead to the dripline of a protected tree.
4. Prohibit the attachment of wires, signs or ropes to any protected tree.
5. Design utility services and irrigation lines to be located outside of the dripline when feasible.
6. Retain the services of a certified or consulting arborist who shall serve as the project arborist for periodic monitoring of the project site and the health of those trees to be preserved. The project arborist shall be present whenever activities occur which may pose a potential threat to the health of the trees to be preserved and shall document all site visits.
7. The Director and project arborist shall be notified of any damage that occurs to a protected tree during construction so that proper treatment may be administered.

Appendix D: Tree Protection Guidelines

D1: Plan Sheet Detail S-X (Type I)



D2: Plan Sheet Detail S-Y (Type III)



- EXISTING CONCRETE PAVING / SIDEWALK TO BE REMOVED
- EXISTING STRUCTURE/BUILDING/FOUNDATION TO BE REMOVED

NOTE:
A SEPARATE PERMIT IS REQUIRED FOR THE OFF-SITE IMPROVEMENTS PLAN, AND AN ADDITIONAL TREE REMOVAL PERMIT IS ALSO REQUIRED.

SCOPE OF WORK

LOT SIZE AND DRIVEWAY: THE LOT IS APPROXIMATELY 10,729 SQUARE FEET

- GRADING: GRADING LEVELING BASIC ACCOMMODATION NOT TO EXCEED (CUT&FILL) 50 CUBIC YARDS, FINAL GRADE UNDER A SEPARATE SITE PERMIT PROTECTION THROUGHOUT. ENSURE THAT TREE PROTECTION MEASURES REMAIN IN PLACE THROUGHOUT THE ENTIRE DEMOLITION AND GRADING PROCESS. THIS INCLUDES MONITORING THE WORK SITE REGULARLY. REFER TO DETAIL SHOWN ON SHEET A0.11
- TREE REMOVAL PERMITS PENDING AND NOT PART OF THIS APPLICATION.

OWNER RESIDENCE

VYANKATESH B. & RAMYA MUDDADA
15411 NATIONAL AVE.
LOS GATOS, CA. 95032
c408.382.1170
e ramyamuddada@yahoo.com

DESIGNER

JER DESIGN GROUP
15919 VILLAGE WAY
MORGAN HILL, CA. 95037
JOSE RAMA
c 408-843-8067
e jer@jerdesigngroup.com

TREE SPECIES	I.D#	TRUNK DIAM.	CANOPY DIAM.	HEIGHT	CONDUCTION	SAVE OR REMOVE
COAST LIVE OAK (QUERCUS AGRIFOLIA)	72	48"	55'	N/A	GOOD	SAVE
COAST LIVE OAK (QUERCUS AGRIFOLIA)	NO ACCESS	24"	14'	NO ACCESS	NO ACCESS	SAVE
COAST LIVE OAK (QUERCUS AGRIFOLIA)	NO ACCESS	15"	10'	NO ACCESS	NO ACCESS	REMOVE
NO ACCESS	NO ACCESS	8"	8'	NO ACCESS	NO ACCESS	REMOVE

MARK	DATE	DESCRIPTION

PROJECT NO: 424-12-140
CAD DWG FILE: Y:\Shared\Project\1515411
National Ave. Los
DRAWN BY: Author\WG\S240610 - Rev.
CHK'D BY: Ramya Resl.rvt
Checker
COPYRIGHT: 2023
JER DESIGN GROUP
SHEET TITLE

A0.11



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15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140

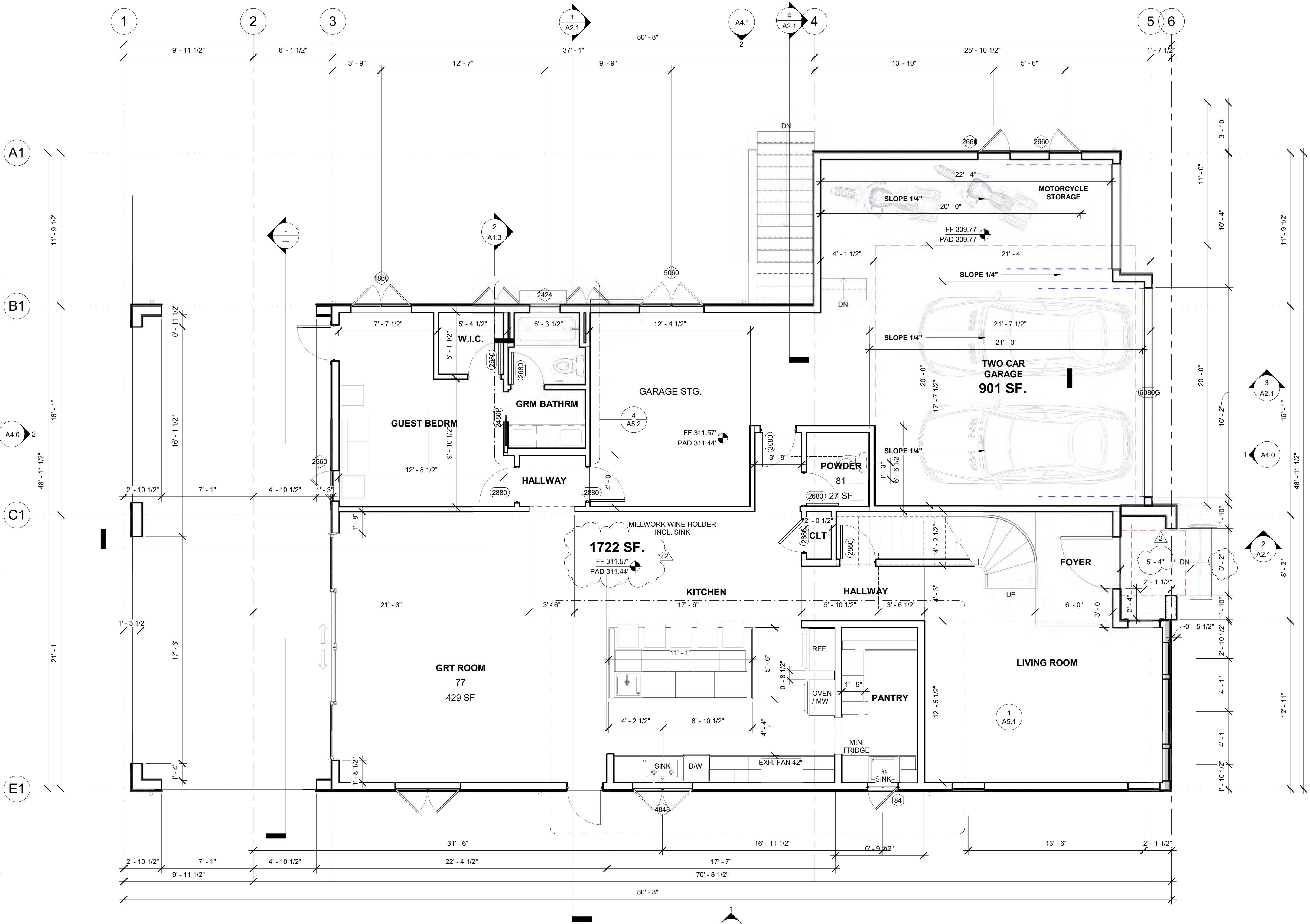
FIRST LV1 - FLOOR PLAN

FLOOR PLAN NOTES

- ALL FLOOR PLAN DIMENSIONS ARE FROM FACE OF STUD TO FACE OF STUD, U.O.N. WHERE CLEAR DIMENSION IS INDICATED, IT SHALL BE FROM FACE OF FINISH TO FACE OF FINISH, WHERE CENTERLINE DIMENSION IS INDICATED, IT SHALL BE FROM CENTERLINE OF OBJECT NOTED.
- CONTRACTOR TO PROVIDE RECESSED BOXES BEHIND ALL REFRIGERATORS ICE-MAKERS & WATER LINE AND WASHER/DRYER, CAULKING ALL AROUND RECESSED BOXES
- REFER TO PROJECT INFORMATION SHEET FOR ROOF/ATTIC & UNDERFLOOR VENTILATION CALCULATIONS.
- PROVIDE FLOORING TRANSITION STRIP BETWEEN DISSIMILAR MATERIALS.
- MECHANICAL & PLUMBING VENTS THROUGH EXTERIOR WALLS SHALL BE EQUIPPED WITH WALL CAP, BUILT-IN BACKDRAFT DAMPER & BIRD SCREEN.
 - WILDLAND URBAN INTERFACE FIRE HAZARD AREA
 - A. EXTERIOR WALL COVERING ARE CONSTRUCTED OF NON-COMBUSTIBLE MATERIALS.
 - B. EXTERIOR WALL VENTS (CRAWL SPACE VENTS, COMBUSTION AIR VENTS, ETC.) SPECIFY SUCH OPENING SHALL BE COVERED W/CORROSION-RESISTANT NON-COMBUSTIBLE WIRE MESH WITH MESH OPENINGS OF 1/8 INCH MAX. PER CRC R337.6.2.
- FOR ROOM FINISHES, SEE ROOM FINISH SCHEDULE SHEET
- SEE INTERIOR ELEVATION SHEETS FOR MOUNTING HEIGHTS OF BATHROOM ACCESSORIES, COUNTERTOP HEIGHTS
- SEE SHEET A-0.1 FOR ABBREVIATIONS, LEGENDS, SYMBOLS.
- WHERE DOOR LOCATIONS ARE NOT SPECIFIED, CENTER IN WALL OR INSTALL 4" FROM FACE OF ADJACENT WALL FRAMING.
- ALL INTERIOR WALLS TO BE WALL TYPE C U.O.N. - SEE WALL LEGEND.
- EACH BEDROOM AND OUTSIDE SLEEPING AREA, PROVIDED WITH A SMOKE AND CARBON MONOXIDE DETECTORS INSTALLED IN ACCORDANCE WITH CRC. R.315 CARBON MONOXIDE ALARMS COMBINED WITH SMOKE SHALL COMPLY WITH SECTION R315, ALL APPLICABLE STANDARD, AND REQUIREMENTS FOR LISTING AND APPROVAL BY THE OFFICE OF THE STATE FIRE MARSHAL, FOR SMOKE ALARM.

FLOOR PLAN KEYNOTES

- | | |
|----|--|
| 01 | TOILET- SELECTED BY OWNER |
| 02 | TOILET-PAPER HOLDER - SELECTED BY OWNER |
| 03 | PEDESTAL SINK - SELECTED BY OWNER |
| 04 | MIRROR - SEE INTERIOR ELEVATIONS FOR DIMENSIONS |
| 05 | TOWEL BAR TO BE SELECTED - PROVIDE BLKG IN WALL |
| 06 | COUNTER TOP - SELECTED BY OWNER |
| 07 | SHOWER, SEE DTL. AND , SHOWER SURROUND - SELECTED BY OWNER |
| 08 | SHOWER SHELF - SELECTED BY OWNER |
| 09 | SHOWER HEAD - SELECTED BY OWNER |
| 10 | PULL DOWN ATTIC ACCESS, SEE DTL. |
| 11 | LAVATORY AND FAUCET - SELECTED BY OWNER |
| 12 | GAS FIREPLACE - SELECTED BY OWNER |
| 13 | ADJUSTABLE SHOWER HEAD W/HANDSHOWER - SELECTED BY OWNER |
| 14 | WALK-IN BATH TUB EQUIPPED WITH EXTENSION BOX TO FIT OPENING, SEE DTL. |
| 15 | DISHWASHER - SEE APPLIANCE & EQUIPMENT SCHEDULE |
| 16 | REFRIGERATOR SPACE, PROVIDE RECESSED BOX FOR WATERLINE & SHUT-OFF VALVE IN WALL FOR ICE MAKER - SEE APPLIANCE & EQUIPMENT SPEC. |
| 17 | UNDERMOUNT FARM SINK, KITCHEN SINK WITH GARBAGE DISPOSAL - SELECTED BY OWNER |
| 18 | GAS RANGE COOKTOP - SEE APPLIANCE & EQUIPMENT SCHEDULE |
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| 21 | MILLWORK FINISH TO BE SELECTED BY OWNER - SEE INTERIOR ELEVATIONS |
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| 24 | WALL-MOUNTED RANGE HOOD - SEE APPLIANCE & EQUIPMENT SCHEDULE |
| 25 | TEMPERED GLASS SHOWER SCREEN & DOOR |
| 26 | CLOTHES DRYER - PROVIDE VENT TO EXTERIOR WITH BACKDRAFT DAMPER IN ACCORDANCE WITH CMC 504.3.2 - SEE APPLIANCE & EQUIPMENT SCHEDULE |
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| 32 | UNDERCOUNTER LAZY SUSAN UNIT |
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| 37 | CLOTHES ROD WITH 12" DEEP FIXED SHELF ABOVE, SEE DTL. |
| 38 | HANDRAIL - SEE DTL. |
| 39 | BUILT-IN MILLWORK - SEE INTERIOR ELEVATIONS. REFER TO MILLWORK DESIGN |
| 40 | COLUMNS MDO WITH STONE VENEER BASE, SEE DTL. |
| 41 | ROOF LINE ABOVE |
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| 44 | CRAWL SPACE VENTILATION AREAWAY - EXISTING LOCATION |
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FIRST FLOOR: 1,722 SF.
GARAGE: 901 SF.
TOTAL: 2,623 SF.

1 FIRST LV1
1/4" = 1'-0"



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email: jer@jerdesigngroup.com
408.843.8067 c

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OWNER

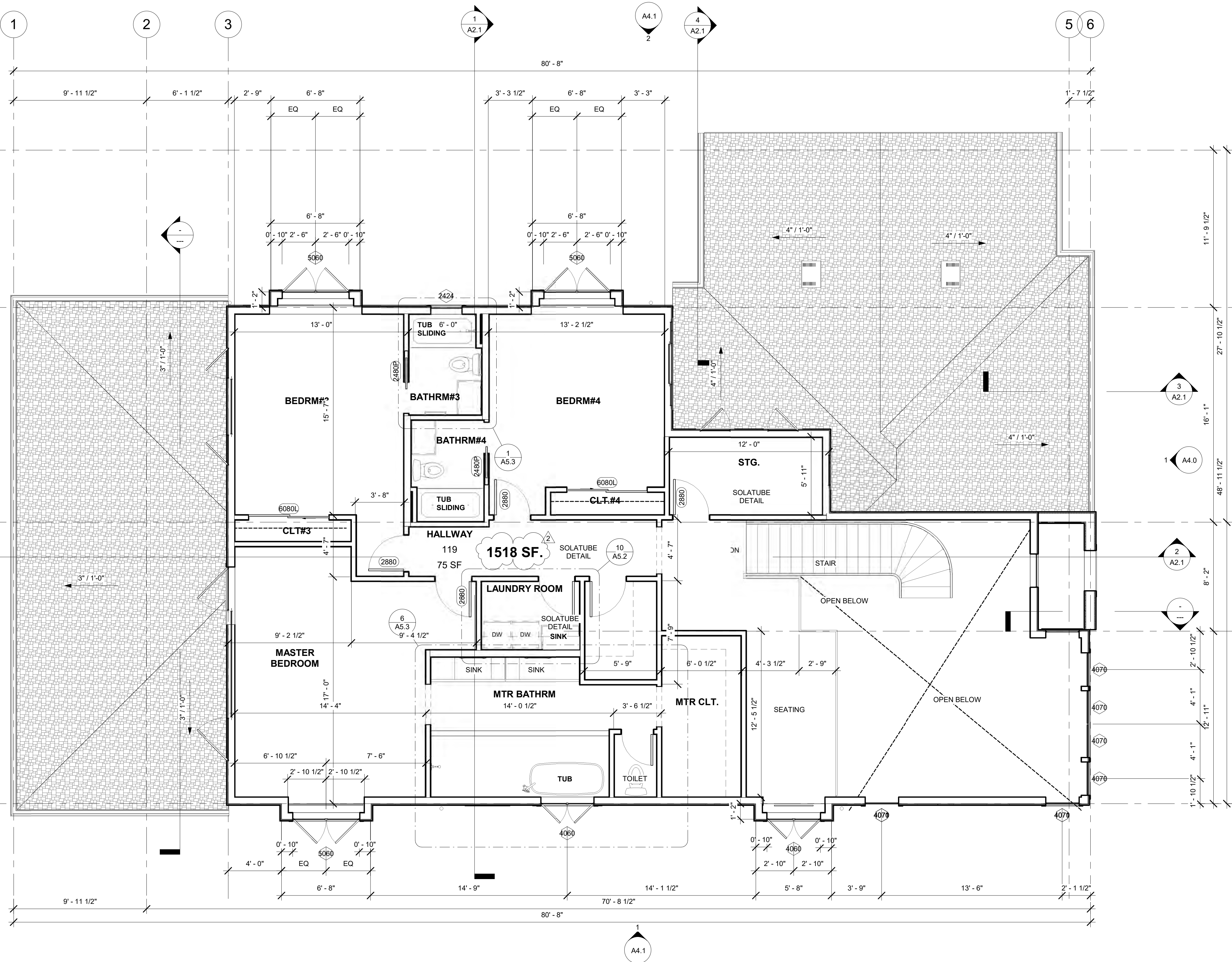
VYANKATESH B. & RAMYA MUDDADA RES.
15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140
SECOND LVI - FLOOR PLAN

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1 SECOND LVI
1/4" = 1'-0"

2 SECOND FLOOR: 1,518 SF.



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408.843.8067 c

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15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140
BASEMENT LV1

MARK	DATE	DESCRIPTION
2	010924	PLANNING 2

PROJECT NO: 424-12-140
CAD DWG FILE: Y:\Shared\Project\115411
National Ave. Los
DRAWN BY: Author\WG\S240610 - Rev.
CHK'D BY: Ramya Resi.rvt
Checker

COPYRIGHT: 2023
JER DESIGN GROUP

SHEET TITLE

A1.3

SHEET OF

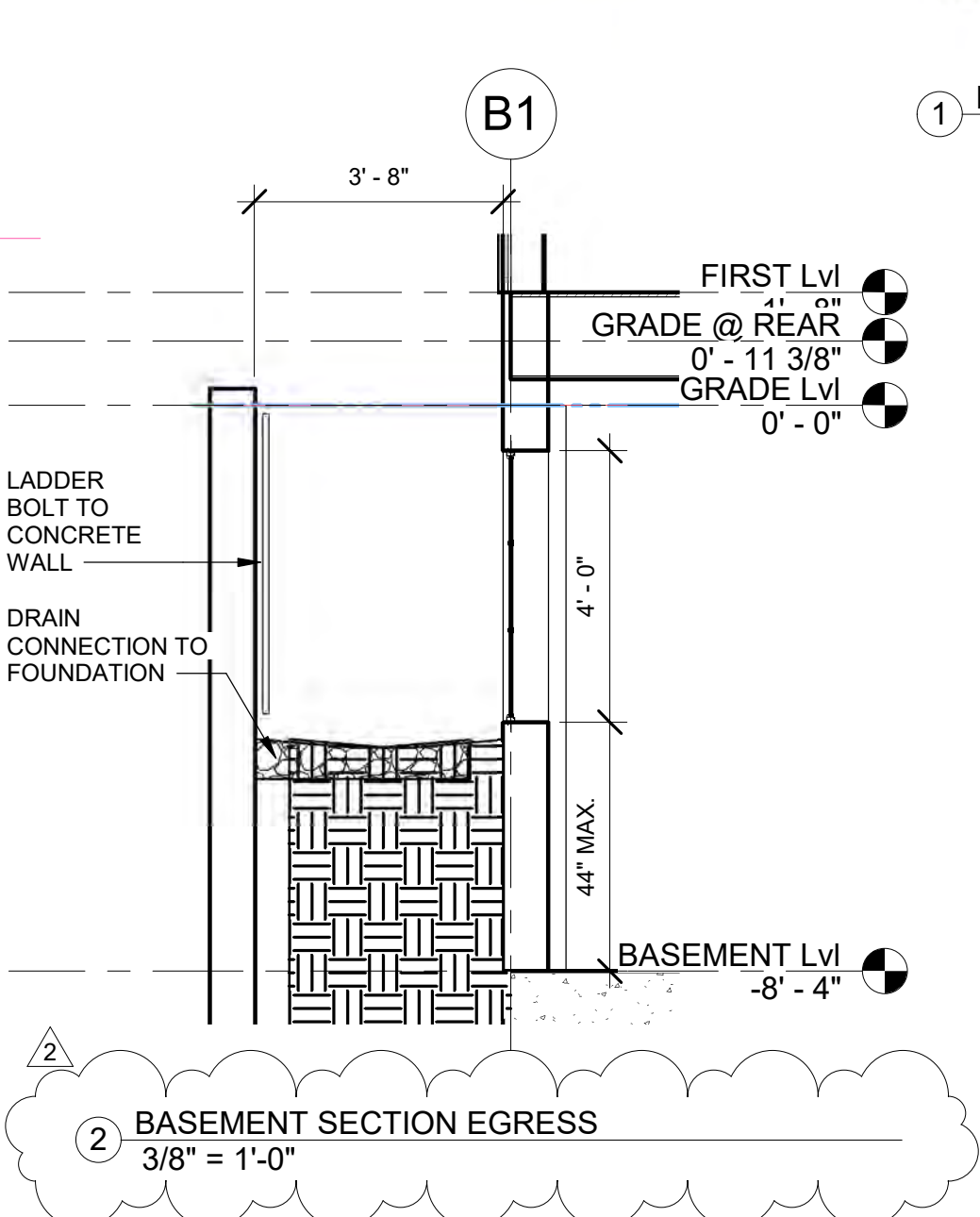
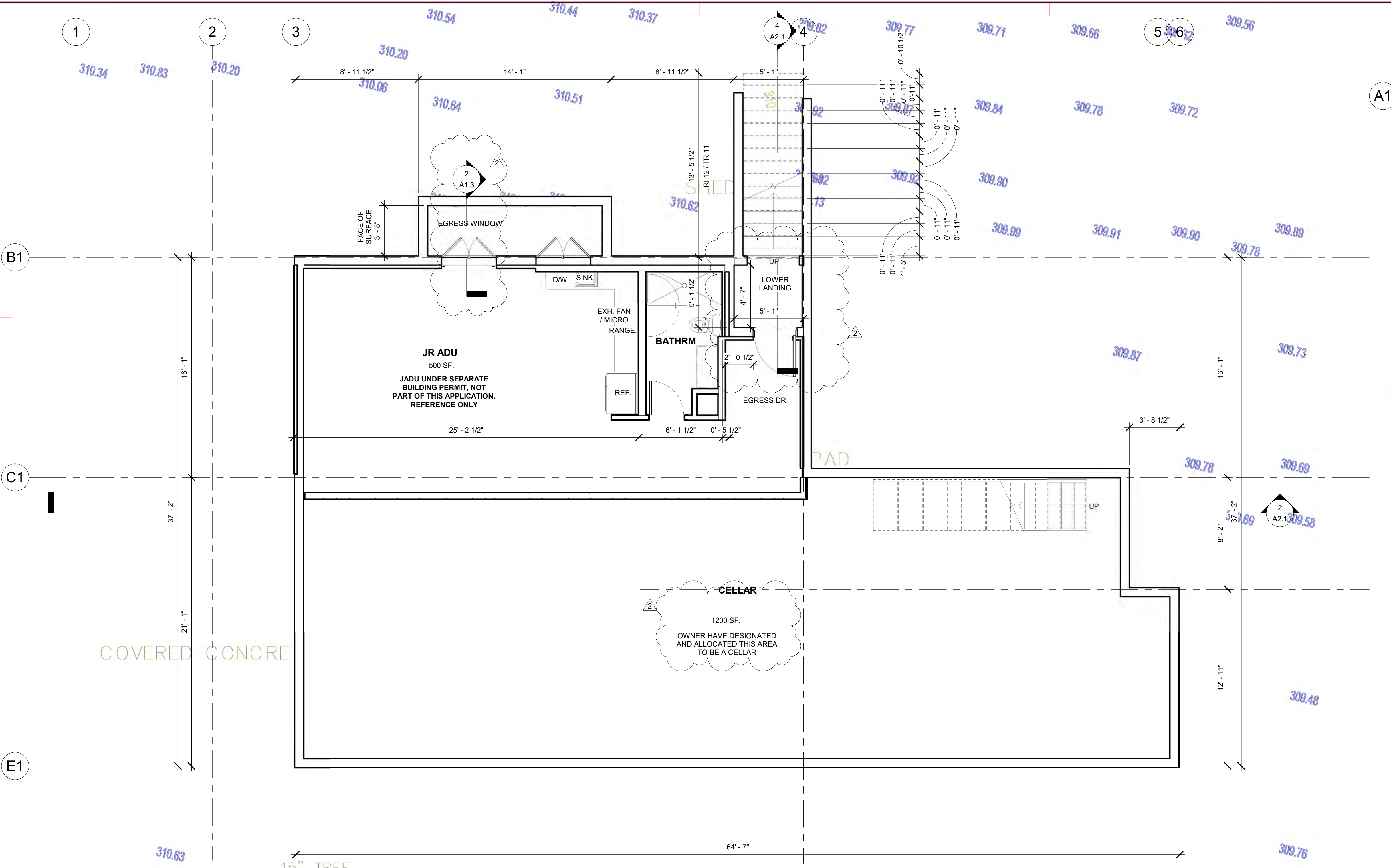
09/03/2024

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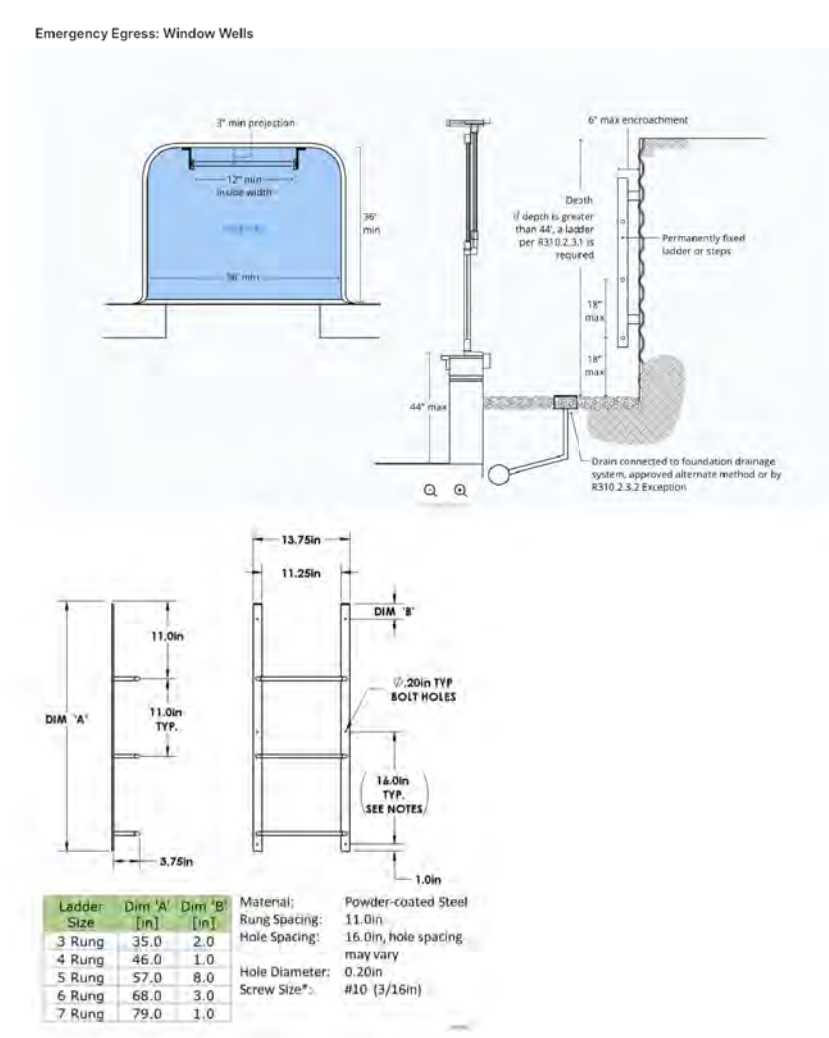


1 BASEMENT LV1
1/4" = 1'-0"

R310.1 EMERGENCY ESCAPE AND RESCUE OPENING REQUIRED
BASEMENTS, HABITABLE ATTICS AND EVERY SLEEPING ROOM SHALL HAVE NOT LESS THAN ONE OPERABLE EMERGENCY ESCAPE AND RESCUE OPENING. WHERE BASEMENTS CONTAIN ONE OR MORE SLEEPING ROOMS, AN EMERGENCY ESCAPE AND RESCUE OPENING SHALL BE REQUIRED IN EACH SLEEPING ROOM. EMERGENCY ESCAPE AND RESCUE OPENINGS SHALL OPEN DIRECTLY INTO A PUBLIC WAY.

EMERGENCY ESCAPE AND RESCUE OPENINGS ARE NOT REQUIRED FROM BASEMENTS OR SLEEPING ROOMS THAT HAVE AN EXIT DOOR OR EXIT ACCESS DOOR THAT OPENS DIRECTLY INTO A PUBLIC WAY OR TO A YARD, COURT OR EXTERIOR EGRESS BALCONY THAT OPENS TO A PUBLIC WAY.

AN EGRESS LADDER OR STEP MAY ENCR OACH INTO WELL UP TO 6". STEPS AND/OR DISTANCE BETWEEN RUNGS OF THE LADDER CANT EXCEED 18". THE RUNGS OF AN EGRESS LADDER MUST BE 12" WIDE OR GREATER AND MUST PROJECT A MINIMUM OF 3" AWAY FROM THE BACK WALL, BUT CANT EXCEED 6" FROM THE BACK OF THE WALL.



JADU UNDER SEPARATE BUILDING PERMIT, NOT PART OF THIS APPLICATION. REFERENCE ONLY

CELLAR : 1,200 SF.
JADU : 500 SF.



PLANNING-DESIGN-RENDERING
email: jer@jerdesigngroup.com
408.843.8067 c

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OWNER

VYANKATESH B. & RAMYA MUDDADA RES.
15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140
BUILDING SECTIONS

MARK	DATE	DESCRIPTION
2	010924	PLANNING 2

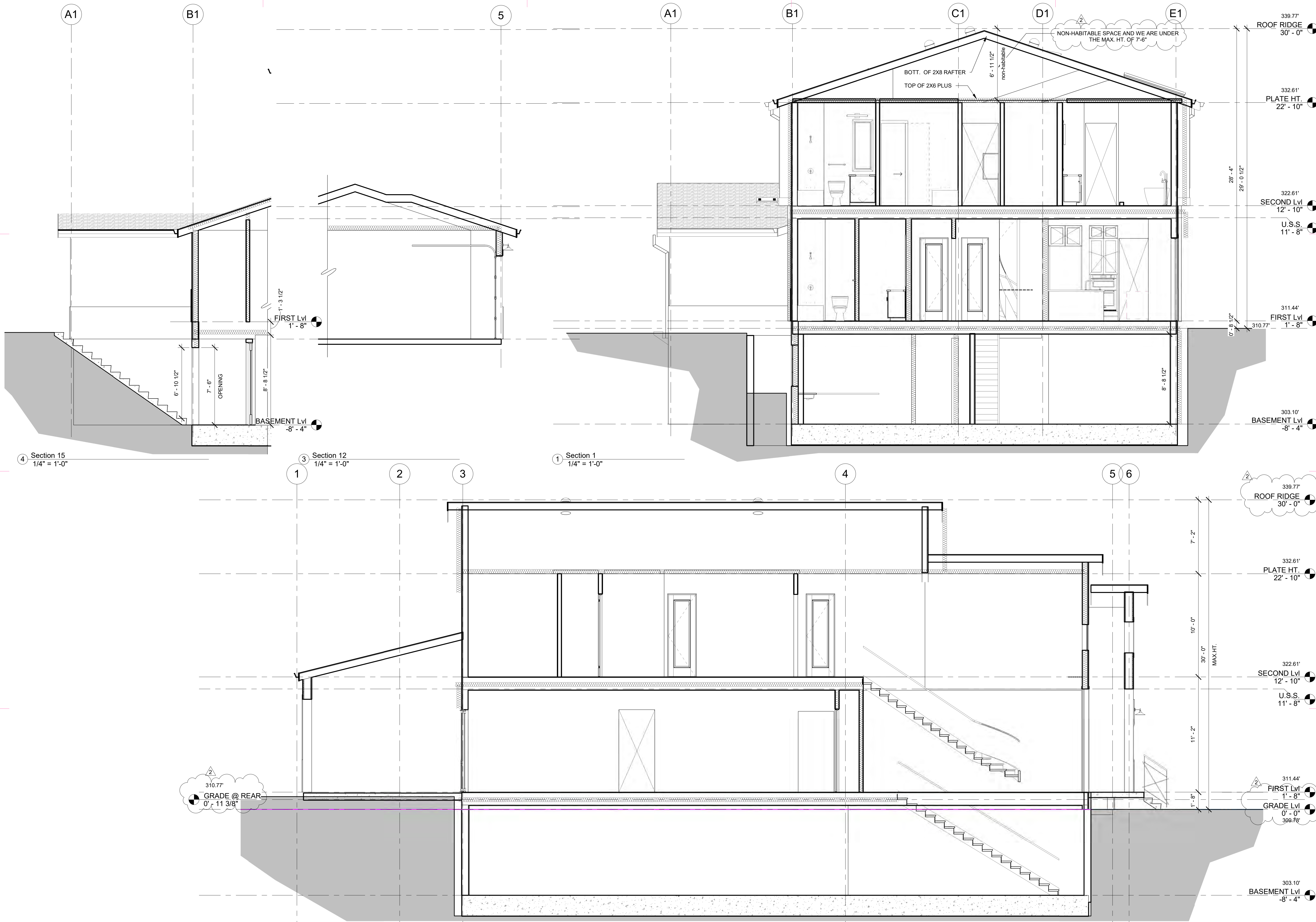
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CAD DWG FILE: Y:\Shared\Project\115411
DRAWN BY: Author\WG\S240610 - Rev.
CHK'D BY: Ramya Resi.rvt
Checker

COPYRIGHT: 2023
JER DESIGN GROUP

SHEET TITLE

A2.1

SHEET OF



4 Section 15
1/4" = 1'-0"

3 Section 12
1/4" = 1'-0"

1 Section 1
1/4" = 1'-0"

2 Section 4
1/4" = 1'-0"



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OWNER

VYANKATESH B. & RAMYA MUDDADA RES.
15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140

SITE SECTION

MARK	DATE	DESCRIPTION

PROJECT NO: 424-12-140
CAD DWG FILE: Y:\Shared\Project\sl15411
National Ave. Los
DRAWN BY: Author\WG\S240610 - Rev.
Ramya Resi.rvt
CHK'D BY: Checker

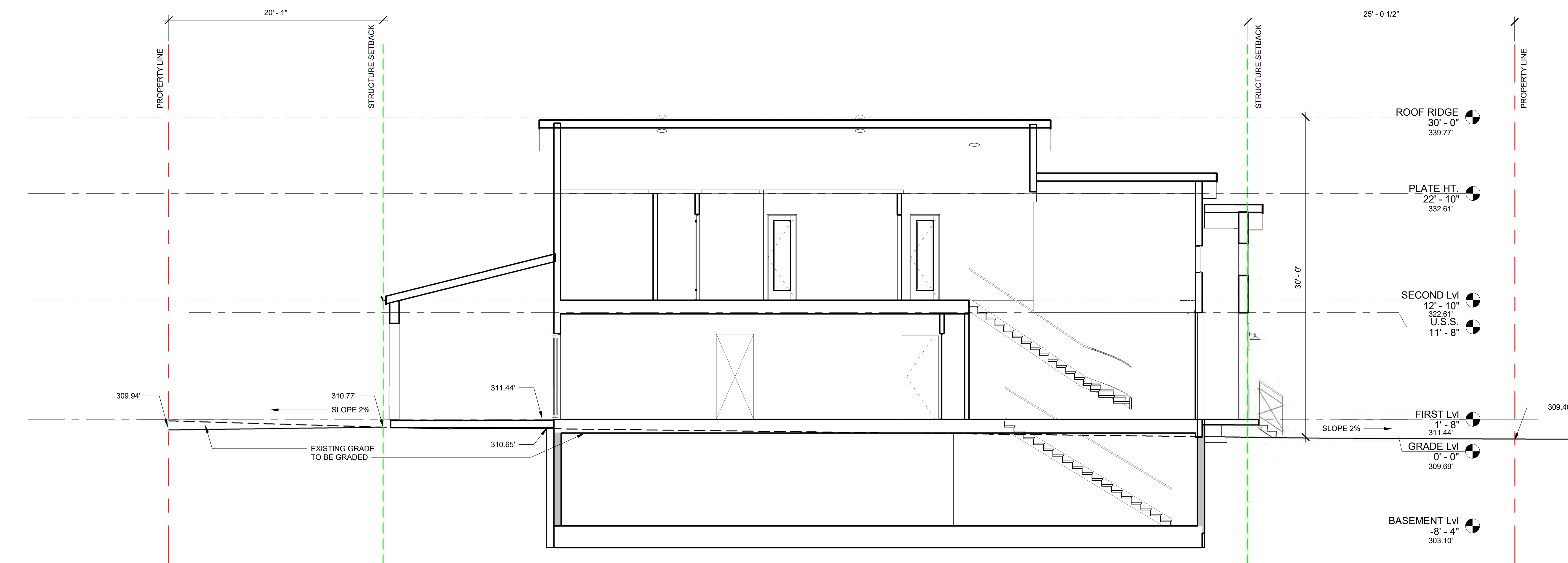
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SHEET TITLE

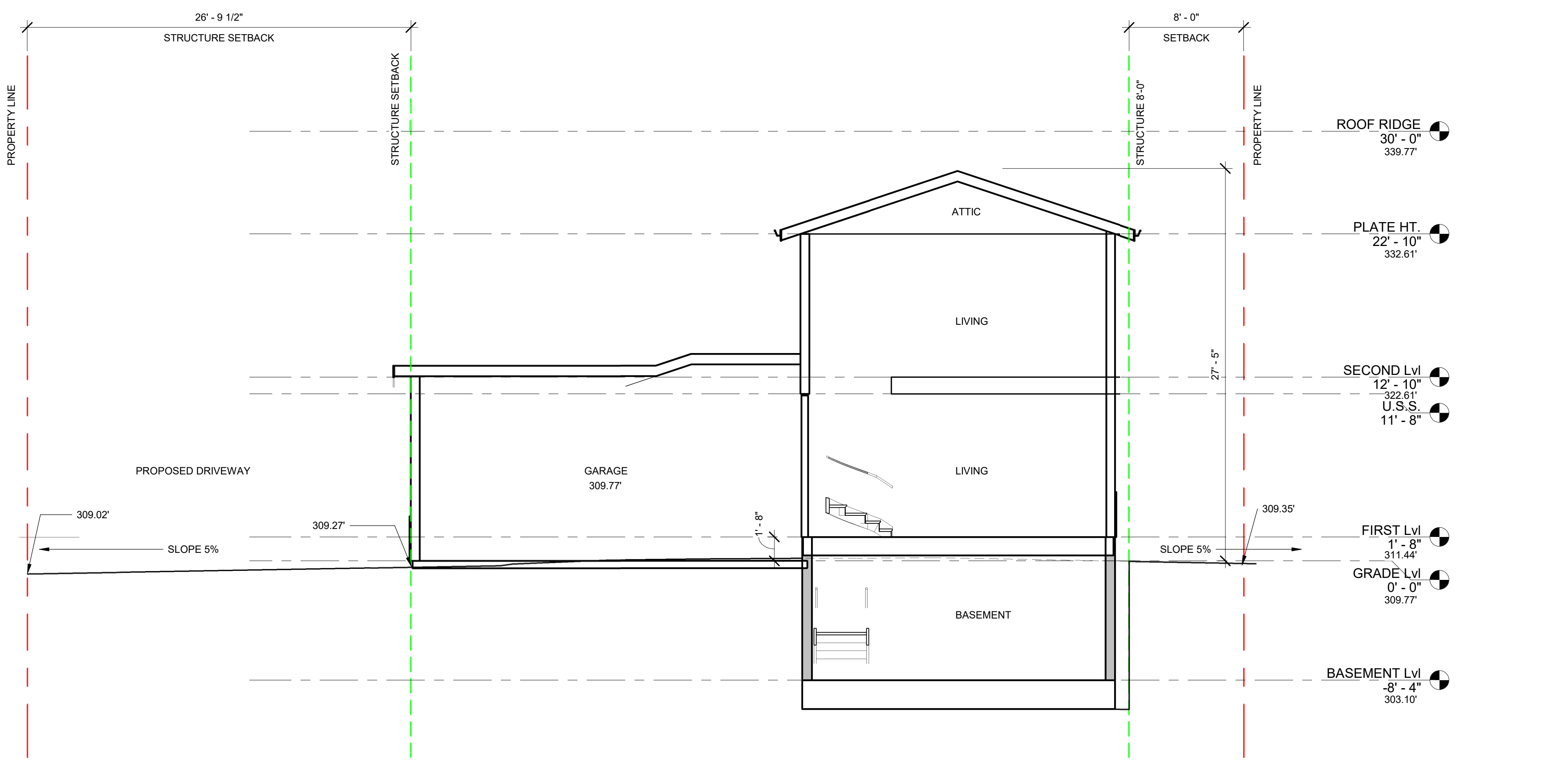
A3.1

SHEET OF

09/03/2024



1 SITE SECTION
3/16" = 1'-0"



2 SITE SECTION 02
3/16" = 1'-0"



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408.843.8067 c

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OWNER

VYANKATESH B. & RAMYA MUDDADA RES.
15411 NATIONAL AVE. LOS GATOS, CA.
424-12-140
PROPOSED BUILDING ELEVATIONS

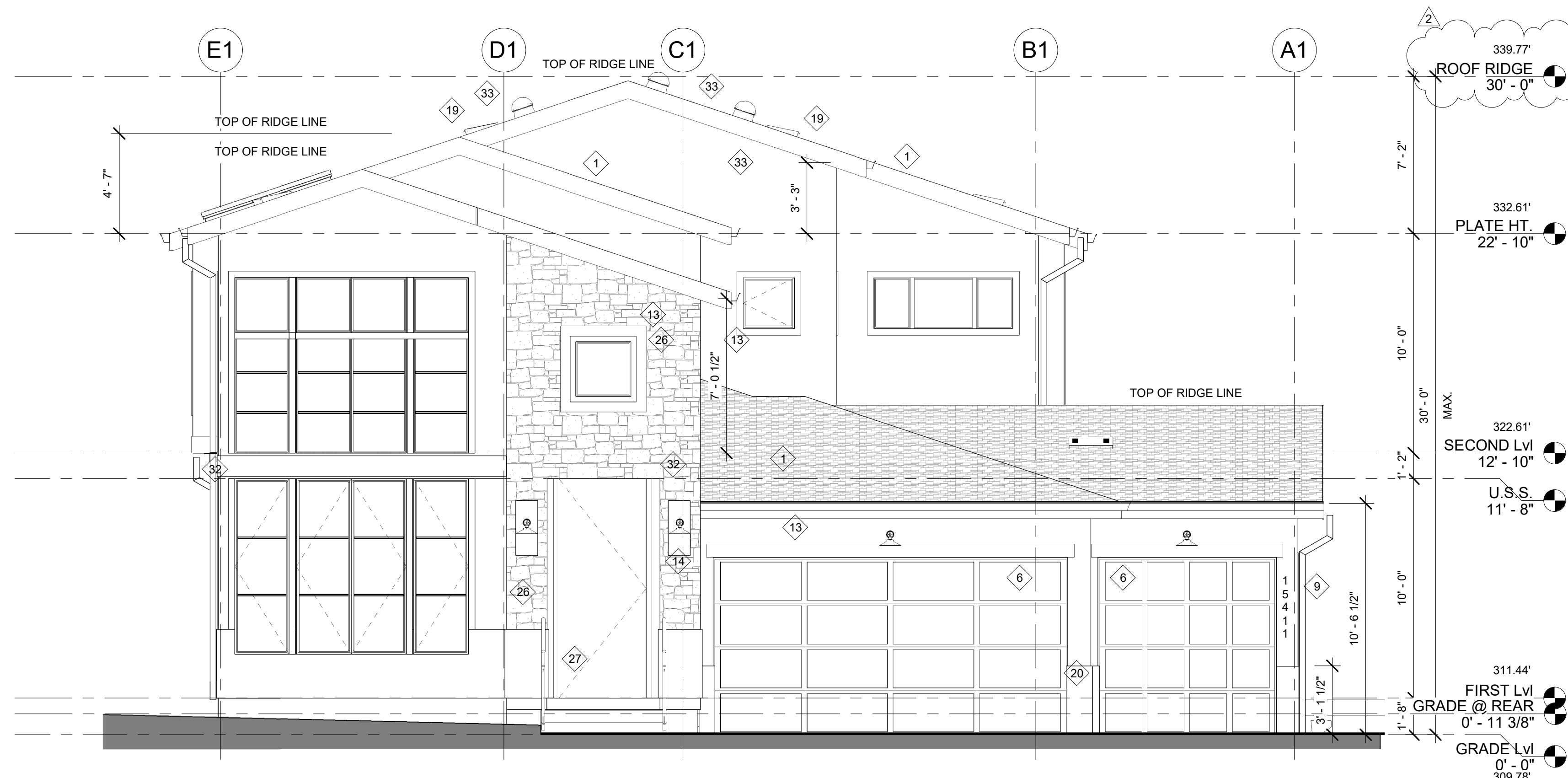
MARK	DATE	DESCRIPTION
2	010924	PLANNING 2

PROJECT NO: 424-12-140
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 CHK'D BY: Ramya Resi.rvt - Checker
 COPYRIGHT: 2023
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 SHEET TITLE

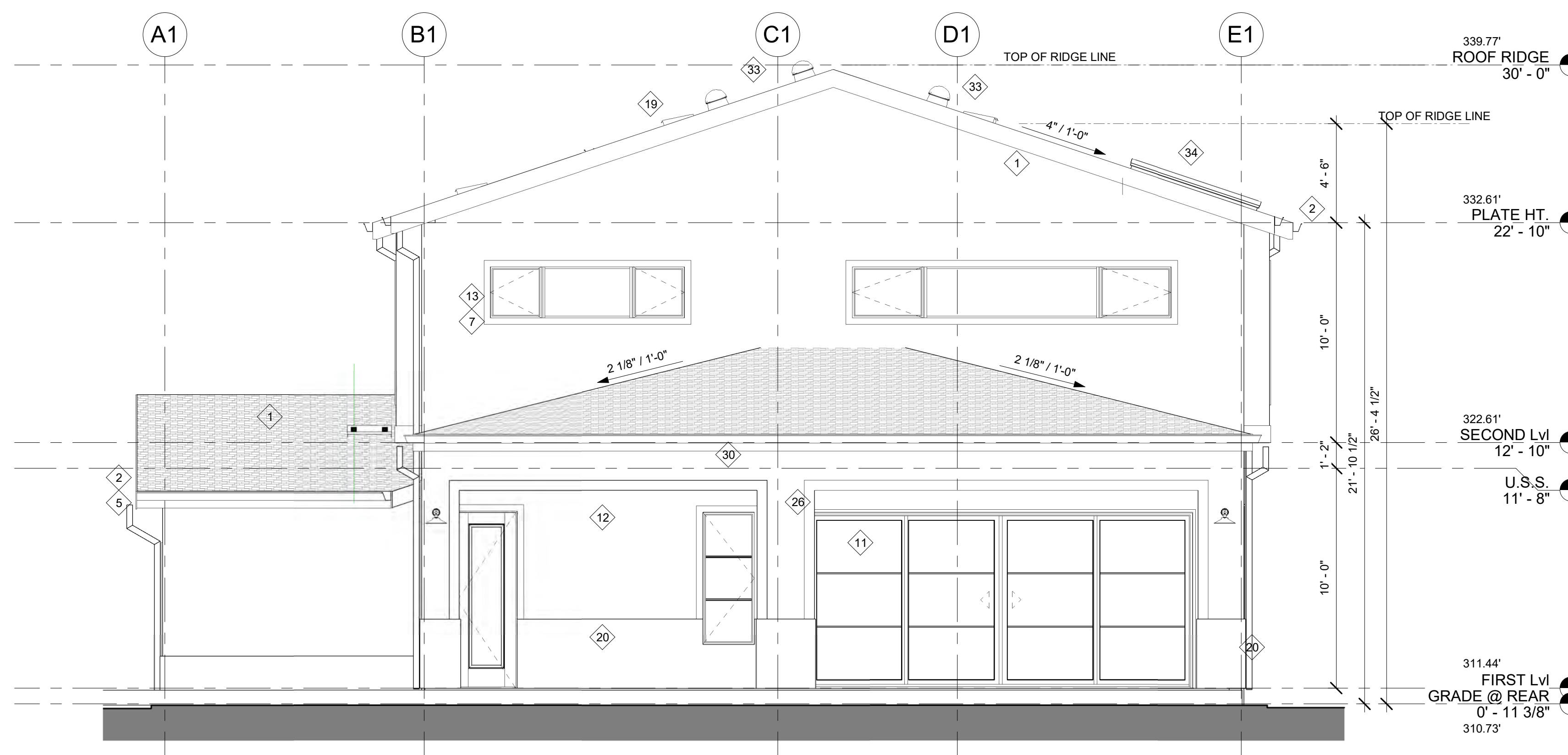
A4.0

SHEET OF

09/03/2024



1 FRONT ELEVATION
1/4" = 1'-0"



2 REAR ELEVATION
1/4" = 1'-0"

ELEVATION KEYNOTES

- | | | | |
|---|--|--|---|
| 1 LIGHTWEIGHT CONCRETE TILES - TILE OR EQUAL. ROOFING SHALL BE RATED CLASS "C" MIN., WITH ALL CORROSION RESISTANT FASTENERS | 7 MARVIN WINDOW OR SEQUEL SELECTED BY OWNER | 15 CONTROL JOINT, TYP. | 23 WALL CAP (OWNER TO SELECT TYPE & FINISH) |
| 2 WIDE GALVANIZED SHEET METAL GUTTER. PAINT TO MATCH TRIM | 8 VALLEY FLASHING ON ROOF | 16 PRECAST CONCRETE TREADS. SEE DETAILS | 24 STEPPED FOUNDATION WALL - S.S.D. & CIVIL DWGS |
| 3 GALVANIZED SHEET METAL DOWNSPOUT. PAINT TO MATCH ADJACENT WALL | 9 ADDRESS NUMBER. MIN. 4" HIGH WITH CONTRASTING COLOR TO BACKGROUND | 17 CONCRETE STEPS, TRAVERTINE TILES TO MATCH @ PLATFORM LARGE FORMAT TILES | 25 WOOD PLANKS AT UNDERSIDE OF STRUCT. STAIN TO MATCH EXT. COLUMNS STAIN COLOR TO BE SELECTED BY OWNER |
| 4 STANDING SEAM ROOF DARK BRONZE | 10 DECORATIVE WOOD BRACKET. SEE DETAIL | 18 STAIN COLUMNS | 26 STONE VENEER (EL DORADO) MAX. DEPTH TO BE 1" |
| 5 FASCIA BOARD | 11 IRON DOOR OR NANO, PRODUCT TO BE EQUAL | 19 ATTIC ROOF VENT. SEE DETAIL | 27 IRON DOORS AND ACCENT ELEMENTS |
| 6 ALUMINUM GARAGE W/POLYURETHANE INSULATION R-VALUE. DOOR TO BE SELECTED BY OWNER. | 12 CEMENT PLASTER : SAND FLOAT FINISH | 20 STUCCO BASE CONT. (PROJECTED) | 28 PAVERS, COLOR AND SIZE TO BE SELECTED BY OWNER |
| | 13 TRIM AROUND WINDOWS, DOORS & OPENING TO MATCH BASE, PRECAST PROFILE TO BE SELECTED BY OWNER | 21 GAS METER & ELEC. METERS - SEE SITE PLAN | 29 LARGE BOWL PLANTER, LANDSCAPE TO HAVE WATER DRIP CONNECTION. COLOR AND SIZE TO BE SELECTED BY OWNER |
| | 14 TOP OF LIGHT FIXTURE MOUNTED ON A TRIM TO MATCH WINDOW AND OPENING SELECTION | 22 6' GOOD NEIGHBOR FENCE FOR PRIVACY, SEE DTL | |

LEGEND

- | | |
|--|--|
| 30 CONTROL JOINT TO BE PAINTED TO MATCH ADJACENT SURFACE | 33 SUN TUBE TO MATCH COLOR OF TILE (SELECTED BY OWNER) |
| 31 SIDING BOARD | 34 SKYLIGHT (SELECTED BY OWNER) |
| 32 BALLY BAND TO MATCH TRIM AT DOORS AND WINDOWS | 35 PLAIN FROSTED, LIGHT DIFFUSE & ETCHED WINDOW FILM |



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 email: jer@jerdesigngroup.com
 408.843.8067 c

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OWNER

VYANKATESH B. & RAMYA MUDDADA RES.
 15411 NATIONAL AVE. LOS GATOS, CA.
 424-12-140
PROPOSED BUILDING ELEVATIONS

MARK	DATE	DESCRIPTION
2	010924	PLANNING 2

PROJECT NO: 424-12-140
 CAD DWG FILE: Y:\Shared\Project\15411\National Ave. Los
 DRAWN BY: Author\WG\S240610 - Rev.
 CHK'D BY: Ramya Resl.rvt - Checker
 COPYRIGHT: 2023
 JER DESIGN GROUP
 SHEET TITLE

A4.1
 SHEET OF



ELEVATION KEYNOTES

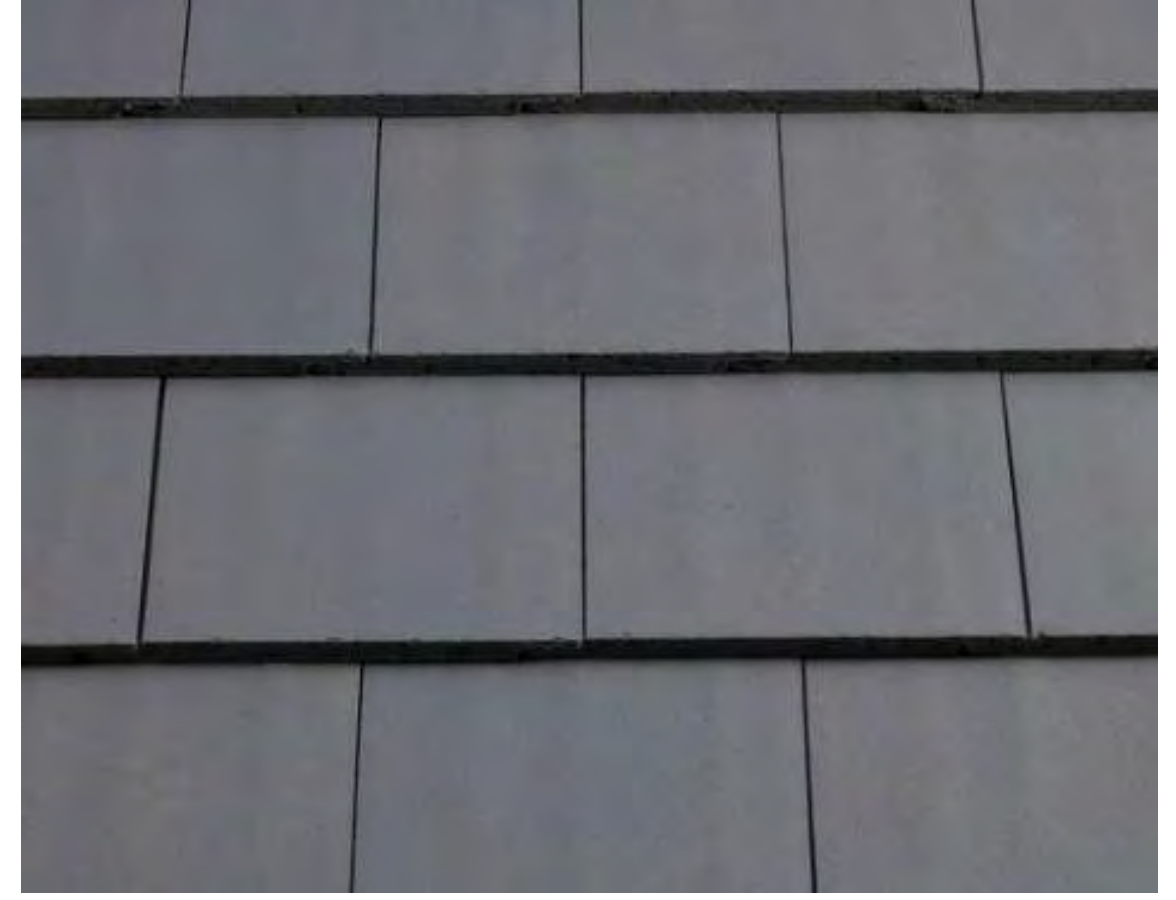
- | | | | |
|---|--|--|---|
| 1 LIGHTWEIGHT CONCRETE TILES - TILE OR EQUAL. ROOFING SHALL BE RATED CLASS "C" MIN., WITH ALL CORROSION RESISTANT FASTENERS | 7 MARVIN WINDOW OR SEQUEL SELECTED BY OWNER | 15 CONTROL JOINT, TYP. | 23 WALL CAP (OWNER TO SELECT TYPE & FINISH) |
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| 6 ALUMINUM GARAGE W/POLYURETHANE INSULATION R-VALUE. DOOR TO BE SELECTED BY OWNER | 12 CEMENT PLASTER - SAND FLOAT FINISH | 20 STUCCO BASE CONT. (PROJECTED) | 28 PAVERS, COLOR AND SIZE TO BE SELECTED BY OWNER |
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| | 14 TOP OF LIGHT FIXTURE MOUNTED ON A TRIM TO MATCH WINDOW AND OPENING SELECTION | 22 6" GOOD NEIGHBOR FENCE FOR PRIVACY, SEE DTL | |

LEGEND

- | |
|--|
| 30 CONTROL JOINT TO BE PAINTED TO MATCH ADJACENT SURFACE |
| 31 SIDING BOARD |
| 32 BALLY BAND TO MATCH TRIM AT DOORS AND WINDOWS |
| 33 SUN TUBE TO MATCH COLOR OF TILE (SELECTED BY OWNER) |
| 34 SKYLIGHT (SELECTED BY OWNER) |
| 35 PLAIN FROSTED, LIGHT DIFFUSE & ETCHED WINDOW FILM |



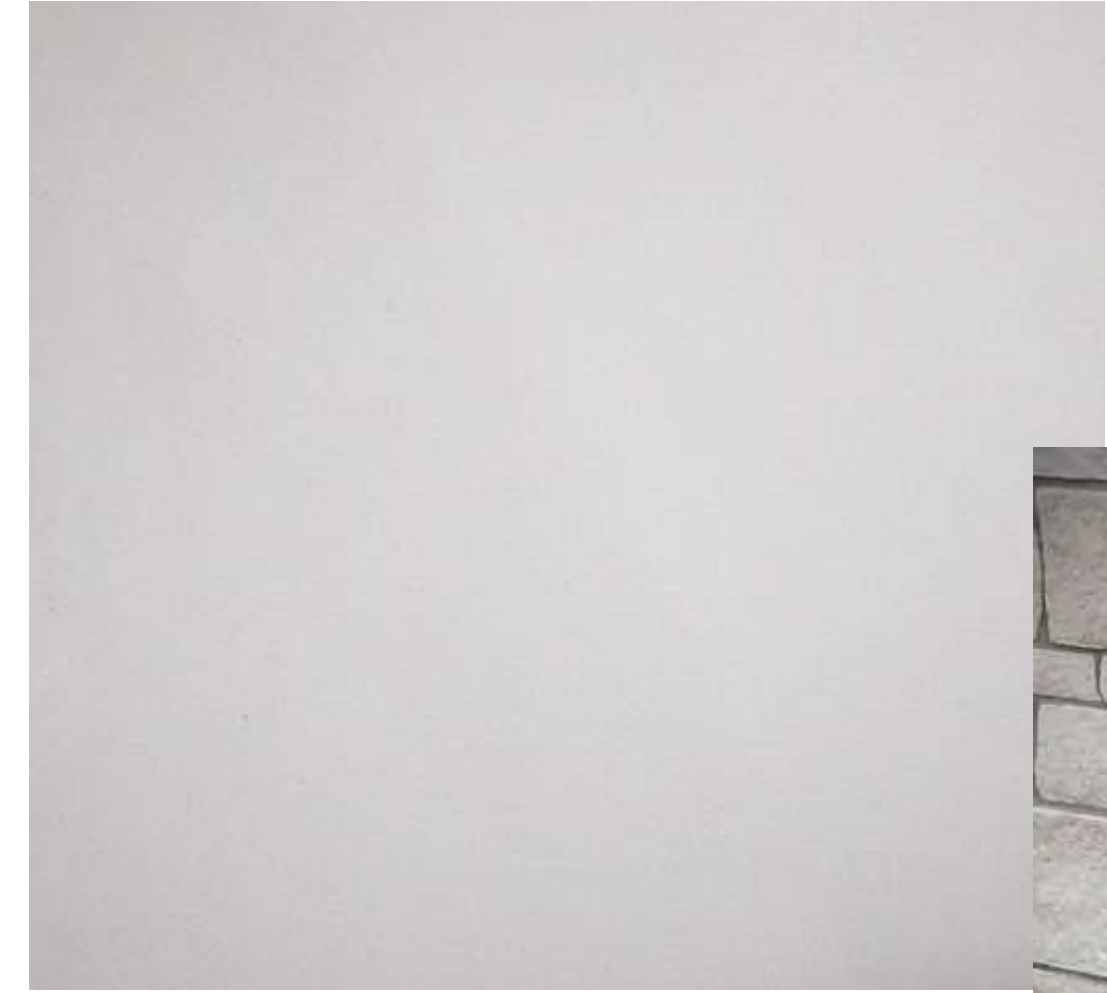
PLANNING-DESIGN-RENDERING
email: jer@jerdesigngroup.com
408.843.8067 c



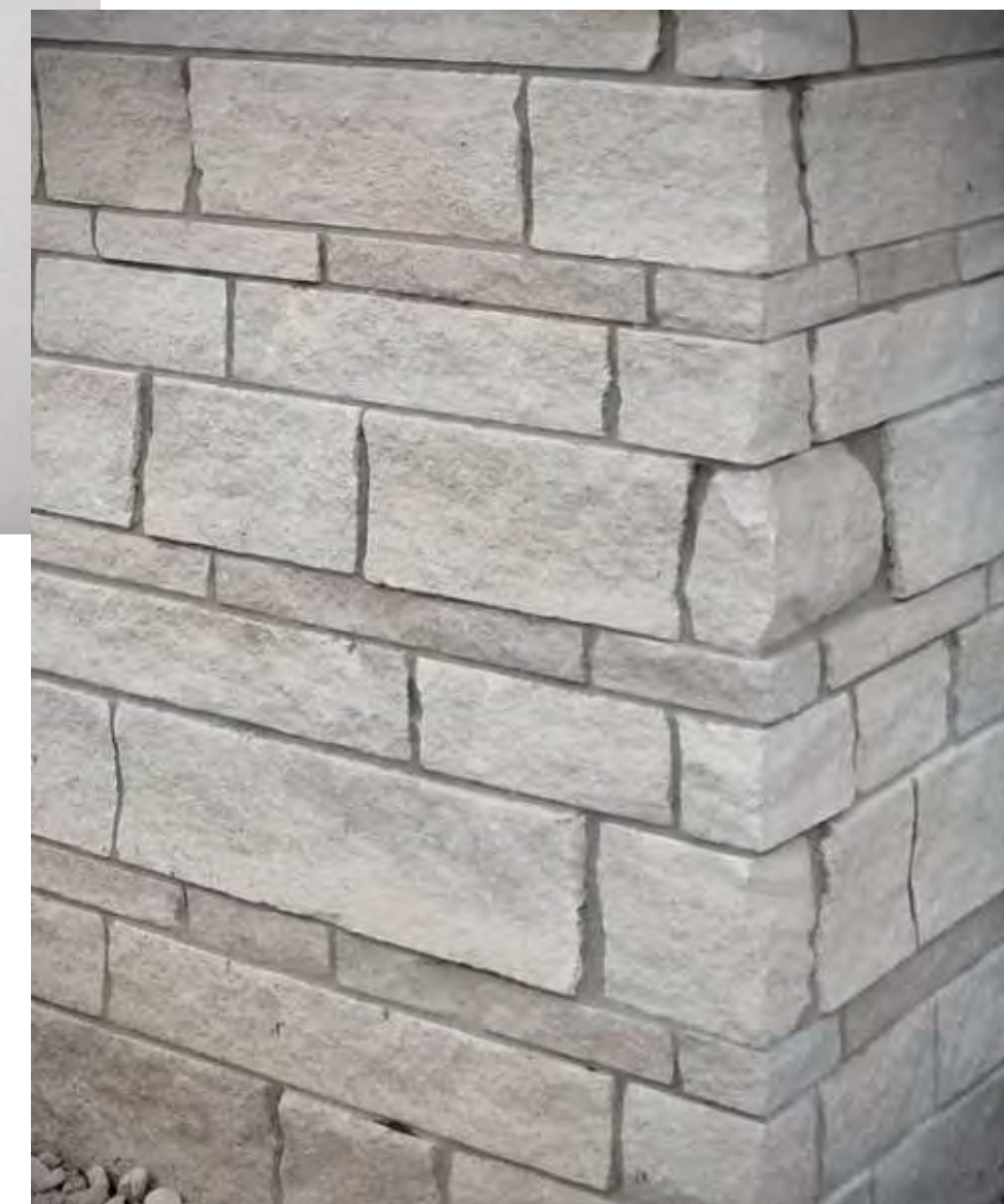
CONCRETE LIGHT TILES ROOF
ROOF TYPE CLASS A



WALL MOUNTED SCONCE
DOWN-LIGHT



SMOOTH STUCCO FINISH
SIMPLY ELEGANT APPEARANCE



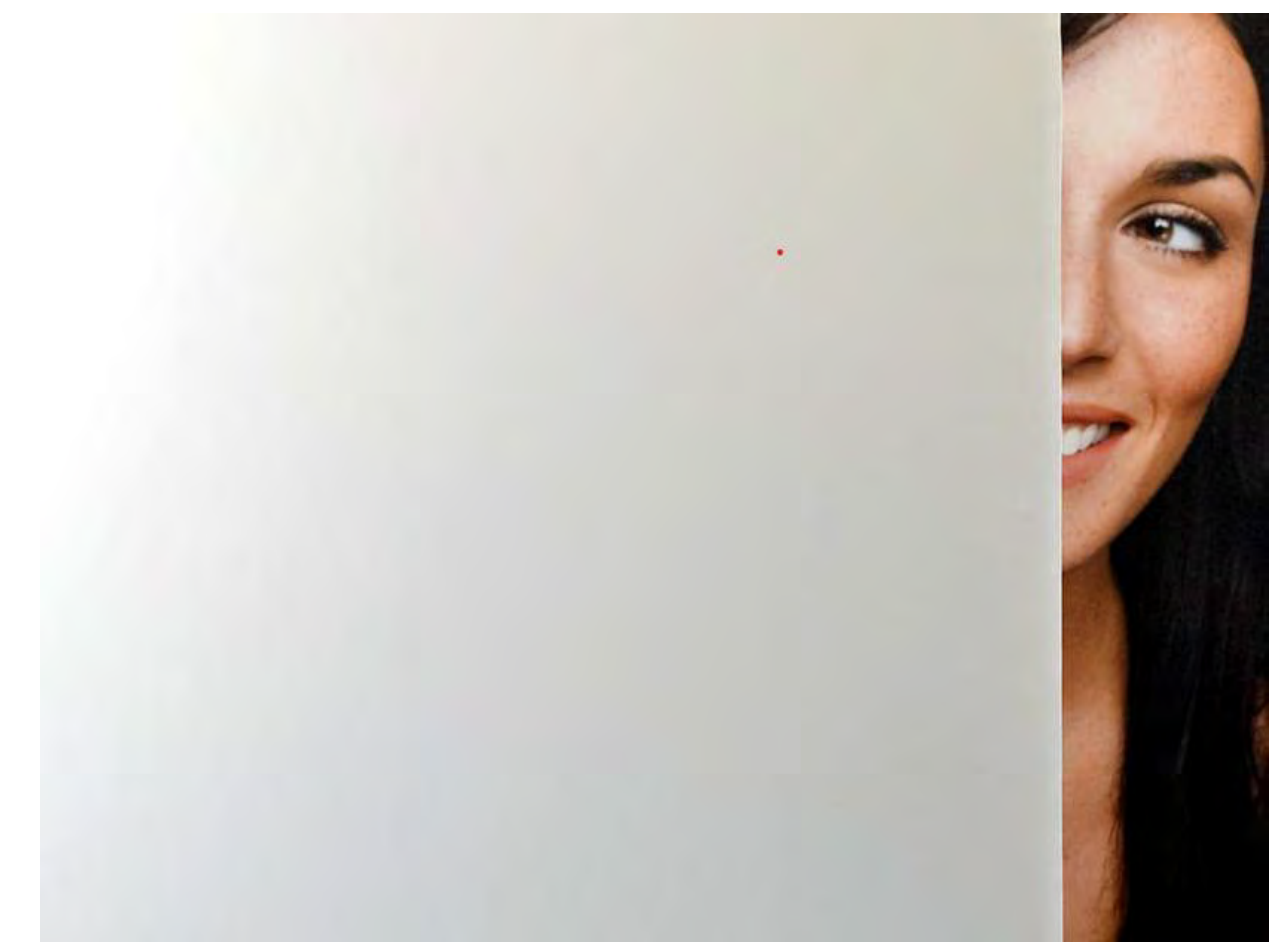
FACADE NATURAL STONE
VENEER MAX. 2" THK



WAINSCOT SILL



FRONT ENTRANCE



WINDOWS PANEL DIFFUSE
EXTERIOR SIDE WINDOW PANELS, ON THE NORTH SIDE
ELEVATION TO BE PLAIN FROSTED, LIGHT DIFFUSING & ETCHED
FILM. THE TWO LOWER PANEL ON BOTH WINDOWS.



EXTERIOR WITH WOOD TRIM
MOLDING



MARVIN OR EQUER SLIDING
DOORS

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OWNER

VYANKATESH B. & RAMYA
MUDDADA RES.
15415 NATIONAL AVE. LOS GATOS, CA.
424-12-140
COURTYURD ELEVATIONS / MAT.

MARK	DATE	DESCRIPTION
01	231025	PLANNING

PROJECT NO: 424-12-140
CAD DWG FILE: Y:\Shared\Project\slNew
folder\DWG\Slopt. two...
DRAWN BY: Authorn Ramya. - Rev.
CHK'D BY: Two.rvt
Checker
COPYRIGHT: 2019
JER DESIGN GROUP
SHEET TITLE

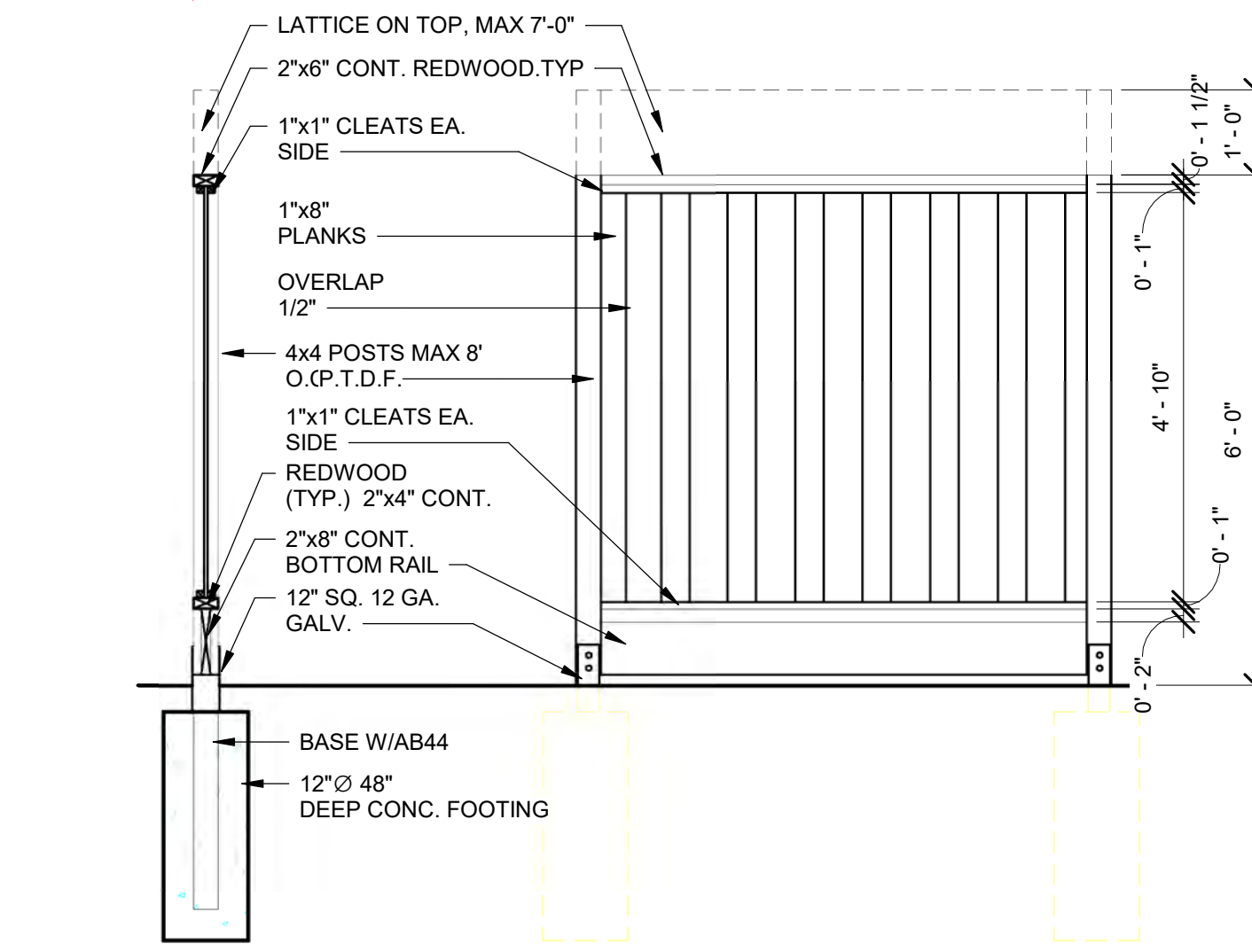
A4.3

SHEET OF

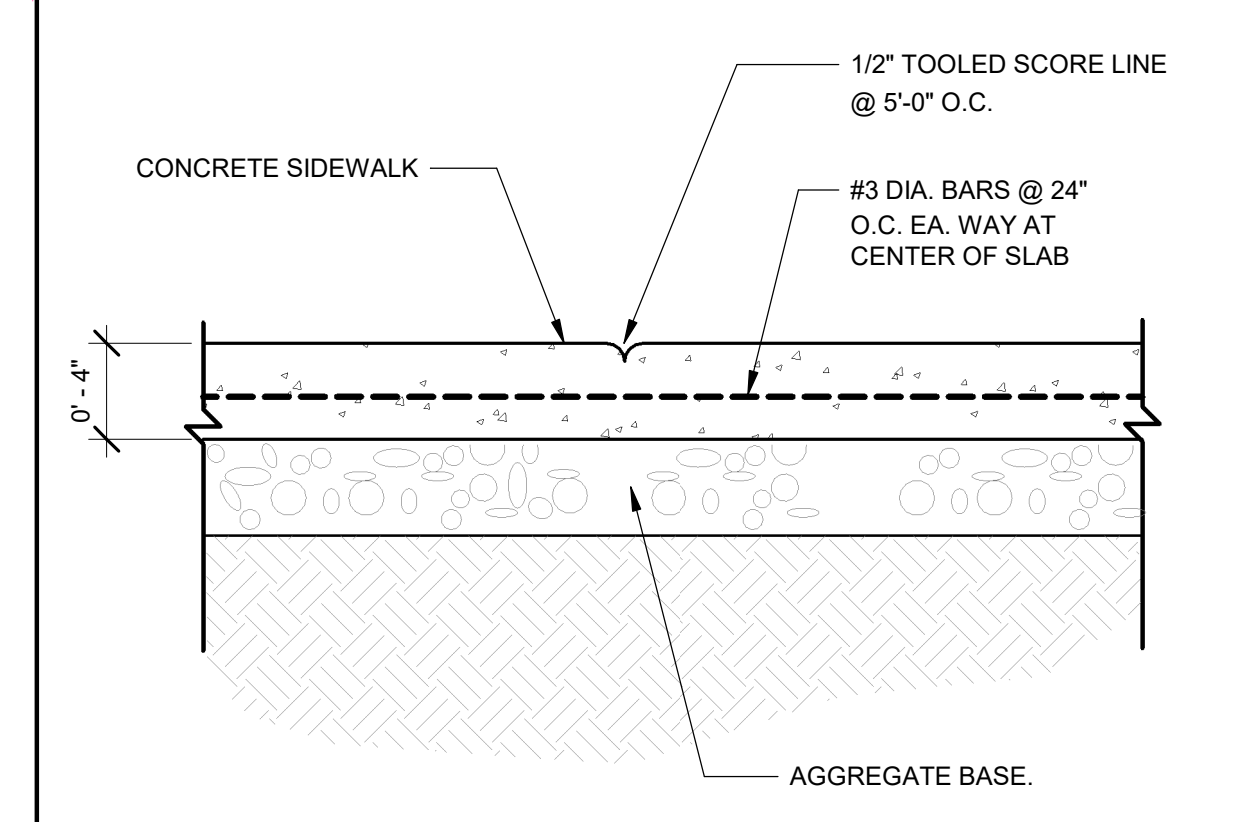
08/02/2024



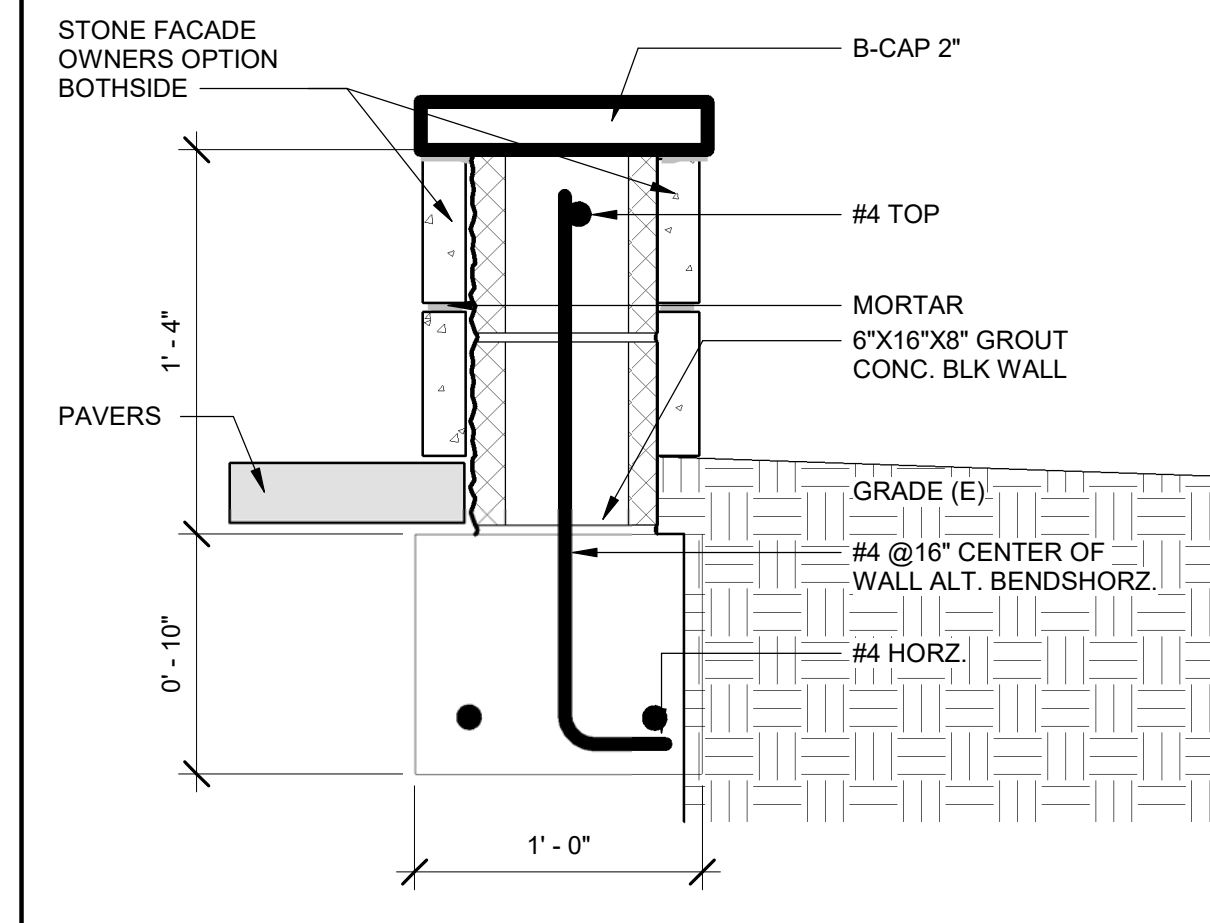
PLANNING-DESIGN-RENDERING
 email: jer@jerdesigngroup.com
 408.843.8067 c



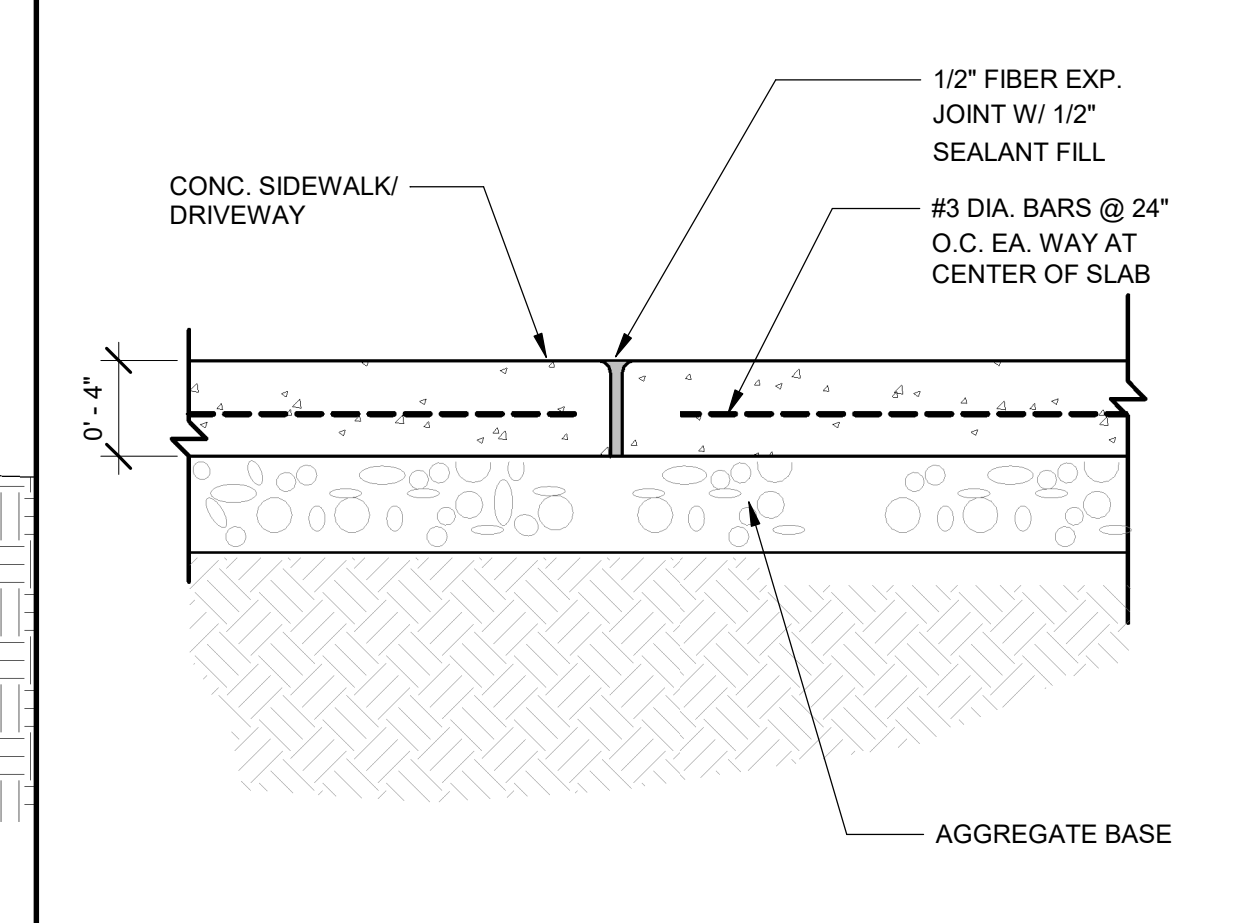
8 FENCE DETAIL
 1/2" = 1'-0"



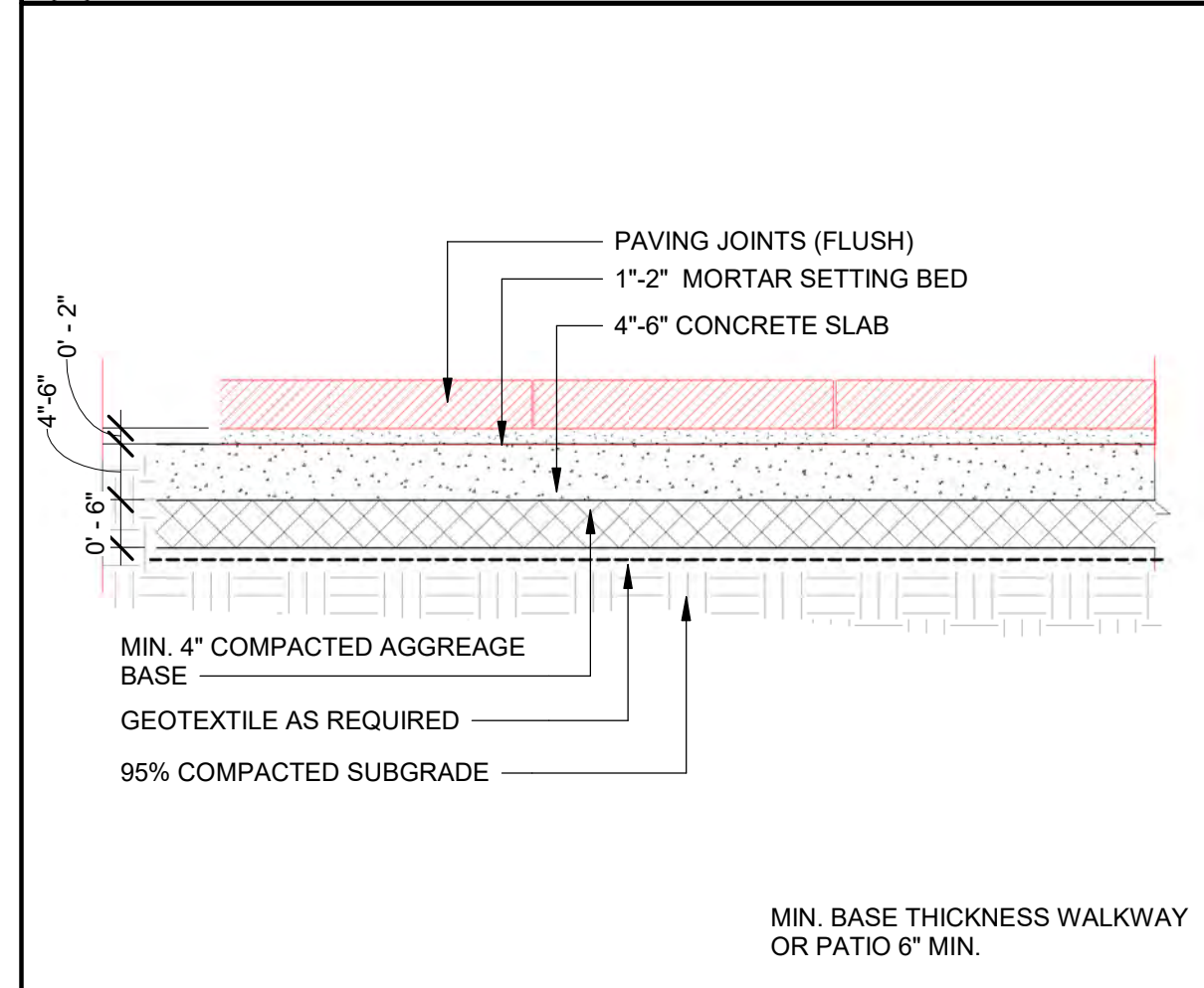
01 TYPICAL SCORE JOINT
 Scale: 1 1/2" = 1'-0"



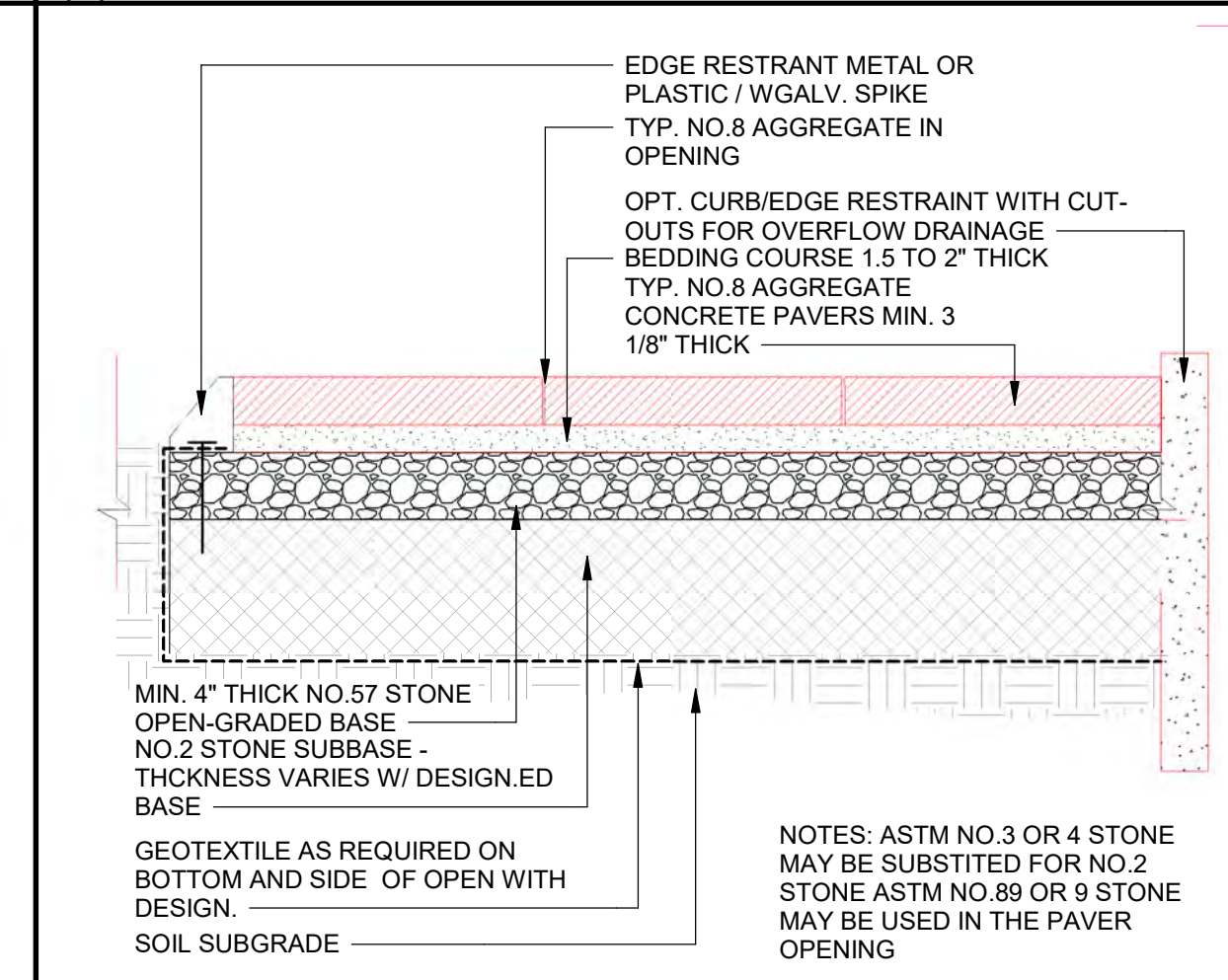
06 SITE-LOWPONY WALL
 Scale: 1 1/2" = 1'-0"



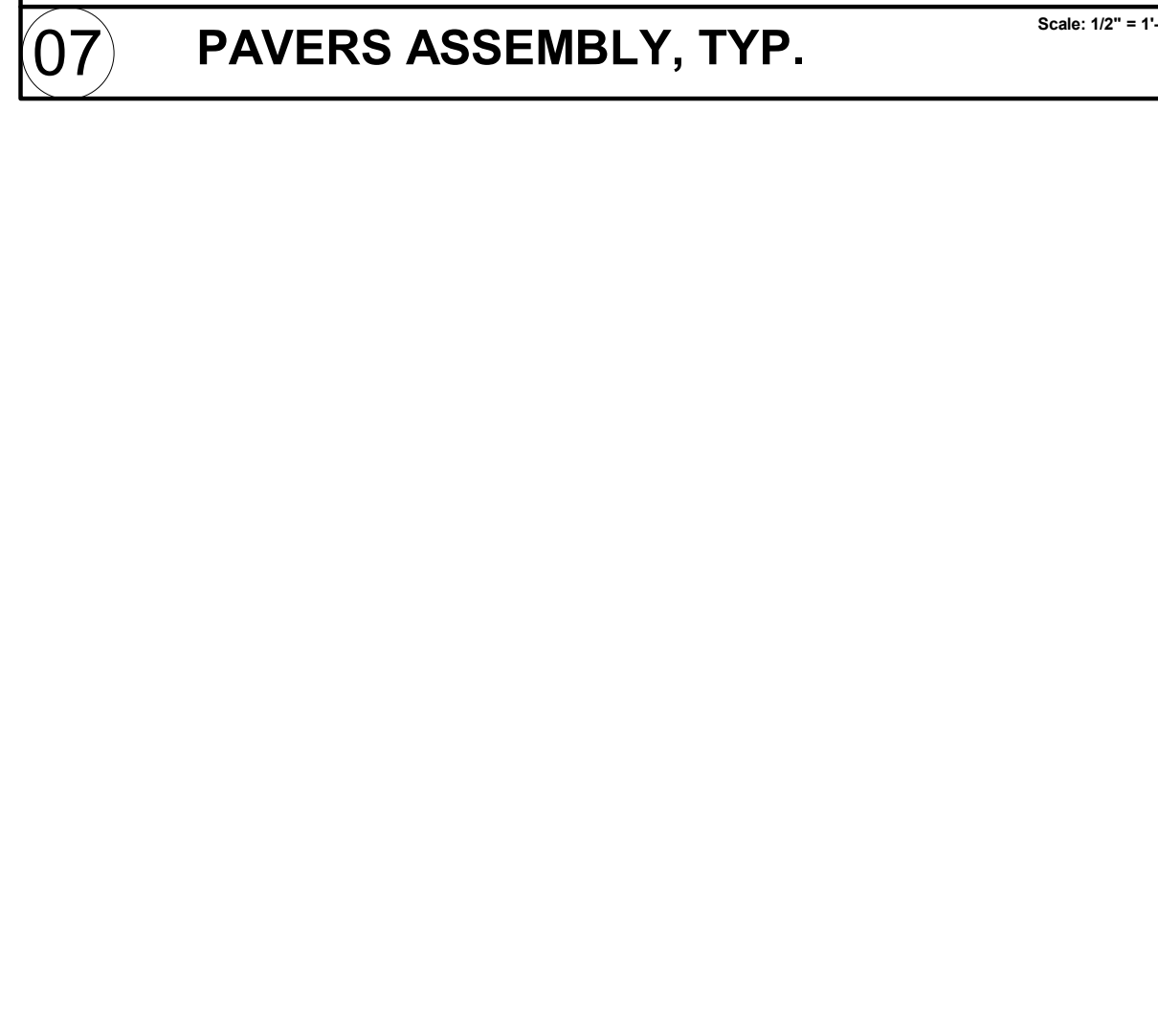
02 TYPICAL EXPANSION JOINT
 Scale: 1 1/2" = 1'-0"



07 PAVERS ASSEMBLY, TYP.
 Scale: 1/2" = 1'-0"



03 PAVERS ASSEMBLY, PERMEABLE
 Scale: 1/2" = 1'-0"



4 PAVERS ASSEMBLY, PERMEABLE
 Scale: 1/2" = 1'-0"

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OWNER

VYANKATESH B. & RAMYA MUDDADA RES.
 15411 NATIONAL AVE. LOS GATOS, CA.
 424-12-140
 DETAILS - SITE

MARK	DATE	DESCRIPTION

PROJECT NO: 424-12-140
 CAD DWG FILE: Y:\Shared\Project\sl15411 National Ave. Los
 DRAWN BY: Author\WG\S240610 - Rev.
 CHK'D BY: Ramya Resi.rvt
 Checker
 COPYRIGHT: 2023
 JER DESIGN GROUP

SHEET TITLE
A8.0

SHEET OF
 09/03/2024

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5/1/24, 8:18 AM

Gmail - Respectful Request Regarding Privacy Concerns



Respectful Request Regarding Privacy Concerns

9 April 2024 at 05:34

Hi Ramya and Venkat,

I hope this email finds you well. I am writing to you with a matter of mutual consideration and respect in mind regarding the construction plans for your upcoming house.

While I understand the excitement and importance of your new project, I wanted to raise a concern that directly impacts my family's privacy. Upon reviewing the architectural plans, I noticed that the placement of windows and balcony on the second floor directly overlooks my master bedroom and master bathroom. As you can imagine, this prospect raises some privacy concerns for us.

I believe that open communication is key to maintaining positive relationships within our neighborhood, which is why I wanted to bring this matter to your attention early on. I am hopeful that we can find an amicable solution that addresses both our needs and respects each other's privacy.

Would it be possible to discuss potential adjustments to the design that could mitigate the privacy implications for my family?

I want to emphasize that my intention in reaching out is not to hinder your construction plans but rather to find a mutually satisfactory resolution that respects the rights and privacy of both parties. I am open to discussing this matter further and finding a solution that works for everyone involved.

Thank you for taking the time to consider my concerns. I look forward to hearing from you and discussing this matter further.

Best regards,

Los Gatos - 95032

From: LLL <[REDACTED]>
Sent: Monday, May 6, 2024 10:22 PM
To: Erin Walters <EWalters@losgatosca.gov>
Cc: [REDACTED]
Subject: re: APN424-12-40 Architecture site application S-23-033

[EXTERNAL SENDER]

Hello Erin,

We, Valeria Simets and Leo Rabinovich – owners of the property at [REDACTED] (APN 424-12-135) neighboring the parcel APN 424-12-40 have looked at the proposed building development plan site application S-23-033 and are concerned about the 2nd story porch overlooking the east side our property. The 2nd story porch is looking directly into our backyard with the family room and bathroom windows impeding on our privacy.

The trees proposed to be planted along the property line to create privacy will take years to mature, and when they do, the drip line will fall onto our property creating lots foliage like the existing oak trees from that property that we have to pay for to trim and constantly clean after. We propose to not build the 2nd story porch at all, or if it must be built, completely cover the West and North West facing sides of the porch.

We also propose for the trees to be planted further away from the property line fence so that the drip line is inside the property line of APN 424-12-40.

Thank you for your consideration,

[REDACTED]
[REDACTED]
Sent from [Mail](#) for Windows

From [REDACTED]
Sent: Tuesday, May 7, 2024 10:45 AM
To: Erin Walters <EWalters@losgatosca.gov>; Allen Meyer <AMeyer@losgatosca.gov>
Subject: Privacy Concerns Regarding Construction Project at Backside of [REDACTED] Blackwell., Los Gatos, CA - 95032

[EXTERNAL SENDER]

Dear Erin Walters,

I hope this email finds you well. I am writing to formally express concerns regarding the construction project at 15411 National Avenue, Los Gatos, CA - 95032

After examining the architectural plans for the project, my family is

1. Concerned about the privacy due to a big two storied building.
As our 3 bedrooms (including the Master Bedroom) are open to our backyard and it's a concern for the privacy of my family due this big construction.
2. This big two floored building is going to obstruct the view of the mountains and it's a claustrophobic for my family.
3. After hearing that we are going to have tree screening to obstruct view from their windows or big balcony, we are concerned about the time and maintenance of these trees going forward.
Looking at the situation now, we are concerned about the maintenance.
4. As I mentioned, the way the bushes (vine iv) or sheds or barn roof iron sheets are maintained, I see animals (bobcats), snakes on the fence or barn roof and it's a big concern.
Another concern about the flying barn roof iron sheets during the storm and not maintaining them.
5. Due to vine iv bushes in the back, growing on my shed and damaging the roof. Also the fence. My gardener cleaned the vines and also paid for the repair of fence in the past.
6. Looked at the latest plans at this link and here is the big balcony that my family is concerned about...
<https://www.losgatosca.gov/2380/N>
Development-Plans---15411-National-Avenue-PDF (03/29/2024)



This situation gives rise to considerable privacy concerns for my family.

Thank you for your attention to this matter. Please let me know if you require any further information from my end.

Best regards,
Venkat and Sahithi

Ph: [REDACTED]
[REDACTED] Blackwell., Los Gatos, CA - 95032

[REDACTED]
[REDACTED]

From: [REDACTED]
Sent: Monday, October 28, 2024 11:34 PM
To: Erin Walters <EWalters@losgatosca.gov>
Subject: APN424-12-40 Architecture site application S-23-033

[EXTERNAL SENDER]

Helow Erin,

After our first letter, see blow, our neighbors removed a balcony from plans and in our direct conversation promised to remove trees, however

I looked at existing plans and noticed that all trees are still present. If it is a plan to keep them, trees need to be move them from a fence, so all dripping area would be inside neighbor's yard.

Also, we would like to see engineering justification for prosed basement. We have concern that it can affect structural integrity of our house foundation.

Thank you for your consideration,

[REDACTED]

[REDACTED]

From: LLL <[REDACTED]>
Sent: Monday, May 6, 2024 10:22 PM
To: EWalters@losgatosca.gov
Cc: [REDACTED]
Subject: re: APN424-12-40 Architecture site application S-23-033

Hello Erin,

We, Valeria Simets and Leo Rabinovich – owners of the property at [REDACTED] (APN 424-12-135) neighboring the parcel APN 424-12-40 have looked at the proposed building development plan site application S-23-033 and are concerned about the 2nd story porch overlooking the east side our property. The 2nd story porch is looking directly into our backyard with the family room and bathroom windows impeding on our privacy.

The trees proposed to be planted along the property line to create privacy will take years to mature, and when they do, the drip line will fall onto our property creating lots foliage like the existing oak trees from that property that we have to pay for to trim and constantly clean after. We propose to not build the 2nd story porch at all, or if it must be built, completely cover the West and North West facing sides of the porch.

We also propose for the trees to be planted further away from the property line fence so that the drip line is inside the property line of APN 424-12-40.

Thank you for your consideration,

[Redacted]
[Redacted]

Sent from [Mail](#) for Windows

From: [REDACTED] >
Sent: Tuesday, October 29, 2024 9:26 AM
To: [REDACTED]
Cc: Erin Walters <EWalters@losgatosca.gov>
Subject: Re: Privacy Concerns Regarding Construction Project at Backside of [REDACTED] Blackwell., Los Gatos, CA - 95032

[EXTERNAL SENDER]

Dear Erin Walters,

I am writing again to rise our concerns regarding the construction project at 15411 National Avenue, Los Gatos, CA - 95032 about the following issues after looking at the plans and letter with my neighbors.

My concern are

1. Privacy trees is a concerns as they are in our property. Rain water is going to drip into my property and it's a concern about the dry leaves(debris).
2. Privacy with the first floor gigantic 2 windows looking directly at my bedrooms is a big concern. We can't have any kind of privacy in backyard with these big windows.
3. We are concerned about the ADU on the plan next to my fence and the space space is very limited.
4. We are concerned about the underground ADU that is on the plan.
5. Overall having this gigantic 3 storied gigandintc structure between us (talking to neighbors also as they are also concerned).

I'm also attaching the pictures after they have this high preview from my bedrooms and backyard.









This situation gives rise to considerable privacy concerns for my family.

Thank you for your attention to this matter. Please let me know if you require any further information from my end.

Best regards,

[Redacted signature]

[REDACTED]
[REDACTED] Blackwell., Los Gatos, CA - 95032

On May 7, 2024, at 10:44 AM, [REDACTED] > wrote:

Dear Erin Walters,

I hope this email finds you well. I am writing to formally express concerns regarding the construction project at 15411 National Avenue, Los Gatos, CA - 95032

After examining the architectural plans for the project, my family is

1. Concerned about the privacy due to a big two storied building.

As our 3 bedrooms (including the Master Bedroom) are open to our backyard and it's a concern for the privacy of my family due this big construction.

2. This big two floored building is going to obstruct the view of the mountains and it's a claustrophobic for my family.

3. After hearing that we are going to have tree screening to obstruct view from their windows or big balcony, we are concerned about the time and maintenance of these trees going forward.

Looking at the situation now, we are concerned about the maintenance.

4. As I mentioned, the way the bushes (vine iv) or sheds or barn roof iron sheets are maintained, I see animals (bobcats), snakes on the fence or barn roof and it's a big concern.

Another concern about the flying barn roof iron sheets during the storm and not maintaining them.

5. Due to vine iv bushes in the back, growing on my shed and damaging the roof. Also the fence. My gardener cleaned the vines and also paid for the repair of fence in the past.

6. Looked at the latest plans at this link and here is the big balcony that my family is concerned about...

<https://www.losgatosca.gov/2380/N>

Development-Plans---15411-National-Avenue-PDF (03/29/2024)

<image001.png>

This situation gives rise to considerable privacy concerns for my family.

Thank you for your attention to this matter. Please let me know if you require any further information from my end.

Best regards,

[Redacted]

[Redacted]

[Redacted] Blackwell., Los Gatos, CA - 95032

— [Redacted]

[Redacted]

From: [REDACTED]
Sent: Tuesday, October 29, 2024 11:44 AM
To: Erin Walters <EWalters@losgatosca.gov>
Subject: Re: Concerns Regarding Construction Project at 15411 National Avenue, Los Gatos

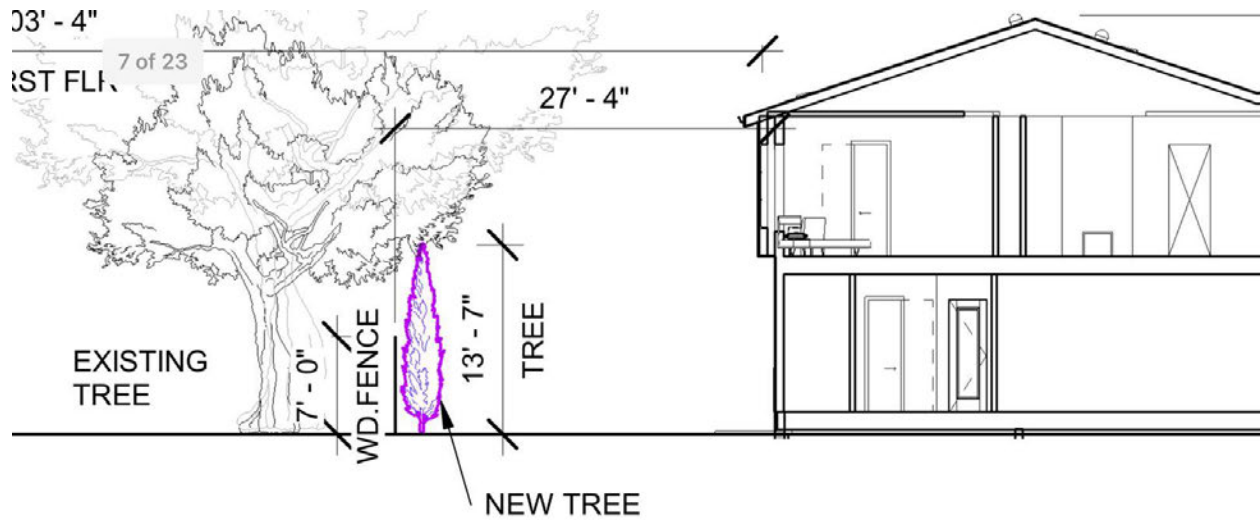
[EXTERNAL SENDER]

Hi Erin,

I hope you're well. I'm following up regarding my concerns on the construction project at 15411 National Avenue. I appreciate that story poles have been added to help visualize the structure's impact on the surrounding properties. However, after further assessment, I still have several concerns I'd like to raise:

1. Privacy: The current design of the second-floor windows, based on the story poles, continues to present a privacy issue. The placement and height of the windows appears to allow direct visibility into my master bedroom, bathroom (particularly the shower area), and backyard. Given the proximity, this remains a significant concern for my family's privacy. Additionally, the proposed new trees do not adequately shield the second-floor view. I've attached a few pictures below from my bathroom to illustrate this issue:





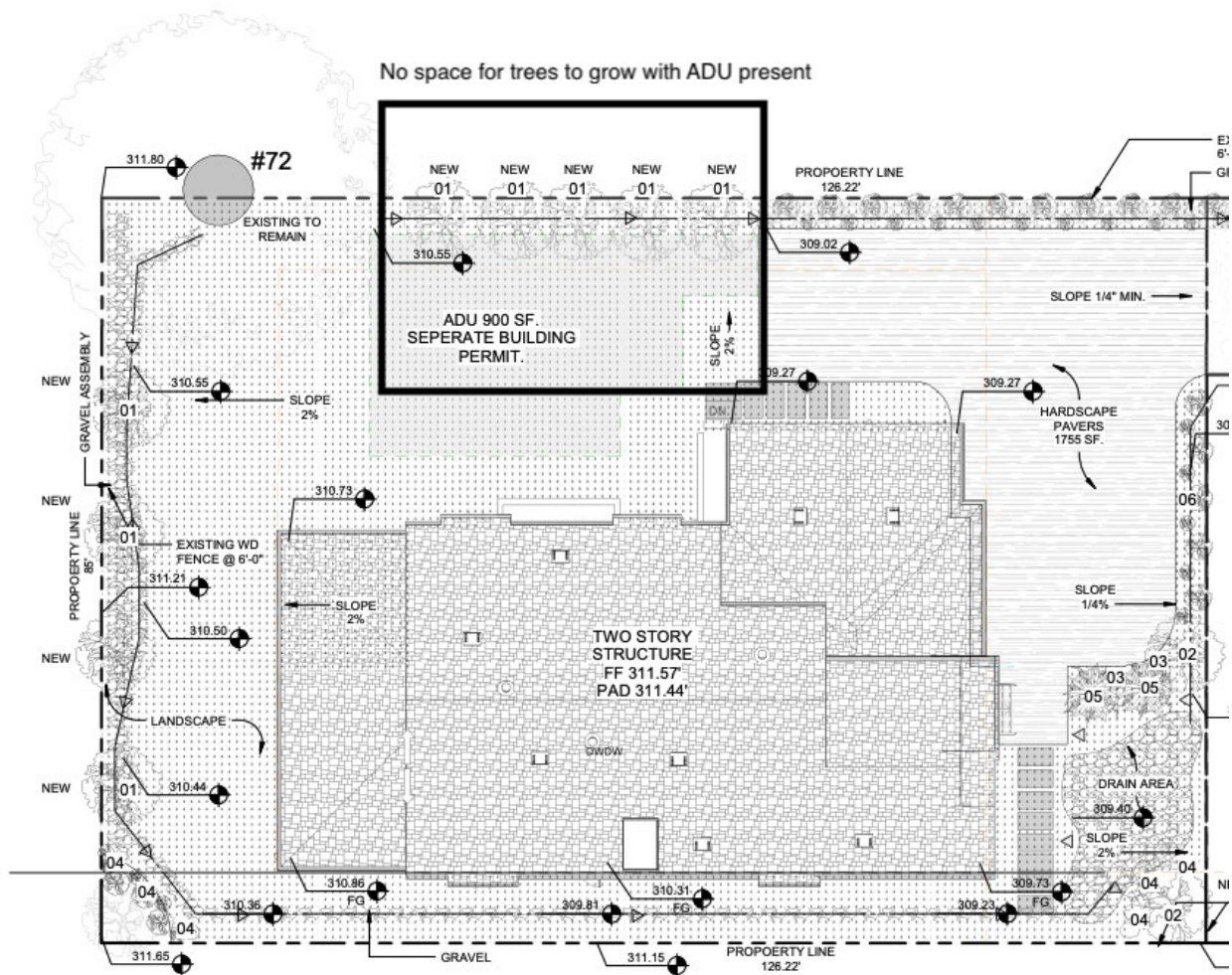
2. FAR Justification: The [justification letter](#) for this project refers to a few structures in the area to support the construction of a two-story building with a basement. However, I believe the examples used are not fully comparable. While the letter references Mission Oaks Medical Plaza (15400 National Ave) as an example of nearby multi-story construction, the plaza is a large hospital with a significantly different use case and footprint. The construction project at 15411 National is behind the front lot with no direct relation to the hospital, so quoting it as a basis for building a two-story structure plus a basement doesn't align with the property's context.



3. Neighborhood Comparisons: A more fitting comparison is with nearby flag lot properties. For example:

- 15439 National Avenue (Behind Lot): Constructed as a single-story, respecting the privacy of surrounding properties.
- 15461 National Avenue (Lot Facing National Avenue): Constructed as a two-story building, positioned in a more suitable location that aligns with the neighboring two-story medical plaza.

This example demonstrates a balanced approach in terms of height and placement for properties in similar configurations. It would be beneficial if the plans for 15411 National Avenue could similarly consider the neighborhood’s layout and aim to maintain harmony in both design and privacy.



3. Basement Impact: Finally, I understand the project includes a basement. I am concerned about potential effects on my property’ s foundation, as the excavation and subsequent construction could impact soil stability and drainage patterns.

I hope these additional observations provide helpful context for evaluating the project and its potential impacts. I am more than willing to discuss any of these points further to find an effective solution that protects my family’ s privacy and maintains neighborhood harmony.

Thank you for considering these concerns, and please let me know if I can provide any further information.

Best regards,

██████████
Blackwell Drive, Los Gatos - 95032

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**TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT**

MEETING DATE: 11/13/2024

ITEM NO. 18.

ITEM NO: 2
ADDENDUM

DATE: November 12, 2024
TO: Planning Commission
FROM: Joel Paulson, Community Development Director
SUBJECT: Requesting Approval for Construction of a Single-Family Residence and Site Improvements Requiring a Grading Permit on a Vacant Property Zoned R-1:8. **Located at 15411 National Avenue.** APN 424-12-140. Architecture and Site Application S-23-033. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction. Property Owner: Vyankatesh and Rammy Muddada. Applicant: Jose Rama. Project Planner: Erin Walters.

REMARKS:

Exhibit 13 includes correspondence with neighbors provided by the applicant.

Exhibit 14 includes public comments received between 11:01 a.m., Friday, November 8, 2024, and 11:00 a.m., Tuesday, November 12, 2024.

EXHIBITS:

Previously Received with the November 8, 2024, Staff Report:

1. Location Map
2. Required Findings and Considerations
3. Recommended Conditions of Approval
4. Scope of Work
5. Letter of Justification
6. Photographs of Site
7. Consulting Architect's Report
8. Applicant's Response to Consulting Architect
9. Consulting Arborist's Report
10. Applicant's Summary of Neighborhood Outreach
11. Development Plans
12. Public Comments received by 11:00 a.m., Friday, November 8, 2024

PREPARED BY: Erin Walters
Associate Planner

Reviewed by: Planning Manager and Community Development Director

PAGE 2 OF 2

SUBJECT: 15411 National Avenue/S-23-033

DATE: November 12, 2024

Received with this Addendum Report:

13. Applicant's Correspondence with Neighbors

14. Public Comments received by 11:01 a.m., Friday, November 8, 2024, and 11:00 a.m., Tuesday, November 12, 2024

From: Ramya Muddada [REDACTED]
Sent: Tuesday, November 12, 2024 9:50 AM
To: Erin Walters <EWalters@losgatosca.gov>
Cc: Vyankatesh B [REDACTED]; Jose (Architect) rama [REDACTED] >
Subject: Fw: 15411 Naciona Ave. - Addressing comments received on 10.29.24

[EXTERNAL SENDER]

Additional responses were received from neighbors, and I have also included the response sent to them,

Best,

Ramya

----- Forwarded Message -----

From: Ramya Muddada [REDACTED]
To: [REDACTED]
Cc: Vyankatesh B <[REDACTED]>; Jose (Architect) rama [REDACTED]
Sent: Monday, November 11, 2024 at 10:46:24 PM PST
Subject: Re: 15411 Naciona Ave. - Addressing comments received on 10.29.24

Hello [REDACTED]

It is sad and disheartening that you are not willing to acknowledge the steps we have already taken and the additional efforts we are making to protect the privacy of our neighbors.

But I want to reiterate the following:

1. We have removed the whole balcony from the back of our property, and there are no windows with a line of sight to our backyard or our neighbors property.
2. The two-story bedroom windows on the north elevation face the Blackwell Drive rear yards, and they will have obscure/frosted glass—which would result in we not having a view of our side yard that would mean we don't have a view to your bathroom either.
3. We are also adding 5 Leyland trees to add more privacy.

And with regards to your shower area:

The only clear view in this photo is an area where our garage roof would be situated.



Lastly - we need not copy/imitate the same design as the other flag lot (please note the design, style, and requirements of the build are two decades old).

But I still want to provide a bit of history on the 15439 National Ave property. The house in the back was first built, and the subdivision was made later. The only space to split was the front, which resulted in a significantly higher FAR than the city's allowed FAR. In my case, we have a property in the front and subdivided the back, where we are proposing a two-story single-family residence.

Hope this helps,

Best,

Ramya

On Saturday, November 9, 2024 at 03:42:28 PM PST, [REDACTED] > wrote:

Hi Ramya,

Thank you for your response. I appreciate your consideration of the privacy concerns. However, I still have some reservations regarding the effectiveness of the giant tree in fully covering the view of my bathroom shower. The suggestion that visibility isn't an issue due to the distance (>100 feet) doesn't entirely address the privacy risk, as visibility remains a concern even with this distance.

Additionally, I believe the comparison to the neighbor's two-story building on Blackwell Drive is not fully aligned with the context of your project. There are notable differences:

1. The neighboring property on Blackwell Drive is not a flagpole lot, whereas your construction is.
2. Their house was constructed before I purchased my current property, and its windows do not directly overlook sensitive areas of my home, like the bathroom shower.

As such, I believe this comparison is less relevant than the example I shared in my previous email. A closer and more appropriate comparison would be with the property at "15439 National Avenue", which, like yours, is a flagpole lot.

I appreciate your understanding and consideration of these points and look forward to working toward a resolution that respects the privacy needs of all parties.

Best regards,

[REDACTED]

On Mon, 4 Nov 2024 at 11:02, Ramya Muddada [REDACTED] wrote:

> Good Morning [REDACTED],

>

> Thank you for the comments/concerns sent to the city, which will be addressed below:

>

> 1. Privacy: The current design of the second-floor windows, based on the story poles, continues to present a privacy issue. The placement and height of the windows appears to allow direct visibility into my master bedroom, bathroom (particularly the shower area), and backyard. Given the proximity, this remains a significant concern for my family's privacy. Additionally, the proposed new trees do not adequately shield the second-floor view. I've attached a few pictures below from my bathroom to illustrate this issue:

>

- > Thank you for the picture - which clearly shows that the Oak tree branch obstructs the bedroom window from 15411. The only clear structure visible from your photo is the garage; we have also addressed the privacy concern in the email sent on 07.31.2024
- > 1. Removing the balcony from the plans (please see the revised attached plans)
- > 2. Adding 5 Leyland trees – Know the best trees to create privacy.
- > 3. A privacy layer (blurred windows) covers the window's line of sight (mentioned in the housing development guidelines).
- > 4. The giant oak tree will be the best privacy screen.
- > 5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.
- > I also want to add that you have a neighbor with a two-story building with three windows facing your property, and the distance between the windows is less than 20f
- >
- > 3. Neighborhood Comparisons:
- >
- > We need not replicate any construction style in the neighborhood as it is not a community-based construction; we have used our neighbors on Blackwell Dr as an example to propose the 2-story (one of them is your neighbor).
- >
- >
- > 4. Tree Placement:
- >
- > The image on the architectural drawing may not provide an accurate image of the tree; it just shows the placement of the trees. The proposed privacy trees can easily grow in a 4x4 area.
- > Adequacy of privacy is also addressed in my first point and on my 07.31.2024 email.
- >
- > 3. Basement Impact:
- >
- > The basement/cellar is proposed according to town codes.
- >
- > Please let me know if you have any additional questions or concerns,
- >
- > Best,
- > Ramya
- >

From: Ramya Muddada <[REDACTED]>
Sent: Tuesday, November 12, 2024 12:42 AM
To: [REDACTED]
Cc: Vyankatesh B [REDACTED]; Jose (Architect) rama [REDACTED]; Erin Walters <EWalters@losgatosca.gov>
Subject: Re: Your neighbor at 15411 National Ave (APN 424-12-40 Site application S-23-033)

[EXTERNAL SENDER]

Hello [REDACTED],

Unfortunately, you are unwilling to acknowledge the steps and additional efforts we have taken to protect our neighbors ' privacy.

But I want to reiterate the following:

1. We have removed the whole balcony from the back of our property, and there are no windows with a line of sight to our backyard or neighbor's property.
2. The two-story bedroom windows on the north elevation face the Blackwell Drive rear yards, and they will have obscure/frosted glass.

This would result in us not having a view of our side yard, which would mean we don't have a view of your bedrooms either.

3. We are also adding 5 Leyland trees to add more privacy.

Best,

Ramya

On Thursday, November 7, 2024 at 04:16:43 PM PST, [REDACTED] > wrote:

Hi Ramya,

The concerns we raised with the city and also we are asking the city and you about the same concerns.

You are saying in this email, the privacy or other concerns we mentioned to the city are not going to resolve.

We will ask during the city hall meeting on Nov. 13th and see what city is going to say.

Privacy, Hazard from the trees, Building such a huge structure inside in the backyard very risky.

Thanks

— [REDACTED]

On Nov 5, 2024, at 8:45 PM, Ramya Muddada [REDACTED] wrote:

Hi [REDACTED]

This email addresses the concerns/comments sent to the city on 10.29.24

The image on the architectural drawing may not provide an accurate picture of the tree; it just shows the placement of the trees. The proposed privacy trees can easily grow in a 4x4 area and will grow within our property line; said that the photos you shared show plants near the fence. Will you also ensure the drip line of those plants, when grown, is within your property

Our first-floor windows shouldn't be a concern due to the fence. Still, I think you meant 2nd floor - The two windows combined on our property are smaller than the combined two windows on your home; even though you have more windows than us,

However, we've ensured we provide additional privacy, which was addressed in my 07.31.24 email. I am also repeating them below

1. Removing the balcony from the plans.
2. Adding five non-deciduous trees – Know the best trees to create privacy (less debry as they are non-deciduous trees)
3. A privacy layer (blurred windows) covers the window's line of sight (mentioned in the housing development guidelines).
4. The current giant oak tree will be the best privacy screen.

5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

I would like to point out that one of your neighbors, who is also two-story, has a clear view of your bedrooms and backyard through their side window, which is less than 20 feet in distance.

So, as you know, ADUs are not part of this application.

Again, I think you meant two-story and not three. I also want to point out that our property is just a little over 500 sqft larger than your property, which doesn't qualify as gigantic.

Please let me know if you have any additional questions or concerns.

Best,

Ramya

On Wednesday, July 31, 2024 at 01:49:03 PM PDT, Ramya Muddada [REDACTED] wrote:

Hello [REDACTED]

After reviewing all the neighbors' comments and concerns, we have decided to take more steps to mitigate the privacy concerns.

Below are all the things done/available to address the privacy concerns of the neighbors about the two windows and balcony:

1. Removing the balcony from the plans (please see the revised attached plans)
2. Adding 5 Leyland trees – Know the best trees to create privacy.
3. Privacy layer to cover the line of sight of the window (mentioned in the housing development guidelines).
4. The current oak tree will be trimmed and will be the best privacy screen even after the trim.
5. The distance between windows (yours and proposed) is over 100ft, which should be considered while discussing privacy.

Please let me know if you have any more questions or concerns,

Best,

Ramya

On Sunday, May 12, 2024 at 02:48:07 PM PDT, Ramya Muddada <[REDACTED]> wrote:

Hello [REDACTED]

Thank you for the comments sent to the planning, we take privacy concerns of 15411 and all immediate neighborhood very seriously as mentioned on the email sent to you early morning of May 7th,

Below are the responses to the comments sent (**bold**):

1. Concerned about the privacy due to a big two storied building. As our 3 bedrooms (including the Master Bedroom) are open to our backyard and it's a concern for the privacy of my family due this big construction.

We are mitigating the privacy concern by planting 3-4 Leyland trees which are commonly used to create privacy, this would cover all of the view from the 2 windows you see in the plan- These are evergreen trees with minimal maintenance, in addition to the Leyland trees we are going put privacy layer to cover line of sight of the window please see the attached (please note this refence only not exact). I would also bring to your attention that the proposed structure of 15411 is similar to your two storied structure, but due to the placement of site location the house might look big.

2. This big two floored building is going to obstruct the view of the mountains and it's a claustrophobic for my family.

All most all the mountain viewing is obstructed by the tree in your backyard or trees on my other side of my property and with regards to claustrophobic - your neighboring house which is of same height as

yours's much closer to you (appro.10ft) then 15411 structure (over 80ft in distance from your structure to the purposed structure).

3. After hearing that we are going to have tree screening to obstruct view from their windows or big balcony, we are concerned about the time and maintenance of these trees going forward. Looking at the situation now, we are concerned about the maintenance.

As mentioned in my previous email and above Leyland trees are evergreen trees with minimal maintenance, and as we are going to be living on that property, we would be maintaining the Leyland trees. With regards to balcony - 80 % of the view from balcony will be blocked by the huge oak tree we share in the back yard and then for the remaining % we are going to install privacy screen on the balcony mentioned in my previous email. (please see the attached for the balcony screening)

4. As I mentioned, the way the bushes (vine iv) or sheds or barn roof iron sheets are maintained, I see animals (bobcats), snakes on the fence or barn roof and it's a big concern. Another concern about the flying barn roof iron sheets during the storm and not maintaining them.

As we are proposing to build a beautiful house replacing all the sheds there wouldn't be any flying barns roofs - this proposal would improve/enhance the neighborhood and also increase the value of the properties in the immediate neighborhood, with regards to bobcats and snakes - was the animal control called as this is first time I am hearing about it, please let me know immediately when you see any sighting of either bobcats or snakes as we all have kids and pets and need immediate attention, but all of this wouldn't be problem once the purposed plan comes to fruition results.

5. Due to vine iv bushes in the back, growing on my shed and damaging the roof. Also the fence. My gardener cleaned the vines and also paid for the repair of fence in the past.

This shouldn't be a concern - as you and I are working on getting a new fence on a different email, the only request I had made was that we trim the Oak tree we share first.

6. Looked at the latest plans at this link and here is the big balcony that my family is concerned about...This situation gives rise to considerable privacy concerns for my family.

Addressed on Comment # 3.



November 12, 2024

Town Planning Division

Ms. Erin Walters
110 E. Main Street
Los Gatos, CA 95030

Subject: Objection to Building Proposal at **15411 National Avenue**

Dear Members of the Town Planning Division,

We are writing to formally express our strong objection to the proposed building plans for the flag lot located at 15411 National Avenue. As adjacent neighbors, we are deeply concerned about the scale, mass, and bulky design of the proposed structure, which we believe is out of character with the surrounding neighborhood. After careful consideration of the plans, we feel that this proposal is not only inappropriate for the area, but that it will have negative and long-lasting consequences on the quality of life, as well as property values, views, and privacy, for those of us who live in close proximity to the site.

First and foremost, the proposed three-level, sprawling building is far too large and voluminous in relation to the surrounding homes, specially given that it is located in a rear/flag lot in the middle of a city block. The sheer mass and positioning of the structure, towering over our backyards, as well as the blunt design will overshadow neighboring properties, creating an unharmonious and unbalanced feeling. This level of bulk is neither consistent with the existing homes nor appropriate for the size and position of the flag lot.

In addition, the immense size and the flag lot positioning of the proposed building will block sunlight from neighboring yards, creating shadows and darkening what were once sunny spaces enjoyed on a daily basis by adjacent families.

Moreover, the scale of the project will likely lead to undue increased noise and disruption after its construction, which will negatively impact the peaceful and residential nature of the area. The excessive size of the building and the stated intent to build multiple dwelling structures in the same flag lot as well as the adjacent one on the front of the property is likely to result in much higher traffic volume, disrupting the balance of the neighborhood. In evaluating the size of the proposed single family residence, it is important to factor all the proposed dwellings

The fact that this proposed house is in the middle of the city block, makes its enormous size clash with the surrounding area, but even if it were on the street, it would still be too massive, bulky and not in line with the rest of the residential neighborhood.

Additionally, the proposal does not adequately address important concerns about privacy, light and landscaping for neighboring properties. More specific concerns about this as well as proposed solutions are included in separate, individual letters from each of the neighboring property owners listed below.

Another critical concern is the potential decrease in property values. With such an out-of-scale development in such close proximity overlooking all our backyards, we fear that the alteration of the neighborhood's character will make our properties less attractive to future buyers. Homes of this size, especially when they disrupt the overall harmony of the area, tend to have a detrimental effect on surrounding property values.

We kindly ask that you carefully consider the above concerns and that you take into account the potential adverse impact this proposal could have on the character, environment, and quality of life of our harmonious community. We strongly believe that the applicants need to scale back the design to something more appropriate for the neighborhood.

Thank you for your time and consideration.

Sincerely,

Concerned neighbors at

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████████████████████
████████████████████
████████████████████

Ms. Erin M. Walters
Los Gatos Community Development Department

Dear Ms. Walters,

As the owners of the property located at [REDACTED] in Los Gatos, we are writing to you to express our various concerns about the current application and intent to build on the flag lot at 15411 National Avenue, Los Gatos.

1) Size and position of the proposed structure: We believe the proposed structure's large massing and bulky style does not harmonize with the other houses in the neighborhood surround it, including ours, especially given its position in the flag lot, in the middle of the city block. The very large size of the side of the structure facing NNW into our property (see Fig.1 below) is not shown in the provided 3D views (see Fig.2) but it can be appreciated better by the (sagging) story poles. Decreasing the size of the structure to achieve a massing which is more harmonious with all the single-family houses surrounding it (see Fig.) is our first suggestion. We feel it is important to note that this flag lot at 15411 National Avenue is a recent subdivision created in 2020 from the lot at 15415 National Avenue by the applicants, who now own both (sub)lots. We believe the size of the original lot at 15415 National Avenue (before the subdivision) would have been more adequate for the dimensions of the proposed structure and the intended additional structures (ADUs) to be built to form a multi-dwelling complex, and it would have allowed for greater flexibility in their positioning to alleviate our privacy concerns (see section #2 below).

Note also in Figure that the hospital building located at 15400 National Ave is completely outside the view from any of the surrounding houses and thus does not contribute to the area around this flag lot, contrary to one of the arguments in the project approval request in favor of such a large structure.

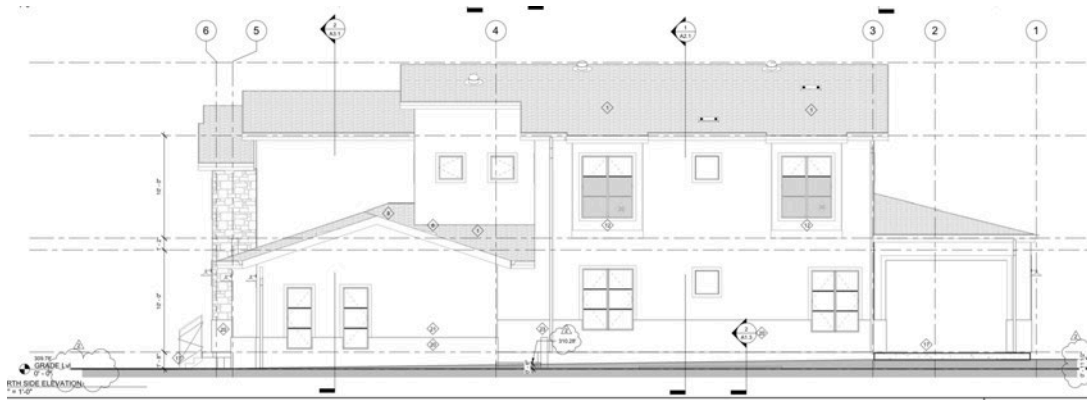


Figure 1 – Side of the house facing NNW into our property

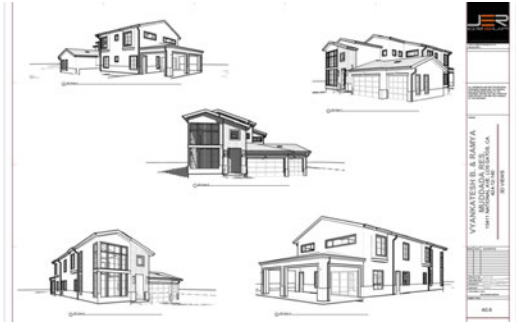


Figure 2 – 3D views of the proposed house (NNW-facing side not shown)



Figure 6 – Aerial view of all the single-family houses around the proposed house. General area. Lot not precise.

2) Privacy concerns: The proposed three level structure raises serious various privacy concerns for us. Our houses face back. Since it is positioned in the center of the city block and given its very large size, it has numerous windows on its second and first floors facing our backyard, with direct visibility into three of our bedrooms and other outdoor and lower-level indoor living areas (family room). Additionally, we are concerned that the privacy concerns will worsen in the future due to the owners’ stated intent of converting their flag lot into a multi-dwelling complex by subsequently adding (at least) two ADUs. The numerous windows facing upper- and lower-level indoor living spaces in our property in the proposed design correspond to two upstairs bedrooms, one upstairs bathroom, an upstairs storage room, and the downstairs garage, as shown in Figure 7.

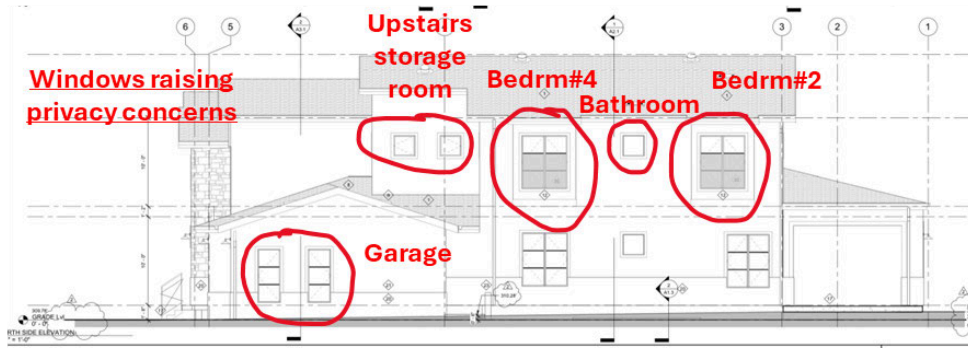
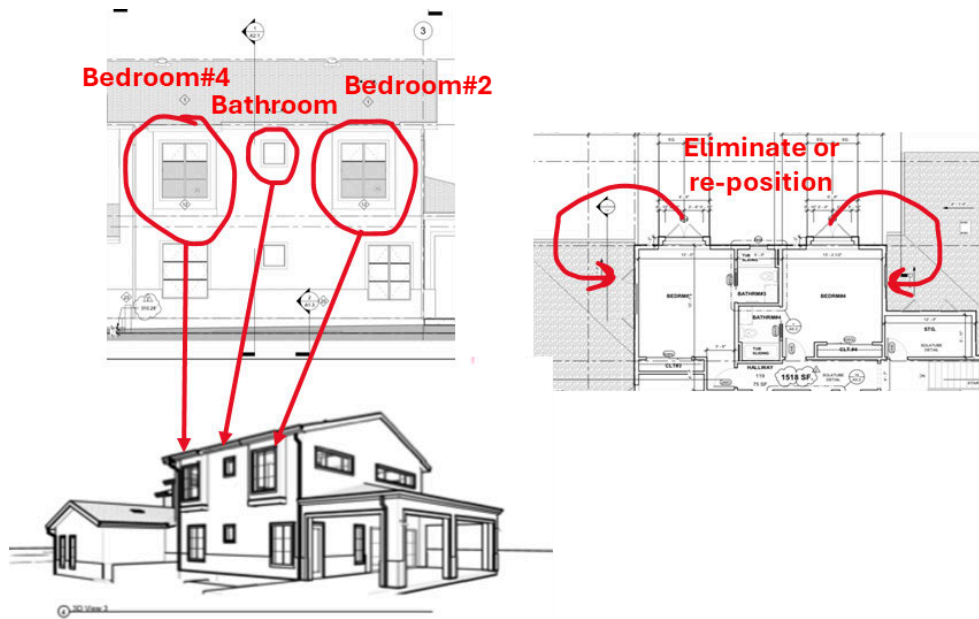


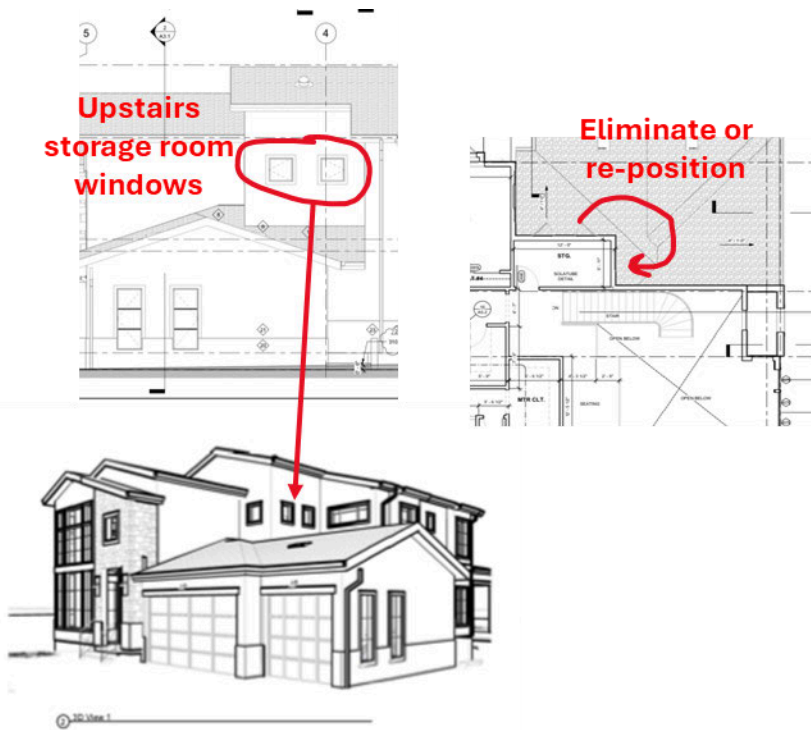
Figure 7 – Windows in the structure raising privacy concerns

The most optimum solution to address our privacy concerns would be to move Bedrooms #2 and #4 to the downstairs space directly below, currently shown as a “guest room” and as a very large “garage storage room.” This would also decrease the size of the upstairs level and partially address our strong concerns about the size and massing of the structure described in section #1 above. Alternatively, these windows could either be eliminated or re-positioned. The details of our privacy concerns are as follows:

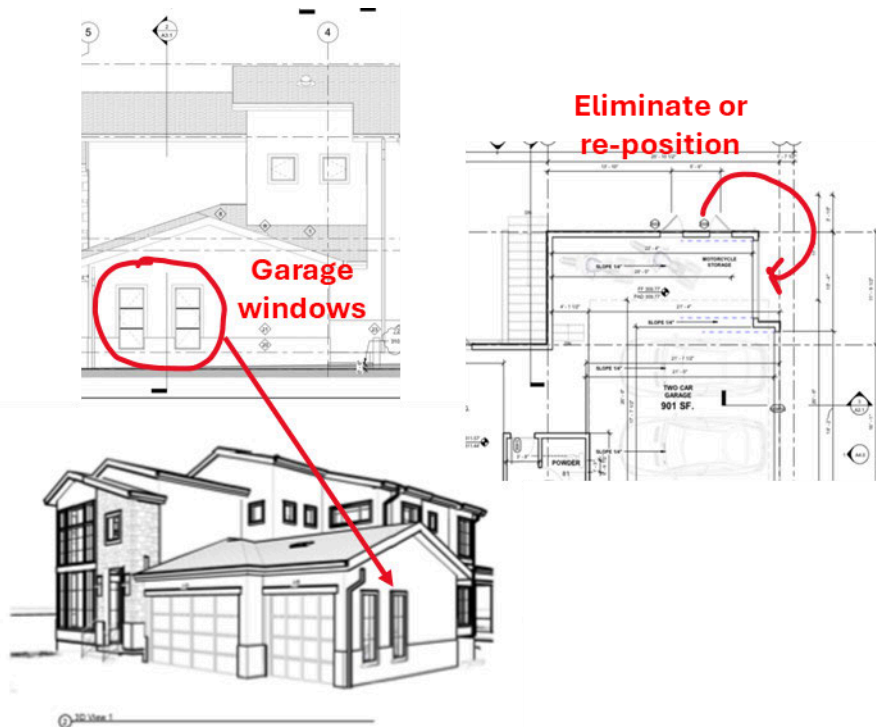
- A. The windows in Bedroom #2, Bedroom #4, and the upstairs bathroom currently facing NNW have a direct line of sight into our master bedroom & bathroom upstairs, our bedroom upstairs, our bedroom downstairs, and our kitchen/family room.



- B. The two windows facing NNW in the upstairs Storage Room have a direct line of sight into our master bedroom & bathroom upstairs, our bedroom upstairs, our bedroom downstairs, and our kitchen/family room.



C. The two windows currently facing NNW in the garage downstairs have a direct line of sight into our bedroom downstairs, and our kitchen/family room.



3) New trees: The current application shows the intent to plant privacy trees along the fence facing the property at [REDACTED], but not facing our property at [REDACTED]. Additionally, note that the drawing included on the application shown in Figure 8 below is erroneous since it shows our [REDACTED] property with “existing trees,” although we currently have no trees in our backyard. We request that privacy trees of the appropriate type and height be added to the applicant’s side of the lot, with their drip lines fully on their property and thus with no maintenance requirements for us. Such trees should be high enough to address privacy concerns, but not too high in order to minimize blocking sunlight into our backyard. We would like to ensure that the location and the type of these privacy trees be enforceable, regardless of any future application for an additional ADU, which is the applicant’s stated intent. Additionally, we would like to ensure that the maintenance of such trees by our neighbors be consistent and enforceable, given some concerns raised by past interactions while repairing our common fence and the generally poor state of maintenance by the current owners of the former structures on the flag lot (see Fig. 9).

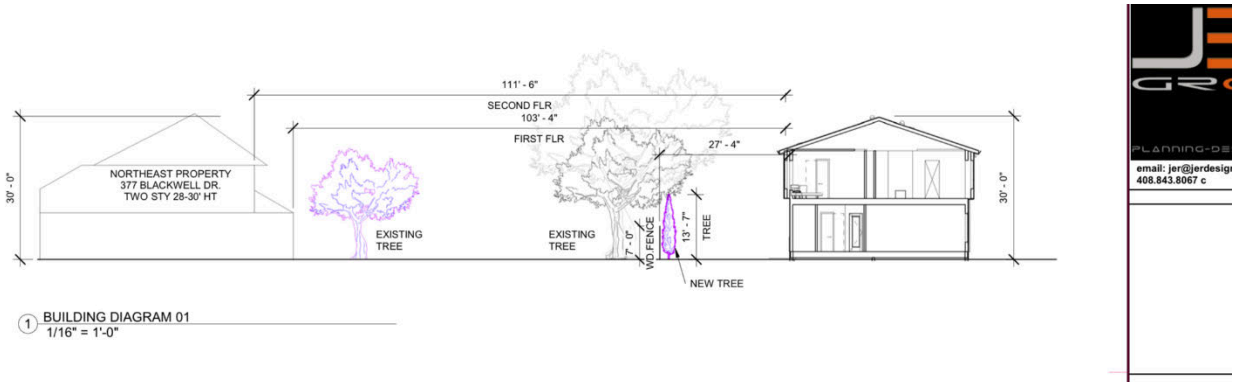


Figure 8 – Drawing erroneously showing existing trees on our property at [REDACTED]



Figure 9 – View of the prior structures at 15411 National Avenue from our master bedroom (photo taken in May 2024, showing unrepaired storm damage on the roof from February 2024)

We thank you for your attention to this matter and are available to provide any further information or clarification.

ITEM NO. 18.

Best regards,

Christian Urricariet and Hellen Martinez-Visbal



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A P P E A R A N C E S:

Los Gatos Planning Commissioners:
Steve Raspe, Chair
Emily Thomas, Vice Chair
Jeffrey Barnett
Susan Burnett
Melanie Hanssen

Town Manager: Chris Constantin

Community Development Director: Joel Paulson

Town Attorney: Gabrielle Whelan

Transcribed by: Vicki L. Blandin
(619) 541-3405

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P R O C E E D I N G S :

CHAIR RASPE: We'll now move to the Public Hearings portion of the agenda, and we have a number of items tonight.

The first item is Item #2, requesting approval for construction of a single-family residence and site improvements requiring a Grading Permit on a vacant property zoned R-1:8, located at 15411 National Avenue, APN 424-12-140, Architect and Site Application S-23-033. Categorically exempt pursuant to CEQA Guidelines 15303 for New Construction. Property owner Vyankatesh and Rammy Muddada, and Applicant is Jose Rama.

First by a show of hands, Commissioners, can I see those who have visited the property? Thank you, and are there any disclosures this evening? Seeing none, Ms. Walters, I believe you have a Staff Report for us.

ERIN WALTERS: Good evening, Planning Commissioners. The project before you this evening proposes a two-story, single-family home on a vacant rear flag lot located at 15411 National Avenue. The site is approximately 1,300 square feet. The site is located in a transitional neighborhood along National Avenue. Single-family

1 residential development surrounds the property with a
2 combination of one- and two-story homes. Office and multi-
3 family development is located across the street along
4 National Avenue.

5 The proposed single-family residence is
6 approximately 3,240 square feet and has a 901 square foot
7 three-car garage. The proposed residence and garage meet
8 the maximum allowable square footage and the maximum
9 allowable floor area ratio per Town Code.

10 The proposed project would result in the largest
11 residence in the immediate neighborhood by 511 square feet.
12 The proposed garage would result in the largest garage in
13 the immediate neighborhood by 124 square feet. The
14 Applicant has provided justification for being the largest
15 in the immediate neighborhood, and that can be found in
16 Exhibit 5.

17 The proposed residence does meet all required
18 setbacks, height, lot coverage, and parking requirements
19 for the zone.

20 The project was reviewed by the Town's consulting
21 architect who provided eight different recommendations. The
22 Applicant responded to all the recommendations through
23 design revisions, with the exception of meeting two
24 recommendations, which was Recommendation #1 and #5. The
25

1 Applicant has provided justification for not meeting those
2 two recommendations in Exhibit 5.

3 The property owners have been in communication
4 with the surrounding neighbors regarding this project, and
5 a summary of their outreach can be found in Exhibit 10.

6 Neighbors have provided public comment and raised
7 concerns regarding neighborhood compatibility, privacy, and
8 landscaping, and that can be found in Exhibit 12.

9 To address the neighbors' concerns and address
10 the consulting architect's recommendations the Applicant
11 modified the project by reducing the second-floor massing,
12 removing the second-story rear balcony, using obscured
13 glass on the two-story bedroom windows facing the Blackwell
14 Drive rear yards, proposing to plant evergreen trees for
15 privacy screening, and providing large setbacks between the
16 subject property and the existing two-story rear elevation
17 along the Blackwell rear yard properties.

18 Development plans can be found in Exhibit 11, and
19 then yesterday Planning Commission did receive an addendum
20 report that had additional public comment.

21 Staff recommends denial of the project based on
22 the concerns related to size, neighborhood compatibility,
23 and consistency with the Residential Design Guidelines.

24 However, if Planning Commission is able to make the
25

1 required findings for approval, the findings can be found
2 in Exhibit 2.

3 This concludes the Staffs report and Planning
4 Staff as well as Public Works Staff is available for
5 questions.

6 CHAIR RASPE: Thank you, Ms. Walters. Commission,
7 any members have questions for Staff, either Ms. Walters or
8 any other members? Commissioner Burnett.

9 COMMISSIONER BURNETT: Yes, I do have a question.
10 The response from the Applicant regarding the response to
11 our architect's Recommendation #4, my reading is that he
12 did not want to extend the main roof form over the bay
13 windows. I don't see that on the revised front elevation.
14

15 ERIN WALTERS: Through the Chair, is it #4?

16 COMMISSIONER BURNETT: Yes. Well, it's Exhibit 8,
17 and I'm talking about #4. It was the response from our
18 architect's suggestion, and I don't see that in his revised
19 front elevation.

20 ERIN WALTERS: Number Four says extend the main
21 roof form over the bay windows on the side elevations.

22 COMMISSIONER BURNETT: Correct.

23 ERIN WALTERS: So, I think the Exhibit that is
24 right above #4 is showing the front elevation, but the
25 Applicant did respond to modifying the bay windows along

1 the side elevations. The elevation that is shown underneath
2 #8 shows that. The south side elevation, and the north side
3 elevation as well.

4 COMMISSIONER BURNETT: Okay, thank you.

5 CHAIR RASPE: Thank you. Any other questions for
6 Staff? Seeing none, I believe the Applicant this evening
7 is represented by their architect, Jose Rama. Mr. Rama, if
8 you would approach the podium, and you have up to five
9 minutes to speak on behalf of the entire team.

10 JOSE RAMA: My name is Jose Rama; I represent JER
11 Design Group. I'm going to share my five minutes with the
12 ownership.

13 Just echoing Erin's communication basically. We
14 are following all the design guidelines with the exception
15 of the belly band. That would be interrupting the
16 surrounding of the perimeter of the building. It is a
17 breakup element that we are providing by just having the
18 roofline hitting the wall, and by having that belly band it
19 would interrupt the actual aesthetic of the design.

20 The front aspect of the house is very
21 straightforward. (Inaudible) accent wall accommodated by
22 stone. Commissioner Burnett, regarding that overhang on the
23 bay area, we implemented that into that set. We also
24 changed the standing seam element to just straightforward
25

1 architectural shingles. Basically, those two elements were
2 very minor. We did one of them. The other one is the belly
3 band that is interruption.

4 Regarding massing of the requirements of the Town
5 of Los Gatos, we meet those requirements. The formula is
6 pretty clear. We are actually less than 23 square feet of
7 the total sum of the maximum requirements.

8 We did follow all the requirements that are
9 implementing into the design guidelines regarding height,
10 density, setbacks; there is no exception to that at all.

11 The garage itself, it's 901 as per the Los Gatos
12 requirement.

13 Regarding the density overall on the formula, we
14 are following a guideline, and the formula is pretty clear.
15 You follow the guidelines, you give that formula, and we
16 implement that into the set of plans.

17 There is another tier in your sheet on Design
18 Guideline #12, sheet #12. Refer to sheet #11 as well, that
19 because of the fact that we have an old, outdated design
20 guideline narrative, direction of the design guidelines in
21 general is a little bit outdated. Some of those homes on
22 adjacent properties are 30 years old. I don't know if they
23 have followed that formula or limited themselves to build
24 to a much smaller density within the site itself.
25

1 The formula is pretty clear. The smaller the
2 property, the bigger the house. Using the formula in our
3 sense, the bigger the site, the smaller the house. It
4 should actually be the opposite of that. Just FYI on that.

5 Now I'm going to give it to the ownership to
6 discuss a little bit further in detail.

7 CHAIR RASPE: Yes, if you could approach the
8 podium and state your name for the record, and you'll have
9 about one-and-one-half minutes.

10 RAMMY MUDDADA: (Inaudible) increased time?

11 CHAIR RASPE: No, but we can ask you questions if
12 we need to, and at the end there is an opportunity after
13 the public speaks for you to speak. Thank you.

14 RAMMY MUDDADA: Good evening, Chair,
15 Councilmembers, and Staff. Thank you for the opportunity to
16 present my case. I have shared a PowerPoint if (inaudible)
17 that would be great. But I'll start my (inaudible).

18 This is a single-family, two-story (inaudible)
19 sophisticated (inaudible) design and it (inaudible). I
20 think it's beautiful. It's a transitional home, so please
21 keep in mind (inaudible) and we are surrounded by—like my
22 architect said—office buildings, different setbacks,
23 different styles of homes and everything.
24
25

1 We are also saying that yes, we are the largest,
2 but please keep in mind that as the family grows, we need a
3 larger space. Me and my husband come from a multi-
4 generational style of living, and we have our in-laws
5 coming in to stay with us. We think our kids will stay
6 longer with us, so we have accommodated that into the
7 house. That is one of the points I would like to bring in.

8 CHAIR RASPE: Thank you. As you can see, the time
9 goes quickly, so we apologize for that. But please don't
10 sit. Commission members, any questions for the Applicant?
11 Yes, Commissioner Barnett.

12 COMMISSIONER BARNETT: Your architect referred to
13 a reluctance to change the entry, which was objected to by
14 Mr. Cannon, the consulting architect, and also the belly
15 band. Can you explain why that's important to you?

16 RAMMY MUDDADA: Belly band, I'm sorry to say, it
17 doesn't fit with the design. If you see the design, the
18 belly band around it, because of the bay windows it doesn't
19 jibe with the design; that's why we don't want it.

20 But we also provide an example that Los Gatos did
21 approve homes without belly bands. The most recent
22 construction was on 16030 Escobar Avenue; even that doesn't
23 have a belly band. And not just that, my neighbor's home
24 that is two stories has stucco and doesn't have a belly
25

1 band. I have multiple examples to say Los Gatos did approve
2 two-story structures without belly bands, and because my
3 design doesn't look good, that's why I am hoping for that.

4 And with regard to your first question where you
5 said we did not comply, I don't have the Exhibit in front
6 of me, but if you see the comparisons, we did change the
7 tower. We had a huge tower in front of the entryway and we
8 actually reduced it massively and blended it in it make
9 sure the whole front is a plain one structure and not
10 sticking out like a huge tower. So, we did implement it; we
11 did not implement it fully.

12
13 COMMISSIONER BARNETT: Thank you so much for your
14 comments.

15 CHAIR RASPE: Commissioner Hanssen.

16 COMMISSIONER HANSSEN: You were talking about the
17 tower, and I wanted to go to your point about the belly
18 band thing as well. Have you and you architect read our
19 Residential Design Guidelines?

20 RAMMY MUDDADA: Yes, we did.

21 COMMISSIONER HANSSEN: I'll first talk about the
22 size. I don't know if you saw the statement in there that
23 the maximum FAR is not a goal, it's a maximum for a reason,
24 and while you're not exceeding it, it is also not a goal to
25 become the largest house in the neighborhood. I know that

1 you weren't purposely trying that and you're trying to
2 build a multi-generational home for your family, but not
3 every lot is well suited to being that kind of home. I'm
4 glad you've read the design guidelines, but that's one of
5 the reasons that this has come to the Planning Commission,
6 that if it's a compelling kind of thing that you have to
7 give a good explanation for it.

8 As far as the tower is concerned, if I heard your
9 response to Commissioner Barnett correctly, you have
10 modified the design since the consulting architect.

11 RAMMY MUDDADA: Yes.

12 COMMISSIONER HANSSEN: And the picture that you
13 showed here is the revision of that?

14 RAMMY MUDDADA: That's the one. Before, it was a
15 huge one, I mean literally huge, sticking out; it is
16 classified as a tower. This one, I would say, cannot be
17 classified as a tower because it's just blending in, but
18 the main structure before the corrected one was sticking
19 out and it was a tower.

20 COMMISSIONER HANSSEN: So, the response is that
21 even though it wasn't in your written response to the
22 consulting architect, you had actually partially addressed
23 your point.
24
25

1 RAMMY MUDDADA: Yes, it is there in the design,
2 before and after, in that exhibit—I forgot which one—where
3 it shows the original and revised. The picture clearly
4 shows that it was a tower first and now it is revised.

5 COMMISSIONER HANSSEN: I was looking at the
6 response that said that we don't need to deal with that,
7 because there are other houses in Los Gatos that have that.

8 RAMMY MUDDADA: Yes, that's the example I
9 provided; I think it was 16419 Shady View Lane. That had a
10 tower, and we could have kept it but I wanted to blend it
11 into the house, so we revised it not to have the tower, so
12 we did revise it.

13 COMMISSIONER HANSSEN: So, even though your
14 response in our packet indicated otherwise, you did go
15 ahead and at least partially address it. Okay, thank you.

16 RAMMY MUDDADA: I do want to say more about the
17 511 square feet which you brought up again. It seems huge,
18 511 square feet, it seems huge. I know we cannot compare
19 with the offices in front of my house, which I look at
20 every day. I mean you guys have visited (inaudible), and
21 you have seen it; it's right in front of me; it's a huge
22 structure. There is no telling about it. But, again,
23 discounting that 511 after two decades, if you see the
24
25

1 overall homes, it's a minimum of two decades old home; it's
2 old homes.

3 Requirements have changed. Even now, I wouldn't
4 discount it, I'm just laying it out, more of nuclear
5 families, but in the past decades are staying a lot more
6 time. The in-laws are coming in to help. It's because of
7 the economic conditions, it's because of inflation and
8 everything, and we as parents want to address it ahead. I
9 have seen my own friends whose kids go to college, come
10 back, and work from their parents' homes, so I just want to
11 address that.

12
13 COMMISSIONER HANSSEN: Thank you for that. I
14 think you answered my question.

15 CHAIR RASPE: Thank you for those comments.
16 Commissioners, any other questions for the Applicant? Let
17 me just ask one quick question. A large portion of this
18 application addressed privacy issues with the neighbors.
19 Can you tell me what your current understanding is of the
20 privacy issues with the neighbors?

21 RAMMY MUDDADA: They say that our windows, not
22 side windows, are looking into their windows. But I
23 personally feel we have addressed all their concerns,
24 because we are frosting the windows.
25

1 We have addressed multiple things. We had a
2 balcony before. Our neighbor who lives on Leila Court said
3 make sure you put privacy trees, make sure the dripline is
4 inside your space and the dripline doesn't go to their
5 space, and you are fine. They were okay with a smaller
6 balcony, but having seen so many questions about the
7 balcony, we removed it. We didn't even add line of sight
8 windows for our back side property. That means technically
9 we don't have a set of windows for our own back yard to
10 address our neighbor's privacy concerns.

12 Not just that. On our side yard, which is
13 in the north, we have frosted our windows, which means
14 frosted our windows for the line of sight. Anything line of
15 sight, we have frosted it. That means we ourselves don't
16 have a side yard view either. So, two sides, even though we
17 could have had windows, we don't line of sight windows, we
18 don't have a view for back yard and for our side yard.

19 CHAIR RASPE: So, is it fair to say then that you
20 think you've addressed all the neighbors' privacy concerns
21 to the best...

22 RAMMY MUDDADA: To the best. And on top of that,
23 not just that, we are saying we'll put evergreen trees with
24 dripline in our property. We also said that from our window
25 to their window is 100 feet distance; that should play into

1 the picture too. I understand you can't say window-to-
2 window, you have to say side yard, even the yard is 40 feet
3 away.

4 CHAIR RASPE: I appreciate the insight. I just
5 wanted to confirm your understanding.

6 RAMMY MUDDADA: If you think I missed anything,
7 please let me know.

8 CHAIR RASPE: I appreciate that. Commissioner
9 Barnett.

10 COMMISSIONER BARNETT: I don't want to beat this
11 to death, but on the issue of the entry height, is it
12 correct or incorrect that Mr. Cannon reviewed the final
13 plan where you reduced the tower, removed the tower, but
14 you still left a large entry?
15

16 JOSE RAMA: There was a tower as a foyer entry,
17 double space; it's been entirely reduced. The height that
18 you see is only 17 feet. There is not much of an entry
19 anymore, it's just a little, small, just a percent of an
20 entrance.

21 The stone accommodates the hierarchy portion of
22 the building itself. There is not even a porch area there.

23 COMMISSIONER BARNETT: But what I'm trying to get
24 to is with Mr. Cannon's comment, which was adverse to the
25 entry. Was that in relation to the final plan?

1 JOSE RAMA: Yes, we reduced that. That's been
2 entirely redefined and revised. There's not a tower there
3 anymore; that's part of the house.

4 COMMISSIONER BARNETT: I understand about the
5 tower. But I'm trying to understand if Mr. Cannon's comment
6 about the entry was made *after* you reduced the size of the
7 tower.

8 JOSE RAMA: Oh, no. That was in the beginning.

9 COMMISSIONER BARNETT: His comment was related to
10 the tower?
11

12 JOSE RAMA: Yes, sir.

13 COMMISSIONER BARNETT: And not the revision?

14 JOSE RAMA: No, sir.

15 COMMISSIONER BARNETT: Okay, thank you.

16 CHAIR RASPE: Thank you. Commissioner Burnett.

17 COMMISSIONER BURNETT: Yes, thank you. When you
18 purchased this property, being a flag lot adds a lot, there
19 are a lot of issues connected with that. Did you look at
20 other flag lot properties in the area? I did, and I noticed
21 that those homes that were built on the flag lots blended
22 in with the present neighborhood much better, where your
23 project is in the very middle of a block, so many different
24 homes are affected by its mass and density, and I'm
25 wondering when you wanted to do this project if you weren't

1 thinking that maybe this would be too large for that flag
2 lot in the middle of neighborhood, that most of the homes
3 there are just one story, smaller, so I was just wondering
4 what your thoughts were?

5 JOSE RAMA: The diagram of the adjacent property
6 on Blackwell, the secondary perimeter is much wider, like
7 10', than ours is 36'. We are following the requirements.
8 The flag lot is a narrow space, because the back becomes
9 wider. We kept the setback, all the requirements.
10

11 On the north side on the property line we have
12 80'; that's a big number we're discussing here. The width
13 of the house itself on the first floor, it's 48'. The
14 second story is only 36' max, and narrows to 20' only, so
15 we did put that in the equation there. It's a fitted lot,
16 so we are accommodating the size of the lot: narrow,
17 elongated.

18 COMMISSIONER BURNETT: Thank you for that.

19 RAMMY MUDDADA: If you don't mind, I want to add
20 some more context.

21 CHAIR RASPE: Before you do, was your question
22 answered, Commissioner Burnett?

23 COMMISSIONER BURNETT: Yes.

24 CHAIR RASPE: Okay, then the question has been
25 answered. Commissioners, any other question for the

1 Applicant? Seeing none, you may be seated, but at the end
2 you'll have another three minutes opportunity to speak.

3 RAMMY MUDDADA: But if you don't mind.

4 CHAIR RASPE: At the end you'll have three
5 minutes, please. Thank you.

6 I now open the matter to members of the public
7 who wish to be heard on this matter. I don't have any
8 yellow cards from anybody in the chambers, but if there is
9 somebody in chambers... Yes, I see somebody approaching. If
10 you could provide Staff with the cards.

11 All right, I have two cards here. The first card
12 is Helen M. If you would approach the podium, please, and
13 you'll have three minutes.

14 HELEN MARTINEZ: Good evening, Mr. Chairman. Good
15 evening, Vice Chair. Good evening, members of the Council,
16 Staff, members of the public and fellow neighbors.

17 My name is Helen Martinez. I am here as an
18 adjacent neighbor on the north/northwest side, the
19 Blackwell side, of the property.

20 I am here also with two other neighbors, present
21 physically as well as on Zoom, and tonight we want to
22 discuss four concerns that we have with this proposal.
23 Ideally, we'll try not to repeat ourselves for everybody's
24 sake; we'll give it our best shot.

1 I have two posters of the properties I will refer
2 to in a moment. You have files of these photos in your
3 packet. Those are the views from my property onto the lot.

4 The four issues that we want to address are the
5 size of the house, the size of the proposal, the size of
6 the building. The second is privacy; we all have very
7 serious concerns about that. The third is landscaping, and
8 the fourth is maintenance as it relates to the history over
9 the last seven years with these neighbors.

10 When it comes to the size of the house, yes, this
11 is a very special location. This would be a beautiful
12 house, a great house, for another neighborhood, not for the
13 middle of our back yards.

14 It is a rear lot, and it's not a rear lot that
15 was purchased as a rear lot, it's a rear lot that was
16 chosen to be a rear lot. The owners purchased the single
17 lot that went all the way from National Avenue to Leila
18 Court. They chose to subdivide this lot, which they have
19 every right to do.

20 At the time, in October 2020, corridor lots were
21 not very popular here in Los Gatos, and it was approved
22 because ideally, as the then-architect, Kurt Anderson, said
23 in a justification letter as to why this should be
24 approved, to make sure that the residences that were built,
25

1 one in the back and one in the front, would match what was
2 in their neighborhood so that there wouldn't be an overly
3 large, towering house proposed, and sure enough, that's
4 what we ended up getting anyway.

5 Our houses that are on the north/northwest have
6 the special architectural feature that our living areas all
7 face the back; they all face this property. For two of us
8 three of the bedrooms face that side, and the areas that
9 most people use most in their house, our kitchen, family
10 room, and that downstairs bedroom and area, so it's the
11 spaces that we occupy the most in our house.

12
13 CHAIR RASPE: Thank you, your time is up. Before
14 you sit down though, Commissioners, any questions for this
15 speaker?

16 COMMISSIONER BARNETT: Do we have a better
17 representation of the photo, a better location so we can
18 actually see better. Maybe toward the front? Thanks.

19 CHAIR RASPE: While they're doing that,
20 Commissioners, any other questions for this speaker? I
21 think the Vice Chair has a question.

22 VICE CHAIR THOMAS: You said that size is a
23 concern for you, and privacy, landscaping, and maintenance
24 over the last seven years, so with regard to the size, can
25 you explain very concisely what your main concern is?

1 HELEN MARTINEZ: The main concern is that it just
2 doesn't fit in the area. It doesn't go along. It completely
3 disrupts the landscape from our homes. It's bulky, it
4 doesn't blend in, it's massive. Even though there is a
5 cellar or a basement that's been added of 12 to 700 square
6 feet, the whole point was to reduce the volume, and you can
7 see in the picture the size; it just does not blend in at
8 all.

9
10 The owners have plenty of space. They have 22,000
11 square feet, and now they have over 10,000, almost 11,000
12 square feet of space for their dreams and realization.

13 Our lots are 10,000 square feet and we value
14 landscaping, we value space. It's okay that they're
15 prioritizing something else, but it just cannot come at the
16 cost of our privacy.

17 VICE CHAIR THOMAS: Thank you. So, then your
18 second point was privacy. Can you just state your main
19 concern from your specific lot and your ownership, or where
20 you live? Thank you.

21 HELEN MARTINEZ: Sure. As you can see in the
22 pictures that are there, we have direct sight line pretty
23 much from the entire area facing us. Of course, the windows
24 upstairs that are two proposed bedrooms, that bathroom, and
25 then they even have a storage room that has windows

1 directly, directly, facing our house, our bedrooms, our
2 living areas, and even the garage doors on the bottom.
3 Because our house is at a certain height you have to take a
4 few steps to get into it and then the fence is lower, you
5 can completely see, even from downstairs, so those are the
6 main concerns from our house.

7 VICE CHAIR THOMAS: With regard to those two
8 things, is there any type of development on this lot that
9 you would be okay with?

10 HELEN MARTINEZ: Of course. Yes, of course. We've
11 addressed that there's a very similar lot nearby, but it's
12 towering, and they have a very unique...

13 VICE CHAIR THOMAS: You answered my question.
14 Thank you.

15 HELEN MARTINEZ: Oh, sorry.

16 VICE CHAIR THOMAS: And then also your last
17 concern was landscaping. Can you just state what your
18 concern with landscaping is?

19 HELEN MARTINEZ: Yes, they have offered some
20 Leyland Cypress trees. All the neighbors have had serious
21 issues with the maintenance of trees currently. They are to
22 be in a 4'x4' area squinched together. First, they don't
23 resolve all my privacy issues; more trees would be needed.
24 But specifically, that type of tree, when they're together
25

1 they're not maintained, which has been a big issue. They're
2 not kept up. They're a fire danger, and they're going to
3 overlap over our fence.

4 VICE CHAIR THOMAS: So, what type of landscaping
5 would you be happy with?

6 HELEN MARTINEZ: We would like different types of
7 trees that do not grow to be 60' tall that cover more than
8 the house already requires. And by the way, my son is
9 allergic to cypress trees, so that also is a concern.

10 VICE CHAIR THOMAS: Okay, great. Thank you.

11 CHAIR RASPE: Thank you. Commissioner Hanssen.

12 COMMISSIONER HANSSEN: Following on our Vice
13 Chair's line of questions, the Applicant has stated in a
14 number of responses in our report from Staff about all the
15 things that they've done to try to address privacy.
16 Specifically, on your concerns of privacy, if as they have
17 stated they would have frosted windows on the back and the
18 side, what would be your additional concern about them
19 being able to see if they have frosted windows? Is there
20 something else?
21

22 HELEN MARTINEZ: Yes. Thank you for the question.
23 The windows they they're proposing are not the only ones
24 that directly face my property, it includes the storage
25 room on the right. But frosted windows have to be

1 maintained. They don't block the entire view, and these
2 owners have had the opportunity to face towards the street,
3 the front, to face toward the back. That neighbor has no
4 second floor, has no windows, there's an attic. They've had
5 the opportunity to face diagonal. There is a one-story
6 house, to face the entire span of that very low lot where
7 there is nothing, to face diagonal towards Leila where
8 there is a cul de sac and even a basketball court. They've
9 had all these opportunities to position as much density as
10 they value, and they've put it directly in front of our
11 bedrooms, in front of our living area, and in front of our
12 yards. Frosted windows need to be maintained.

14 I've wrestled with how much to share in writing
15 or even in presentation with the problems that we've had
16 with maintenance. You can get a sneak peek of that in sheet
17 A0.8, the pictures on the right. Fences blowing off and
18 holes being there and not a willingness to resolve that. I
19 won't bore you with all the details, but it's been
20 extremely difficult, and this is an experience across the
21 board with neighbors that in fact didn't even come up
22 because when we get together, which is regularly. It's a
23 very harmonious neighborhood, we don't discuss this and it
24 came up when this proposal came up, so it's a concern to
25

1 have those windows directly facing us when they had so many
2 choices.

3 Even in the current design they have choices to
4 move those windows to the side. It seems that they have
5 this concern, they're not facing their yard. We invite
6 them, we encourage them, we would love for them to face
7 their own back yard or their own front yard and not have
8 those windows looking over ours. They chose to have a
9 higher density; they have an intention to add two
10 additional units. Please don't make our private back yards
11 where we spend every day with our child, our dog, our
12 families, be like the public square that the high-density
13 buildings get to overlook.
14

15 COMMISSIONER HANSSEN: I think I hear and
16 understand you. I would like to just go back to the frosted
17 windows for a moment. In my home—I live in Los Gatos, of
18 course—we do have one frosted window in the back of our
19 house in one of the bathrooms, and I don't know why it was
20 frosted; when we bought the house it was already 20 years
21 old. It overlooks the deck that's attached to our house. I
22 can't even see the deck from my frosted window, so I'm just
23 trying to understand how frosted windows wouldn't do it. I
24 understand that you would prefer that they have the windows
25 in other places, but if they can't see you and they had it,

1 say, on the storage area too, I'm still trying to
2 understand what the concern would be other than you wish
3 that they had put them in other places.

4 HELEN MARTINEZ: Excellent question. Right now,
5 they don't have a plan for them to be in that storage area
6 that directly overlooks... Right now, they don't have a plan
7 for that, and they don't have a plan for putting it on the
8 middle bathroom window, so there are two bedrooms upstairs
9 and a middle window. They have no plan to put it on the
10 garage windows that for some reason are facing my property,
11 the garage, when there is all this space.

12 But frosted windows need to be maintained.

13 We also don't know the level of opacity, the
14 obscurity level. We cannot enforce that; we don't know it.
15 Big size windows, different size windows from my
16 understanding—I'm going to reveal that I'm not an architect
17 or a designer or in any way involved in this—the film
18 doesn't fully put the edge; there are still areas. It
19 truly, truly makes us so uncomfortable to have those
20 windows directly, and not just me and my property, but an
21 adjacent neighbor, and the neighbor even diagonal to that
22 who you will hear from.

23 COMMISSIONER HANSSEN: Okay, thank you.
24
25

1 CHAIR RASPE: Commissioners, any other questions
2 for the speaker? Seeing none, thank you so much. Our next
3 speaker then is Venkat Vonitla (phonetic). You'll have
4 three minutes, sir.

5 VENKAT VONITLA: My name is Venkat Vonitla and I
6 have the same concerns as Helen Martinez; I am next to her.
7 I'm behind the construction.

8 The only concern is privacy. We cannot use the
9 back yard. The big windows that they are going to have,
10 it's going to kill us. We cannot go to the back yard with
11 those windows. They need to do something about those
12 windows and the privacy.

13 And balcony, they took care of on the side, it's
14 directly looking towards mine and my neighbor's property.

15 They are saying five trees, but it's not going
16 to... With the previous history, like a big oak tree and
17 flying sheets, I don't believe what they are saying like
18 five trees, we are going to maintain those trees, it's not
19 going to happen looking at the past history.

20 So, I'm worried about my privacy and that's all I
21 want to say.

22 CHAIR RASPE: Thank you for those comments.
23 Before you sit, Commissioner, questions for this speaker?
24 Commissioner Hanssen.

1 COMMISSIONER HANSSEN: What kind of house would
2 not affect your privacy?

3 VENKAT VONITLA: I just want to go for being a
4 family like us, like what we have, not a big house with
5 multiple families living there, so I just want to have a
6 single-family, less windows, less construction. It's not
7 private. Privacy is a big concern.

8 COMMISSIONER HANSSEN: I'm not sure I understand
9 your comment about multi-family versus single-family. I
10 mean, the Applicant has made testimony that this is their
11 extended family living in their home, which I don't know
12 why that would constitute a multi-family. If you're
13 referring to the ADUs that are proposed...

14 VENKAT VONITLA: Yes.

15 COMMISSIONER HANSSEN: ...we can say nothing about
16 those. Every home in Los Gatos and all of California is
17 entitled to build at least one detached ADU and a Junior
18 ADU and it is a ministerial permit. They have to comply
19 with size requirements, but we can say nothing about it;
20 it's California law, so we can't really take that into
21 consideration with regard to this house, because everyone
22 in California can do the same thing and it's law. So, while
23 I appreciate what you're saying, it's not this family and
24 they can't change.
25

1 CHAIR RASPE: Thank you. The Vice Chair has a
2 question for you, I believe.

3 VICE CHAIR THOMAS: Thank you, and thank you for
4 that question, and thank you for coming tonight. My
5 question is just about what additional changes would you be
6 happy with regarding privacy?

7 VENKAT VONITLA: Single-family, smaller size, not
8 a huge building, I mean like not (inaudible) construction
9 (inaudible).

10 VICE CHAIR THOMAS: Okay, thank you.

11 CHAIR RASPE: Thank you. Any other questions for
12 the speaker? Seeing none, I have no more yellow cards for
13 speakers this evening, so thank you for those in the
14 chambers speaking on this matter. Do we have anybody on
15 Zoom for this matter?

16 DIRECTOR PAULSON: Thank you, Chair. I'm going to
17 allow "iPad 3" to speak.

18 CHAIR RASPE: iPad 3, if you're speaking on Item
19 #2, please state your name for the record and you'll have
20 three minutes to speak.

21 DAVID RATSABONYAH (Phonetic): My name is David
22 Ratsabonyuh. Good evening, everyone. And good morning to
23 me; it's 5:00am here.
24
25

1 I live at 369 Blackwell Drive, and I'm here to
2 express my privacy and safety concerns regarding the
3 construction plans at 15411 National Avenue. I understand
4 the desire to build, but the current design has significant
5 issues that I believe could be better addressed.

6 I think firstly, privacy. The second-floor
7 windows and balcony all look at my master bedroom,
8 bathroom, shower area, and back yard, creating a direct
9 sight line into sensitive areas of my home.

10 I think frosted windows or trees have been
11 proposed as privacy solutions; these may not fully address
12 my concerns. Frosted windows can still be opened and I
13 don't know what is the level of obscurity that they have.

14 I respectfully suggest design adjustments like
15 relocating the windows or using skylights that can prevent
16 this privacy invasion more (inaudible).

17 I think the second thing I wanted to mention was
18 like the justification letter that compares this project to
19 nearby structures, including a large hospital and two-story
20 building. However, these examples don't reflect the unique
21 nature of this flag lot. I think one of the Commissioners
22 pointed that out exactly. A more fitting comparison would
23 be nearby (inaudible) properties like 15439 National
24 Avenue, which maintain the neighborhood character by
25

1 building a single-story structure on its rear lot; that is
2 what the current neighbors are trying to do.

3 In summary, I am requesting adjustments that
4 protect my family's privacy and property, while allowing
5 sensitive development. Thank you for considering these
6 concerns, and I'm happy to work with the Applicants toward
7 a more mutually respectful solution. Thank you, folks.

8 CHAIR RASPE: Thank you so much, and before you
9 disconnect, Commissioners, any questions for this speaker?
10 Seeing none, thank you, sir.

11 Any other callers on Zoom?

12 DIRECTOR PAULSON: Thank you, Chair. I do not see
13 any other hands on Zoom.

14 CHAIR RASPE: Thank you so much. Then I'll ask
15 the Applicant. You have up to three minutes if you wish to
16 address any of the comments that you've heard today, and at
17 least from my own perspective, I encourage you to focus on
18 some of the privacy concerns.

19 JOSE RAMA: Right. Basically, they're talking
20 about windows. The laundry area has a 2' rear view window
21 at a height of 8'-6", a peek-a-boo up there to oversee
22 that. They're not going to be frosted.

23 The two windows that are facing the north
24 portion, they are egress windows. We are under the
25

1 requirement of the 5.1 square feet as the minimum we have.
2 The two bays will be frosted, diffused, they can't see in,
3 they can't see out, but it is an operable window; it has to
4 be. The south portion is also (inaudible) window is not
5 frosted, but it's a height of 8', 6' of seal.

6 Regarding concerns about trees and the
7 maintenance of the trees, the only tree they have there is
8 an oak tree that is in great condition that is dividing
9 that tree on 669 Blackwell Drive; it's in the center of the
10 property, and they provided a clarification that that tree
11 has to stay.

12 Also, the owner has retrofit the privacy fence, a
13 brand-new fence, that was just been installed maybe a
14 couple of months ago.

15 Regarding the cypress, we are keeping a full
16 height of 48" box with a full grown of 8-10'. It is a
17 cypress; they will maintain it. It's within his property.
18 There is not a dripline.

19 Regarding the cellar, we are under the
20 requirement, so there is no square footage limitation for a
21 cellar there. There is a limitation of height, and we are
22 much lower than what we're supposed to be, so it is not
23 considered to be a third story.

1 Second, the window facing the north portion on
2 that cellar, it's much lower. From grade to top it's only
3 2', so there is not really a concern of privacy there.

4 We could try to see if we could relocate the
5 windows, but that's the only egress we have. The pitch of
6 the slope does not clarify a relocation of those windows,
7 so basically it would be a full redesign.

8 CHAIR RASPE: Thank you, and before you sit down,
9 Commissioners, any questions? I just have one.

10 I think one of the speakers indicated that a
11 family member had perhaps an allergy to the proposed trees.
12 Would you be willing to use alternatives?

13 JOSE RAMA: Of course. Yes, sir.

14 CHAIR RASPE: Okay, thank you so much. Seeing
15 none, I'll close the public portion of this matter and
16 invite my fellow commissioners to pose questions of Staff,
17 of each other, make comments, and/or if appropriate, make a
18 motion. Commissioner Barnett.

19 COMMISSIONER BARNETT: I have two questions of
20 Staff.

21 The first question is if this project were
22 approved a condition could be a covenant for maintenance of
23 the trees. Could it be imposed or not?
24

25 ATTORNEY WHELAN: Yes, that would be defensible.

1 COMMISSIONER BARNETT: Okay, thank you. And I
2 wonder if Staff can comment on the issue of the efficacy of
3 frosted windows. I know that's been used in the past.

4 ERIN WALTERS: It has been used in the past; it's
5 actually in our Residential Design Guidelines. We do use
6 them for conditions like this often.

7 COMMISSIONER BARNETT: Thank you.

8 CHAIR RASPE: Thank you. Vice Chair.

9 VICE CHAIR THOMAS: I have a couple of questions
10 about the consulting architect's comments.
11

12 The first recommendation was about the tower, and
13 we've already discussed that. The architect's actual
14 comments said, "Specific issues include the following," and
15 then it notes that it should, "Avoid large and formal
16 entries unless the norm of nearby homes."

17 I'm sorry, maybe you should come back to me. I
18 need to find my page again.

19 CHAIR RASPE: Very good, we will come back to
20 you. Commissioner Hanssen.

21 COMMISSIONER HANSSEN: Also a question for Staff.
22 On the frosted windows, I was surprised, because I can tell
23 you I've never done anything in the 22 years of owning my
24 home to maintain the frosted window that we have. We might
25 have washed it one time. So, is that a common thing with

1 frosted windows that maybe I'm not aware of that you must
2 do something special to maintain them so they remain
3 frosted?

4 ERIN WALTERS: I think there are a couple of ways
5 to frost a window. One would be with a film which might
6 deteriorate, as I can (inaudible) my house. However, if the
7 glass is actually obscure, that's just a pane of glass and
8 it will not change.

9 COMMISSIONER HANSSEN: So, if we were to specify
10 that they must have obscured glass, then there wouldn't be
11 a maintenance issue, is that what I'm hearing?
12

13 ERIN WALTERS: That's correct.

14 COMMISSIONER HANSSEN: Okay, thank you.

15 CHAIR RASPE: Thank you. Vice Chair, are you
16 ready?

17 VICE CHAIR THOMAS: Yes. For the design
18 requirements, basically it says to, "Avoid large and formal
19 entries unless this is a norm for nearby homes..." and then
20 it says, "e.g. projecting or under-eave porch." Like it's
21 best to start with that type of entry. Obviously, this
22 project, they weren't going back to the start, so they made
23 an adjustment, and I see how it doesn't comply, but we
24 don't have our consulting architects go back and look at
25 the reapplication. I'm just curious what my fellow

1 commissioners think, and if you have any information, Ms.
2 Walters, about if this was semi-addressed or not in Staff's
3 opinion.

4 ERIN WALTERS: I can start. It is semi-addressed.
5 They did modify. Obviously, you can see they modified the
6 front elevation, the side elevation, and it did modify the
7 full tower and it is integrated into that front plane.

8 VICE CHAIR THOMAS: Okay, thank you. Then I guess
9 as a follow-up, when we're saying e.g., these are just
10 examples of how to change it?

11 ERIN WALTERS: (Nods head yes.)

12 VICE CHAIR THOMAS: Okay, thank you.

13 CHAIR RASPE: Thank you. Commissioner Burnett.

14 COMMISSIONER BURNETT: Yes, thank you. I'm having
15 problems with this project after reading our architect's
16 comments that basically it would be not consistent with the
17 Town's Residential Design Guidelines, basically 3.2.1 and
18 3.2.2. There were other guidelines that were suggested and
19 they were followed, but there were some that were not.

20 I feel that basically it does not fit in the
21 surrounding neighborhood, which is 3.2.1, which is our
22 design guideline, and I think it's a very important one
23 being a flag lot and where this home is situated. I mean,
24
25

1 it has great prominence and I think it does affect the rest
2 of the neighborhood there.

3 I think the massing and the size of it is what
4 I'm having a real issue with. I appreciate that there were
5 some efforts to go along with some of the recommendations
6 by our architect, but I think the major...the tower. I see
7 the redesign, but I think his designs are really an
8 improvement, and actually I think the architectural
9 features of his designs basically would fit better in the
10 neighborhood if it wasn't so large of a house.

12 The other issue I have with it is that noticing
13 the photos that were shown, the mountains were eliminated
14 from view from many of the homes there, as well as I don't
15 know if some of the homes in the area have solar panels, so
16 I don't know if that would be effected by the height of
17 this home, and I think it's quite large.

18 Those would be my basic concerns. Thank you.

19 CHAIR RASPE: Thank you for those comments.
20 Commissioners, any other questions or comments? I have one
21 for Staff.

22 I just wanted to confirm—and we discussed this in
23 other projects—the Town of Los Gatos does not currently
24 protect, at least in our written codes, light or view
25 easements. Is that correct?

1 ATTORNEY WHELAN: That's correct.

2 CHAIR RASPE: As part of our discussions we take
3 into consideration privacy concerns, generally speaking,
4 correct?

5 ERIN WALTERS: That is correct.

6 CHAIR RASPE: Thank you. Commissioner Hanssen.

7 COMMISSIONER HANSSSEN: I have one more question
8 for Staff. Based on being at the site with only story poles
9 you don't really know, but it seemed to me—and I'm asking
10 Staff for your opinion' I'll leave the back neighbors
11 aside—do you feel that the front of the house where the
12 tower is, because it's in a flag lot and the way it is
13 oriented and that there are trees in front, it didn't seem
14 to me like it would be visible from the street, so I'm
15 asking for your opinion on that, and I'm leaving the back
16 neighbors aside for the moment.

17 ERIN WALTERS: That's correct, you can't see it
18 behind the house that's in front of it.

19 COMMISSIONER HANSSSEN: I wanted to add on a
20 comment to that, if it's okay, Chair? Because that was my
21 thought on this, I do think that we have to delve in a
22 little bit more with the back neighbors, but if you
23 consider this project on the whole, while we don't
24
25

1 encourage the largest house in the neighborhood, it's not
2 that much larger than the next largest house.

3 It also won't be visible from the street—and
4 again, I'm leaving the back neighbors aside from that—it
5 also meets most aspects of our code, so it's really just a
6 neighborhood compatibility issue, because it doesn't
7 violate any parts of our code.

8 I wondered if the place to go might be to try to
9 make some additional adjustments to satisfy the back
10 neighbors, but I suspect that the only one that would
11 really work for them is making it a single story. I also
12 think that it wouldn't be reasonable to ask them to reduce
13 to single-story, because several other homes in that
14 neighborhood and throughout Los Gatos have two stories, and
15 this is something we see pretty commonly.

16 I'd be curious what the other Commissioners have
17 to say, but I do think that other than trying to do more
18 for the neighbors behind, that this project doesn't push
19 any other boundaries.

20 CHAIR RASPE: Thank you for those comments. Vice
21 Chair.

22 VICE CHAIR THOMAS: Thank you. I would like to
23 echo Commissioner Hanssen's comments. I also did recognize
24 that the entryway adjustment didn't completely provide an
25

1 under the eave entry in lieu of the proposed stone tower or
2 anything, however, I also figured that this is not
3 necessarily viewable from the street, and I do think that
4 the other recommendations by the consulting architect were
5 taken into account and I do appreciate that.

6 I feel the same way, that I think that it is
7 difficult to address the privacy issue in so many of these
8 hearings that we have and agenda items that we often have
9 when it is a two-story situation, however, as a body we
10 don't have the authority to just tell someone that they
11 can't build a second story, especially when they're
12 complying with all of the aspects of code and not asking
13 for any variances with regard to setbacks and height and
14 everything like that.

15 I agree with Commissioner Hanssen and I think
16 that moving forward hopefully we can try to make some sort
17 of recommendations to address some of the privacy issues
18 while hopefully moving this project forward, and I do think
19 that the changes to the landscape trees, that's a place to
20 start.

21 One other thing I wanted to say about windows. We
22 can't require anyone to have windows that don't open,
23 because you must be able to get in and out of them, so I
24 think the frosted windows is the best option for moving
25

1 forward, and so I am curious to hear what my fellow
2 commissioners have to say.

3 CHAIR RASPE: Thank you for those comments.
4 Commissioners, any further comments? Commissioner Barnett.

5 COMMISSIONER BARNETT: I strongly support the
6 recommendation of Staff to deny the Architecture and Site
7 Application based on concerns of size, neighborhood
8 compatibility, and consistency with the Residential Design
9 Guidelines.

10 One that we haven't talked about so far is 2.1 of
11 the General Neighborhood Design Principles, which says,
12 "Residential development shall be similar in mass, bulk,
13 and scale to the immediate neighborhood, although
14 consideration will be given to the existing FAR,
15 residential square footage, and lot size." I recognize this
16 is a very large lot and consideration should be given to
17 that, but nevertheless I think the bulk and mass are
18 unacceptable.

19 CHAIR RASPE: Thank you for those comments. I'll
20 go ahead and chime in then. I would echo, I think, largely
21 the comments of Commissioner Hanssen and Vice Chair Thomas.
22 It seems to me we have two issues, that is compliance with
23 the Design Guidelines and the privacy issue.
24
25

1 On the Design Guidelines, the home—I think we've
2 discussed—is within all legal standards: within FAR, within
3 the building envelope, within height, setbacks, and they're
4 not asking for any variances. So, then we are left with is
5 the building compatible within the neighborhood? We've seen
6 this issue many times before. The first two-story home in a
7 neighborhood is always disruptive and it's difficult for
8 the neighbors, and we understand that.

9
10 Nevertheless, I think it is inevitable that as
11 this town grows older, homes will be removed. Newer, larger
12 homes will take their place and many times it will be
13 second-story homes, and so I think we cannot stop that line
14 of progression. The best I think we can do as a planning
15 Commission is trying to mitigate that process a little bit.

16 That raises the second concern, and that is
17 privacy. In this case I think there are privacy concerns.
18 The builder has done some efforts in that regard. They've
19 agreed to remove the balcony, they've agreed to tint the
20 windows. I think there's more that can be done. Certainly,
21 we've discussed the trees, and I would argue that one of
22 the conditions of approval would be the non-allergic style
23 trees to be determined between the two neighbors.

24 I think maybe one last ask that I would have, and
25 the architect mentioned it, and I suspect it would be

1 expensive and I'm sorry to do this, but if there is a way
2 to relocate the actual location of those windows, the
3 sizing of the windows, something that would help ameliorate
4 the privacy of the back yards and still provide this
5 Applicant with egress rights and view rights, that's a
6 project I could accept. Those are my thoughts.

7 Commissioner Hanssen.

8 COMMISSIONER HANSSEN: I just wanted to add a
9 clarifying comment, because you mentioned about the first
10 two-story house. Maybe you didn't mean to say it that way,
11 but it sounded to me like this might be the first two-story
12 house in the neighborhood. It is not. On page 12 we have
13 the neighborhood analysis that is defined in the
14 Residential Design Guidelines and there are clearly three
15 other two-story homes, including on Blackwell, which is
16 behind them.

18 CHAIR RASPE: Thank you.

19 COMMISSIONER HANSSEN: So, I don't think that
20 that's a hurdle that they need to overcome like if they
21 were the first two-story house in the neighborhood. Bulk
22 and mass could be addition to that, but not the two
23 stories.

24 CHAIR RASPE: No. I stand corrected. Thank you.
25 Yes, Commissioner Burnett.

1 COMMISSIONER BURNETT: Thank you. I do agree with
2 our Chair's comments about a new second-story home; it's
3 not the first second-story in this neighborhood, however, I
4 think you can build a two-story home in the neighborhood
5 that would be more congruent and more acceptable to the
6 neighbors, reducing the size and the mass, and that would
7 be my comment. I don't think you have to have this large of
8 a home that impedes and has issues in quite a large, whole
9 block basically, and it's in the very middle so it's very
10 prominent. I think it could be architecturally designed as
11 a two-story but would be more compatible and meet the needs
12 of the neighbors that have been there for years. That's
13 just my thoughts. Thank you.

15 CHAIR RASPE: Thank you. Commissioner Barnett.

16 COMMISSIONER BARNETT: I have the concept of
17 making a motion to deny the request to make further efforts
18 to address the privacy concerns and suggestions of the
19 neighbors, and potentially to request but not require
20 consultation with Mr. Cannon regarding the entry as
21 revised, and that I cannot make the findings required,
22 something along those lines.

23 CHAIR RASPE: Is there a motion pending, or do
24 you wish to make a motion?
25

 COMMISSIONER BURNETT: I'll second that motion.

1 COMMISSIONER BARNETT: It wasn't really a motion.

2 CHAIR RASPE: That's what I thought.

3 COMMISSIONER BARNETT: It wasn't a motion, but
4 it's a promotion.

5 CHAIR RASPE: If you'd like to make that a
6 formalized motion, then we can take a tally and see where
7 we sit.

8 COMMISSIONER BARNETT: Okay, then. My motion is
9 to deny the requested approval for construction of a
10 single-family residence and site improvements requiring a
11 Grading Permit on vacant property zoned R-1:8 located at
12 15411 National Avenue, APN 424-12-140, Architecture and
13 Site Application S-23-033, on the basis that I cannot make
14 the findings that the project meets the objective standards
15 of the Zoning Code and the Residential Design Guidelines.

16 No other considerations in Section 29.21.50 of
17 the Town Code for granting approval of Architecture and
18 Site Applications and would recommend that the Applicant
19 come back to us with revised plans after consideration of
20 the neighbors' concerns and potential changes, and a
21 request, but not a requirement, that Mr. Cannon be
22 consulted with respect to the adequacy of the changes on
23 the entry.
24
25

1 CHAIR RASPE: Thank you for that motion. Do I
2 have a second? Commissioner Burnett.

3 COMMISSIONER BURNETT: I'll second that motion.

4 CHAIR RASPE: Thank you. I have a first and a
5 second. Discussion? All right, by a show of hands, all
6 those in favor the motion, please raise your hands. I see
7 two. All those opposed. Three, and the motion fails.

8 Let's try a different format. Commissioners,
9 shall I give it a try? Or Commissioner Hanssen, do you have
10 an idea?

11 COMMISSIONER HANSSEN: If you would like to go
12 ahead and make a motion, Chair, that's fine, or I can do
13 it.

14 CHAIR RASPE: I move to approve construction of a
15 single-family residence and site improvements requiring a
16 Grading Permit on vacant property zoned R-1:8 located at
17 15411 National Avenue, APN 424-12-140, Architecture and
18 Site Application S-23-033. Property owner Muddada and
19 Applicant Jose Rama. Subject to all the findings required
20 in our Staff Report with two additional conditions of
21 approval, that is first with respect to plantings, that
22 they be mutually agreed up by the neighbors such that they
23 are at a minimum protective of privacy and non-allergenic
24 to any of the neighbors; and second, that the Applicant
25

1 meet in good faith to relocate the offending windows such
2 that they are the least offensive to the privacy interests
3 of the neighbors.

4 Do I have a second? Commissioner Hanssen.

5 COMMISSIONER HANSSEN: I'll second the motion,
6 but I would ask for one amendment to the motion.

7 CHAIR RASPE: Please.

8 COMMISSIONER HANSSEN: That would be the windows
9 that need to be frosted have the obscured glass, not the
10 film that has to be maintained.

11 CHAIR RASPE: The motion is so amended.

12 COMMISSIONER HANSSEN: And so, I will second.

13 CHAIR RASPE: Thank you for the second. Is there
14 any discussion? Then by a show of hands, all those in favor
15 of the motion. Thank you. And all those opposed. And the
16 motion carries 3-2. Are there any appeal rights?

17 DIRECTOR PAULSON: Thank you, Chair. Yes, there
18 are appeal rights. Anyone who is not satisfied with the
19 decision of the Planning Commission can file an appeal to
20 the Town Council. Forms are available online and in the
21 Community Development and Clerk Office. There is a fee for
22 filing the appeal, and the appeal must be filed within ten
23 days.
24
25

CHAIR RASPE: Thank you so much.

LOS GATOS PLANNING COMMISSION 11/13/2024
Item #2, 15411 National Avenue

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TOWN OF LOS GATOS

COMMUNITY DEVELOPMENT DEPARTMENT
 PLANNING DIVISION
 (408) 354-6872 Fax (408) 354-7593

CIVIC CENTER
 110 E. MAIN STREET
 LOS GATOS, CA 95030

November 15, 2024

Vyankatesh and Rammy Muddada
 15415 National Avenue
 Los Gatos, CA 95032
 Via Email

RE: 15411 National Avenue
 Architecture and Site Application S-23-033

Requesting Approval to Construct a Single-Family Residence, and Site Improvements Requiring a Grading Permit on a Vacant Property Zoned R-1:8. APN 424-12-140. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction.

PROPERTY OWNER: Vyankatesh and Rammy Muddada

APPLICANT: Jose Rama

At its meeting of November 13, 2024, the Town of Los Gatos Planning Commission approved the above referenced application with additional conditions:

- The tree species shall be mutually agreed upon by the neighbors that they are a minimum protective of privacy and non-allergenic to any of the neighbors.
- The applicant shall meet in good faith to relocate the offending windows such that they are the least offensive to the privacy interests of the neighbors.
- The privacy windows shall utilize obscured glass. Privacy film shall not be used.

The attached draft modified conditions of approval will not be final until the Planning Commission has approved the November 13, 2024, meeting minutes at their next meeting, confirming any additional or modified conditions of approval for the project in the underlined font. You will be notified in writing once the Planning Commission has approved the minutes.

PLEASE NOTE: Pursuant to Section 29.20.275 of the Town Code, this approval may be appealed to the Town Council within 10 days of the date the approval is granted. Therefore, this action for approval should not be considered final, and no permits by the Town will be issued until the appeal period has passed.

If you have any questions, you may contact me by email at ewalters@losgatosca.gov.

Sincerely,

Erin Walters
 Associate Planner

Cc: Jose Rama, jer@jerdesigngroup.com

N:\DEV\PC\PC ACTION Letters\2023\01-11-23 [400 Surmont Drive - Item#2; approved].docx

PLANNING COMMISSION – November 13, 2024
CONDITIONS OF APPROVAL

15411 National Avenue
Architecture and Site Application S-23-033

Requesting Approval for Construction of a Single-Family Residence and Site Improvements Requiring a Grading Permit on a Vacant Property Zoned R-1:8. APN 424-12-140. Categorically Exempt Pursuant to CEQA Guidelines Section 15303: New Construction.

Property Owner: Vyankatesh and Rammy Muddada.

Applicant: Jose Rama.

Project Planner: Erin Walters.

TO THE SATISFACTION OF THE COMMUNITY DEVELOPMENT DIRECTOR:

Planning Division

1. APPROVAL: This application shall be completed in accordance with all of the conditions of approval and in substantial compliance with the approved plans. Any changes or modifications to the approved plans and/or business operation shall be approved by the Community Development Director, DRC, or the Planning Commission depending on the scope of the changes.
2. EXPIRATION: The approval will expire two years from the approval date pursuant to Section 29.20.320 of the Town Code, unless the approval has been vested.
3. OUTDOOR LIGHTING: Exterior lighting shall be kept to a minimum, and shall be down directed fixtures that will not reflect or encroach onto adjacent properties. No flood lights shall be used unless it can be demonstrated that they are needed for safety or security.
4. TREE REMOVAL PERMIT: A Tree Removal Permit shall be obtained for any trees to be removed, prior to the issuance of a building or grading permit.
5. EXISTING TREES: All existing trees shown on the plan and trees required to remain or to be planted are specific subjects of approval of this plan, and must remain on the site.
6. ARBORIST REQUIREMENTS: The developer shall implement, at their cost, all recommendations identified in the Arborist's report for the project, on file in the Community Development Department. These recommendations must be incorporated in the building permit plans and completed prior to issuance of a building permit where applicable.
7. TREE FENCING: Protective tree fencing and other protection measures consistent with Section 29.10.1005 of the Town Code shall be placed at the drip line of existing trees prior to issuance of demolition and building permits and shall remain through all phases of construction. Include a tree protection plan with the construction plans.
8. TREE STAKING: All newly planted trees shall be double-staked using rubber tree ties.
9. FRONT YARD LANDSCAPE: Prior to issuance of a Certificate of Occupancy the front yard must be landscaped.
10. TREE SPECIES: The tree species shall be mutually agreed upon by the neighbors that they

- are a minimum protective of privacy and non-allergenic to any of the neighbors.
11. **PRIVACY TREE PLANTING:** Prior to obtaining a building final the property owner must plant five 24-gallon ~~Leyland Cypress~~ trees along the northern fence line. Privacy trees must be maintained by the property owner.
 12. **WINDOW LOCATION** – The applicant shall meet in good faith to relocate the offending windows such that they are the least offensive to the privacy interests of the neighbors.
 13. **FROSTED/OBSCURE PRIVACY WINDOWS** – The two second floor bedroom windows located on the northern elevation of the residence shall have frosted or obscure glass to provide privacy between properties.
 14. **OBSCURE GLASS** – The privacy windows shall utilize obscured glass. Privacy film shall not be used.
 15. **WATER EFFICIENCY LANDSCAPE ORDINANCE:** The final landscape plan shall meet the Town of Los Gatos Water Conservation Ordinance or the State Water Efficient Landscape Ordinance, whichever is more restrictive. A review fee based on the current fee schedule adopted by the Town Council is required when working landscape and irrigation plans are submitted for review.
 16. **STORY POLES/PROJECT IDENTIFICATION SIGNAGE:** Story poles and/or project identification signage on the project site shall be removed within 30 days of approval of the Architecture & Site application.
 17. **TOWN INDEMNITY:** Applicants are notified that Town Code Section 1.10.115 requires that any applicant who receives a permit or entitlement (“the Project”) from the Town shall defend (with counsel approved by Town), indemnify, and hold harmless the Town, its agents, officers, and employees from and against any claim, action, or proceeding (including without limitation any appeal or petition for review thereof) against the Town or its agents, officers or employees related to an approval of the Project, including without limitation any related application, permit, certification, condition, environmental determination, other approval, compliance or failure to comply with applicable laws and regulations, and/or processing methods (“Challenge”). Town may (but is not obligated to) defend such Challenge as Town, in its sole discretion, determines appropriate, all at applicant’s sole cost and expense.

Applicant shall bear any and all losses, damages, injuries, liabilities, costs and expenses (including, without limitation, staff time and in-house attorney’s fees on a fully-loaded basis, attorney’s fees for outside legal counsel, expert witness fees, court costs, and other litigation expenses) arising out of or related to any Challenge (“Costs”), whether incurred by Applicant, Town, or awarded to any third party, and shall pay to the Town upon demand any Costs incurred by the Town. No modification of the Project, any application, permit certification, condition, environmental determination, other approval, change in applicable laws and regulations, or change in such Challenge as Town, in its sole discretion, determines appropriate, all the applicant’s sole cost and expense. No modification of the Project, any application, permit certification, condition, environmental determination, other approval, change in applicable laws and regulations, or change in processing methods shall alter the applicant’s indemnity obligation.

18. **COMPLIANCE MEMORANDUM:** A memorandum shall be prepared and submitted with the

building plans detailing how the Conditions of Approval will be addressed.

Building Division

19. PERMITS REQUIRED: A Building Permit is required for the construction of the new single-family residence and attached garage. An additional Building Permit will be required for the PV System that is required by the California Energy Code.
20. APPLICABLE CODES: The current codes, as amended and adopted by the Town of Los Gatos as of January 1, 2023, are the 2022 California Building Standards Code, California Code of Regulations Title 24, Parts 1-12, including locally adopted Reach Codes.
21. CONDITIONS OF APPROVAL: The Conditions of Approval must be blue lined in full on the cover sheet of the construction plans. A Compliance Memorandum shall be prepared and submitted with the building permit application detailing how the Conditions of Approval will be addressed.
22. BUILDING & SUITE NUMBERS: Submit requests for new building addresses to the Building Division prior to submitting for the building permit application process.
23. SIZE OF PLANS: Minimum size 24" x 36", maximum size 30" x 42".
24. SOILS REPORT: A Soils Report, prepared to the satisfaction of the Building Official, containing foundation, and retaining wall design recommendations, shall be submitted with the Building Permit Application. This report shall be prepared by a licensed Civil Engineer specializing in soils mechanics.
25. SHORING: Shoring plans and calculations will be required for all excavations which exceed five (5) feet in depth, or which remove lateral support from any existing building, adjacent property, or the public right-of-way. Shoring plans and calculations shall be prepared by a California licensed engineer and shall confirm to the Cal/OSHA regulations.
26. FOUNDATION INSPECTIONS: A pad certificate prepared by a licensed civil engineer or land surveyor shall be submitted to the project Building Inspector at foundation inspection. This certificate shall certify compliance with the recommendations as specified in the Soils Report, and that the building pad elevations and on-site retaining wall locations and elevations have been prepared according to the approved plans. Horizontal and vertical controls shall be set and certified by a licensed surveyor or registered Civil Engineer for the following items: Building pad elevation
 - a. Finish floor elevation
 - b. Foundation corner locations
 - c. Retaining wall(s) locations and elevations
27. TITLE 24 ENERGY COMPLIANCE: All required California Title 24 Energy Compliance Forms must be blue-lined (sticky-backed), i.e., directly printed, onto a plan sheet.
28. TOWN RESIDENTIAL ACCESSIBILITY STANDARDS: New residential units shall be designed with adaptability features for single-family residences per Town Resolution 1994-61:
 - a. Wood backing (2" x 8" minimum) shall be provided in all bathroom walls, at water closets, showers, and bathtubs, located 34 inches from the floor to the center of the backing, suitable for the installation of grab bars if needed in the future.
 - b. All passage doors shall be at least 32-inch-wide doors on the accessible floor level.

- c. The primary entrance door shall be a 36-inch-wide door including a 5'x 5' level landing, no more than 1 inch out of plane with the immediate interior floor level and with an 18-inch clearance at interior strike edge.
 - d. A door buzzer, bell or chime shall be hard wired at primary entrance.
29. BACKWATER VALVE: The scope of this project may require the installation of a sanitary sewer backwater valve per Town Ordinance 6.40.020. Please provide information on the plans if a backwater valve is required and the location of the installation. The Town of Los Gatos Ordinance and West Valley Sanitation District (WVSD) requires backwater valves on drainage piping serving fixtures that have flood level rims less than 12 inches above the elevation of the next upstream manhole.
 30. HAZARDOUS FIRE ZONE: All projects in the Town of Los Gatos require Class A roof assemblies.
 31. SPECIAL INSPECTIONS: When a special inspection is required by CBC Section 1704, the Architect or Engineer of Record shall prepare an inspection program that shall be submitted to the Building Official for approval prior to issuance of the Building Permit. The Town Special Inspection form must be completely filled-out and signed by all requested parties prior to permit issuance. Special Inspection forms are available online at www.losgatosca.gov/building.
 32. BLUEPRINT FOR A CLEAN BAY SHEET: The Town standard Santa Clara Valley Nonpoint Source Pollution Control Program Sheet (page size same as submitted drawings) shall be part of the plan submittal as the second page. The specification sheet is available online at www.losgatosca.gov/building.
 33. APPROVALS REQUIRED: The project requires the following departments and agencies approval before issuing a building permit:
 - a. Community Development – Planning Division: (408) 354-6874
 - b. Engineering/Parks & Public Works Department: (408) 399-5771
 - c. Santa Clara County Fire Department: (408) 378-4010
 - d. West Valley Sanitation District: (408) 378-2407
 - e. Local School District: The Town will forward the paperwork to the appropriate school district(s) for processing. A copy of the paid receipt is required prior to permit issuance.

TO THE SATISFACTION OF THE DIRECTOR OF PARKS & PUBLIC WORKS:

Engineering Division

34. GENERAL: All public improvements shall be made according to the latest adopted Town Standard Plans, Standard Specifications and Engineering Design Standards. All work shall conform to the applicable Town ordinances. The adjacent public right-of-way shall be kept clear of all job-related mud, silt, concrete, dirt and other construction debris at the end of the day. Dirt and debris shall not be washed into storm drainage facilities. The storing of goods and materials on the sidewalk and/or the street will not be allowed unless an encroachment permit is issued by the Engineering Division of the Parks and Public Works Department. The Owner's representative in charge shall be at the job site during all working hours. Failure to maintain the public right-of-way according to this condition may result in

the issuance of correction notices, citations, or stop work orders and the Town performing the required maintenance at the Owner's expense.

35. PAYMENT OPTIONS:

- a. All payments regarding fees and deposits can be mailed to:

Town of Los Gatos PPW – Attn: Engineering Dept
41 Miles Avenue
Los Gatos, CA 95030

Or hand deliver/drop off payment in engineering lock box

Checks made out to **"Town of Los Gatos"** and should mention **address and application number** on memo/note line.

36. APPROVAL: This application shall be completed in accordance with all the conditions of approval listed below and in substantial compliance with the latest reviewed and approved development plans. Any changes or modifications to the approved plans or conditions of approvals shall be approved by the Town Engineer.
37. CONSTRUCTION PLAN REQUIREMENTS: Construction drawings shall comply with Section 1 (Construction Plan Requirements) of the Town's Engineering Design Standards, which are [available for download from the Town's website](#).
38. CHANGE OF OCCUPANCY: Prior to initial occupancy and any subsequent change in use or occupancy of any non-residential condominium space, the buyer or the new or existing occupant shall apply to the Community Development Department and obtain approval for use determination and building permit and obtain inspection approval for any necessary work to establish the use and/or occupancy consistent with that intended.
39. GENERAL LIABILITY INSURANCE: The property owner shall provide proof of insurance to the Town on a yearly basis. In addition to general coverage, the policy must cover all elements encroaching into the Town's right-of-way.
40. PUBLIC WORKS INSPECTIONS: The Owner, Applicant and/or Developer or their representative shall notify the Engineering Inspector at least twenty-four (24) hours before starting any work pertaining to on-site drainage facilities, grading or paving, and all work in the Town's right-of-way. Failure to do so will result in penalties and rejection of any work that occurred without inspection.
41. RESTORATION OF PUBLIC IMPROVEMENTS: The Owner, Applicant and/or Developer or their representative shall repair or replace all existing improvements not designated for removal that are damaged or removed because of the Owner, Applicant and/or Developer or their representative's operations. Improvements such as, but not limited to: curbs, gutters, sidewalks, driveways, signs, pavements, raised pavement markers, thermoplastic pavement markings, etc., shall be repaired and replaced to a condition equal to or better than the original condition. Any new concrete shall be free of stamps, logos, names, graffiti, etc. Any concrete identified that is displaying a stamp or equal shall be removed and replaced at the Contractor's sole expense and no additional compensation shall be allowed therefore. Existing improvement to be repaired or replaced shall be at the direction of the Engineering Construction Inspector and shall comply with all Title 24 Disabled Access

provisions. The restoration of all improvements identified by the Engineering Construction Inspector shall be completed before the issuance of a certificate of occupancy. The Owner, Applicant and/or Developer or their representative shall request a walk-through with the Engineering Construction Inspector before the start of construction to verify existing conditions.

42. PLAN CHECK FEES: Plan check fees associated with the Grading Permit shall be deposited with the Engineering Division of the Parks and Public Works Department prior to the commencement of plan check review.
43. SITE SUPERVISION: The General Contractor shall provide qualified supervision on the job site at all times during construction.
44. INSPECTION FEES: Inspection fees shall be deposited with the Town prior to the issuance of permits or recordation of maps.
45. DESIGN CHANGES: Any proposed changes to the approved plans shall be subject to the approval of the Town prior to the commencement of any and all altered work. The Owner's project engineer shall notify, in writing, the Town Engineer at least seventy-two (72) hours in advance of all the proposed changes. Any approved changes shall be incorporated into the final "as-built" plans.
46. PLANS AND STUDIES: All required plans and studies shall be prepared by a Registered Professional Engineer in the State of California and submitted to the Town Engineer for review and approval. Additionally, any post-project traffic or parking counts, or other studies imposed by the Planning Commission or Town Council shall be funded by the Owner, Applicant and/or Developer.
47. GRADING PERMIT DETERMINATION DURING CONSTRUCTION DRAWINGS: All grading work taking place with this application and related applications/projects within a two year time period are considered eligible for the grading permit process and will be counted toward the quantities used in determining grading permit requirements. In the event that, during the production of construction drawings and/or during construction of the plans approved with this application by the Town of Los Gatos, it is determined that a grading permit would be required as described in Chapter 12, Article II (Grading Permit) of the Town Code of the Town of Los Gatos, an Architecture and Site Application would need to be submitted by the Owner for review and approval by the Development Review Committee prior to applying for a grading permit.
48. GRADING: Any grading work, cut/fill, earthwork or combination thereof (completed or proposed on submitted plans) on the parcel over the upcoming two-year period are combined with regards to grading permit thresholds. This also applies to adjacent parcels with identical owners, applicants and or developers.
49. ILLEGAL GRADING: Per the Town's Comprehensive Fee Schedule, applications for work unlawfully completed shall be charged double the current fee. As a result, the required grading permit fees associated with an application for grading will be charged accordingly.
50. DUST CONTROL: Blowing dust shall be reduced by timing construction activities so that paving and building construction begin as soon as possible after completion of grading, and by landscaping disturbed soils as soon as possible. Further, water trucks shall be present and in use at the construction site. All portions of the site subject to blowing dust shall be watered as often as deemed necessary by the Town, or a minimum of three (3) times daily,

or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction sites in order to insure proper control of blowing dust for the duration of the project. Watering on public streets shall not occur. Streets shall be cleaned by street sweepers or by hand as often as deemed necessary by the Town Engineer, or at least once a day. Watering associated with on-site construction activity shall take place between the hours of 8 a.m. and 5 p.m. and shall include at least one (1) late-afternoon watering to minimize the effects of blowing dust. All public streets soiled or littered due to this construction activity shall be cleaned and swept on a daily basis during the workweek to the satisfaction of the Town. Demolition or earthwork activities shall be halted when wind speeds (instantaneous gusts) exceed twenty (20) miles per hour (MPH). All trucks hauling soil, sand, or other loose debris shall be covered. For sites greater than four (4) acres in area:

- a. Enclose, cover, water twice daily or apply (non-toxic) soil binders to exposed stockpiles (dirt, sand, etc.).
 - b. Limit traffic speeds on unpaved roads to fifteen (15) miles per hour.
 - c. Install sandbags or other erosion control measures to prevent silt runoff to public roadways.
 - d. Replant vegetation in disturbed areas as quickly as possible.
 - e. Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (previously graded areas inactive for ten days or more).
51. CONSTRUCTION ACTIVITIES: All construction shall conform to the latest requirements of the CASQA Stormwater Best Management Practices Handbooks for Construction Activities and New Development and Redevelopment, the Town's grading and erosion control ordinance, and other generally accepted engineering practices for erosion control as required by the Town Engineer when undertaking construction activities.
 52. SILT AND MUD IN PUBLIC RIGHT-OF-WAY: It is the responsibility of Contractor and homeowner to make sure that all dirt tracked into the public right-of-way is cleaned up on a daily basis. Mud, silt, concrete and other construction debris SHALL NOT be washed into the Town's storm drains.
 53. COVERED TRUCKS: All trucks transporting materials to and from the site shall be covered.
 54. GOOD HOUSEKEEPING: Good housekeeping practices shall be observed at all times during the course of construction. All construction shall be diligently supervised by a person or persons authorized to do so at all times during working hours. The Owner's representative in charge shall be at the job site during all working hours. Failure to maintain the public right-of-way according to this condition may result in penalties and/or the Town performing the required maintenance at the Owner's expense
 55. SITE DESIGN MEASURES: All projects shall incorporate at least one of the following measures:
 - a. Protect sensitive areas and minimize changes to the natural topography.
 - b. Minimize impervious surface areas.
 - c. Direct roof downspouts to vegetated areas.
 - d. Use porous or pervious pavement surfaces on the driveway, at a minimum.
 - e. Use landscaping to treat stormwater.

56. CONSTRUCTION HOURS: All improvements and construction activities, including the delivery of construction materials, labors, heavy equipment, supplies, etc., shall be limited to the hours of 8:00 a.m. to 6:00 p.m., weekdays and 9:00 a.m. to 4:00 p.m. Saturdays. The Town may authorize, on a case-by-case basis, alternate construction hours. The Owner, Applicant and/or Developer shall provide written notice twenty-four (24) hours in advance of modified construction hours. Approval of this request is at discretion of the Town.
57. CONSTRUCTION NOISE: Between the hours of 8:00 a.m. to 6:00 p.m., weekdays and 9:00 a.m. to 4:00 p.m. Saturdays, construction, alteration or repair activities shall be allowed. No individual piece of equipment shall produce a noise level exceeding eighty-five (85) dBA at twenty-five (25) feet from the source. If the device is located within a structure on the property, the measurement shall be made at distances as close to twenty-five (25) feet from the device as possible. The noise level at any point outside of the property plane shall not exceed eighty-five (85) dBA.
58. DELAYED/DEFERRED REPORTS AND REVIEWS: TLGPPW strongly recommend that reports requiring a peer review be submitted and completed prior to committee approval/building permit stage. Note that these reviews may require a design change by the applicant and/or additional studies. Applicants who chose to defer assume risk that required changes may send project back to planning stage.
59. WATER METER: Water meters currently in public right-of-way shall be relocated within the property in question, within 30" of the property line / the public right-of-way line. The Owner, Applicant and/or Developer shall repair and replace to existing Town standards any portion of concrete flatwork within said right-of-way that is damaged during this activity prior to issuance of a certificate of occupancy.
60. SANITARY SEWER CLEANOUT: Sanitary sewer cleanouts currently in public right-of-way shall be relocated within the property in question, within one (1) foot of the property line per West Valley Sanitation District Standard Drawing 3, or at a location specified by the Town. The Owner, Applicant and/or Developer shall repair and replace to existing Town standards any portion of concrete flatwork within said right-of-way that is damaged during this activity prior to issuance of a certificate of occupancy.
61. PRECONSTRUCTION MEETING: Prior to issuance of any grading or building permits or the commencement of any site work, the general contractor shall:
 - a. Along with the Owner, Applicant and/or Developer, setup a pre-construction meeting with Eric Christianson, Senior Public Works Inspector echristianson@losgatosca.gov (408) 354-6824 to discuss the project conditions of approval, working hours, site maintenance and other construction matters;
 - b. Acknowledge in writing that they have read and understand the project conditions of approval and will make certain that all project sub-contractors have read and understand them as well prior to commencing any work, and that a copy of the project conditions of approval will be posted on-site at all times during construction.
62. CONSTRUCTION VEHICLE PARKING: Construction vehicle parking within the public right-of-way will only be allowed if it does not cause access or safety problems as determined by the Town.
63. FOR PLANTERS: The Owner, Applicant and/or Developer shall apply for an encroachment permit for the proposed planters within the public sidewalk and/or Town's right-of-

way. The Owner, Applicant and/or Developer shall work with Parks and Public Works Department staff to arrive at a mutually agreeable solution that addresses safety and aesthetic issues. If no solution is reached, the vegetative screening requirement shall be waived. A Private Improvements in the Public Right-of-Way (formerly Indemnity) Agreement will be required if planters are proposed to be located within the Town's right-of-way. A copy of the recorded agreement shall be submitted to the Engineering Division of the Parks and Public Works Department prior to the issuance of any grading or building permits.

64. PRIVATE IMPROVEMENTS IN THE PUBLIC RIGHT-OF-WAY (INDEMNITY AGREEMENT): The property owner shall enter into an agreement with the Town for all existing and proposed private improvements within the Town's right-of-way. The Owner shall be solely responsible for maintaining the improvements in a good and safe condition at all times and shall indemnify the Town of Los Gatos. The agreement must be completed and accepted by the Director of Parks and Public Works, and subsequently recorded by the Town Clerk at the Santa Clara County Office of the Clerk-Recorder, prior to the issuance of any grading or building permits.
65. STREET/SIDEWALK CLOSURE: Any proposed blockage or partial closure of the street and/or sidewalk requires an encroachment permit. Special provisions such as limitations on works hours, protective enclosures, or other means to facilitate public access in a safe manner may be required.
66. GRADING PERMIT: A grading permit is required for all site grading and drainage work except for exemptions listed in Section 12.20.015 of The Code of the Town of Los Gatos (Grading Ordinance). All grading work taking place with this application and related applications /projects within a two year time period are considered eligible for the grading permit process and will be counted toward the quantities used in determining grading permit requirements. After the preceding Architecture and Site Application has been approved by the respective deciding body and the appeal period has passed, the grading permit application with grading plans and associated required materials shall be submitted via email to the PPW engineer assigned to the A&S review. Plan check fees (determined after initial submittal) shall be sent to the Engineering Division of the Parks and Public Works Department located at 41 Miles Avenue. Unless specifically allowed by the Director of Parks and Public Works, the grading permit will be issued concurrently with the building permit. The grading permit is for work outside the building footprint(s). Prior to Engineering signing off and closing out on the issued grading permit, the Owner's soils engineer shall verify, with a stamped and signed letter, that the grading activities were completed per plans and per the requirements as noted in the soils report. A separate building permit, issued by the Building Department, located at 110 E. Main Street, is needed for grading within the building footprint.
67. SECURITY OF PERFORMANCE: Prior to approval of the grading permit, the applicant shall provide security for the performance of the work described and delineated on the approved grading plans, encroachment plans and or public improvement plans. The form of security shall be one (1) or a combination of the following to be determined by the Town Engineer and subject to the approval of the Town Attorney

- Bond or bonds issued by one (1) or more duly authorized corporate sureties on a form approved by the Town.
 - Deposit, with the Town, money, negotiable bonds of the kind approved for securing deposits of public monies, or other instrument of credit from one (1) or more financial institutions subject to regulation by the State or Federal Government wherein such financial institution pledges funds are on deposit and guaranteed for payment.
68. DRIVEWAY: The driveway conform to existing pavement on National Avenue shall be constructed in a manner such that the existing drainage patterns will not be obstructed. The Owner, Applicant and/or Developer shall install a Town standard residential driveway approach. The new driveway approach shall be constructed per Town Standard Plans and must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued. New concrete shall be free of stamps, logos, names, graffiti, etc. Any concrete identified that is displaying a stamp or equal shall be removed and replaced at the Contractor's sole expense and no additional compensation shall be allowed therefore.
69. CONSTRUCTION EASEMENT: Prior to the issuance of a grading or building permit, it shall be the sole responsibility of the Owner, Applicant and/or Developer to obtain any and all proposed or required easements and/or permissions necessary to perform the grading herein proposed. Proof of agreement/approval is required prior to the issuance of any Permit.
70. DRAINAGE STUDY: Prior to the issuance of any grading or building permits, the following drainage studies shall be submitted to and approved by the Town Engineer: a drainage study of the project including diversions, off-site areas that drain onto and/or through the project, and justification of any diversions; a drainage study evidencing that the proposed drainage patterns will not overload the existing storm drain facilities; and detailed drainage studies indicating how the project grading, in conjunction with the drainage conveyance systems (including applicable swales, channels, street flows, catch basins, storm drains, and flood water retarding) will allow building pads to be safe from inundation from rainfall runoff which may be expected from all storms up to and including the theoretical 100-year flood.
71. TREE REMOVAL: Copies of all necessary tree removal permits shall be provided prior to the issuance of a building permit. An arborist report may be necessary. Please contact Tammy Robnett-Illges, Engineering Administrative Assistant trobnett-illges@losgatosca.gov (408) 399-5771 for more information.
72. DEDICATIONS: The following shall be dedicated by separate instrument. The dedications shall be recorded before any grading or building permits are issued:
- a. A 10-foot street right-of-way shall be dedicated in fee.
 - b. A 5-foot Public Service Easement.
73. DEMOLITION: Within 60-days of the Development Review Committee approval action being final (i.e. after the 10-day appeal period and no requested appeals being submitted to the Town), the Property Owner shall record a Deed Restriction on each of the number (#) parcels in question which prohibits the recording of a Certificate of Compliance until one of the two (2) prerequisite actions occurs prior to the proposed recordation: 1) removal of any structures which cross lot/property lines or 2) the Property Owner successfully

obtaining an Architecture & Site approval from the Town of Los Gatos for the demolition of the existing house and construction of a replacement house.

74. IMPROVEMENT AGREEMENT: The Owner, Applicant and/or Developer shall enter into an agreement to construct public improvements in accordance with Town Code Section 24.40.020. The Owner, Applicant and/or Developer shall supply suitable securities for all public improvements that are part of the development in a form acceptable to the Town in the amount of 100% performance and 100% labor and materials prior to the issuance of any encroachment, grading or building permit. The Owner, Applicant and/or Developer shall provide two (2) copies of documents verifying the cost of the public improvements to the satisfaction of the Engineering Division of the Parks and Public Works Department. An electronic copy (PDF) of the executed agreement shall be submitted to the Engineering Division of the Parks and Public Works Department prior to the issuance of any encroachment, grading or building permit.
75. JOINT TRENCH PLANS: Joint trench plans shall be reviewed and approved by the Town prior to recordation of a map. The joint trench plans shall include street and/or site lighting and associated photometrics. A letter shall be provided by PG&E stating that public street light billing will be by Rule LS2A, and that private lights shall be metered with billing to the homeowners' association. Pole numbers, assigned by PG&E, shall be clearly delineated on the plans.
76. PUBLIC IMPROVEMENTS: The following improvements shall be installed by the Owner and/or Applicant. Plans for those improvements shall be prepared by a California registered civil engineer, reviewed and approved by the Town, and guaranteed by contract, Faithful Performance Security and Labor & Materials Security before the issuance of any grading or building permits or the recordation of a map. The improvements must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued.
 - a. National Avenue: New curb, gutter, sidewalk, streetlights, tie-in paving, signing, striping, utility pole relocation, as required.
 - b. National Ave: 2" overlay from the centerline to the edge of pavement, or alternative pavement restoration measure as approved by the Town Engineer.
77. CERTIFICATE OF OCCUPANCY: The Engineering Division of the Parks and Public Works Department will not sign off on a Temporary Certificate of Occupancy or a Final Certificate of Occupancy until all required improvements within the Town's right-of-way have been completed and approved by the Town.
78. FRONTAGE IMPROVEMENTS: The Owner and/or Applicant shall be required to improve the project's public frontage (right-of-way line to centerline and/or to limits per the direction of the Town Engineer) to current Town Standards. These improvements may include but not limited to curb, gutter, sidewalk, driveway approach(es), curb ramp(s), signs, pavement, raised pavement markers, thermoplastic pavement markings, storm drain facilities, traffic signal(s), street lighting (upgrade and/or repaint) etc. The improvements must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued.
79. PARKING LOTS: Parking lots and other impervious areas shall be designed to drain stormwater runoff to vegetated drainage swales, filter strips, and/or other Low Impact Development (LID) treatment devices that can be integrated into required landscaping

areas and traffic islands prior to discharge into the storm drain system and/or public right-of-way. The amount of impervious area associated with parking lots shall be minimized by utilizing design features such as providing compact car spaces, reducing stall dimensions, incorporating efficient parking lanes, using permeable pavement where feasible, and adhering to the Town's [Parking Development Standards](#). The use of permeable paving for parking surfaces is encouraged to reduce runoff from the site. Such paving shall meet Santa Clara County Fire Department requirements and be structurally appropriate for the location.

80. UTILITIES: The Owner, Applicant and/or Developer shall install all new, relocated, or temporarily removed utility services, including telephone, electric power and all other communications lines underground, as required by Town Code Section 27.50.015(b). All new utility services shall be placed underground. Underground conduit shall be provided for cable television service. The Owner, Applicant and/or Developer is required to obtain approval of all proposed utility alignments from any and all utility service providers before a Certificate of Occupancy for any new building can be issued. The Town of Los Gatos does not approve or imply approval for final alignment or design of these facilities.
81. TRENCHING MORATORIUM: Trenching within a newly paved street will be allowed subject to the following requirements:
- a. The Town standard "T" trench detail shall be used.
 - b. A Town-approved colored controlled density backfill shall be used.
 - c. All necessary utility trenches and related pavement cuts shall be consolidated to minimize the impacted area of the roadway.
 - d. The total asphalt thickness shall be a minimum of three (3) inches, meet Town standards, or shall match the existing thickness, whichever is greater. The final lift shall be 1.5-inches of one-half (½) inch medium asphalt. The initial lift(s) shall be of three-quarter (¾) inch medium asphalt.
 - e. The Contractor shall schedule a pre-paving meeting with the Town Engineering Construction Inspector the day the paving is to take place.
 - f. A slurry seal topping may be required by the construction inspector depending their assessment of the quality of the trench paving. If required, the slurry seal shall extend the full width of the street and shall extend five (5) feet beyond the longitudinal limits of trenching. Slurry seal materials shall be approved by the Town Engineering Construction Inspector prior to placement. Black sand may be required in the slurry mix. All existing striping and pavement markings shall be replaced upon completion of slurry seal operations. All pavement restorations shall be completed and approved by the Inspector before occupancy.
82. VALLEY GUTTER REPAIR: The Owner/Applicant shall repair and replace to existing Town standards any valley gutter damaged now or during construction of this project. All new and existing adjacent infrastructure must meet Town standards. New valley gutter shall be constructed per Town Standard Details. New concrete shall be free of stamps, logos, names, graffiti, etc. Any concrete identified that is displaying a stamp or equal shall be removed and replaced at the Contractor's sole expense and no additional compensation shall be allowed therefore. The limits of valley gutter repair will be determined by the Engineering Construction Inspector during the construction phase of the project. The improvements

must be completed and accepted by the Town before a Certificate of Occupancy for any new building can be issued.

83. BICYCLE FACILITIES: Bicycle facilities including, but may not be limited to, bike lanes and bike boxes will be provided in all directions and approaches of improved streets and intersections as directed by Town Engineer.
84. TRAFFIC STUDY: Any development of land use that generates greater traffic impacts than those assumed in the traffic study report may require an updated traffic study in accordance with the Town's traffic impact policy. Applicant can receive proposals from vendors through the Town or submit studies from other consultants and pay for peer review. For more information please contact Mike Vroman, Senior Traffic Engineer MVroman@losgatosca.gov (408) 399-5777.
85. TRAFFIC IMPACT MITIGATION FEE: Prior to the issuance of any building or grading permits, the Owner shall pay the project's proportional share of transportation improvements needed to serve cumulative development within the Town of Los Gatos. The fee amount will be based upon the Town Council resolution in effect at the time the building permit is issued. The amount based on the current resolution is **\$10,457.76**.
86. HAULING OF SOIL: Hauling of soil on- or off-site shall not occur during the morning or evening peak periods (between 7:00 a.m. and 9:00 a.m. and between 4:00 p.m. and 6:00 p.m.), and at other times as specified by the Director of Parks and Public Works. Prior to the issuance of a grading or building permit, the Owner and/or Applicant or their representative shall work with the Town Building Department and Engineering Division Inspectors to devise a traffic control plan to ensure safe and efficient traffic flow under periods when soil is hauled on or off the project site. This may include, but is not limited to provisions for the Owner and/or Applicant to place construction notification signs noting the dates and time of construction and hauling activities, or providing additional traffic control. Coordination with other significant projects in the area may also be required. Cover all trucks hauling soil, sand and other loose debris.
87. CONSTRUCTION MANAGEMENT PLAN SHEET: Prior to the issuance of any grading or building permits, the Owner and/or Applicant's design consultant shall submit a construction management plan sheet (full-size) within the plan set that shall incorporate at a minimum the Earth Movement Plan, Traffic Control Plan, Project Schedule, site security fencing, employee parking, construction staging area, materials storage area(s), construction trailer(s), concrete washout(s) and proposed outhouse locations. Please refer to the Town's [Construction Management Plan Guidelines](#) document for additional information.
88. NPDES STORMWATER COMPLIANCE: In the event that, during the production of construction drawings for the plans approved with this application by the Town of Los Gatos, it is determined that the project will create and/or replace more than 2,500 square feet of impervious area, completion of the NPDES Stormwater Compliance Small Projects Worksheet and implementation of at least one of the six low impact development site design measures it specifies shall be completed and submitted to the Engineering Division before issuance of a grading/building permit.
89. EROSION CONTROL: Interim and final erosion control plans shall be prepared and submitted to the Engineering Division of the Parks and Public Works Department. A

maximum of two (2) weeks is allowed between clearing of an area and stabilizing/building on an area if grading is allowed during the rainy season. Interim erosion control measures, to be carried out during construction and before installation of the final landscaping, shall be included. Interim erosion control method shall include, but are not limited to: silt fences, fiber rolls (with locations and details), erosion control blankets, Town standard seeding specification, filter berms, check dams, retention basins, etc. Provide erosion control measures as needed to protect downstream water quality during winter months. The Town of Los Gatos Engineering Division of the Parks and Public Works Department and the Building Department will conduct periodic NPDES inspections of the site throughout the recognized storm season to verify compliance with the Construction General Permit and Stormwater ordinances and regulations.

90. AIR QUALITY: To limit the project's construction-related dust and criteria pollutant emissions, the following the Bay Area Air Quality Management District (BAAQMD)-recommended basic construction measures shall be included in the project's grading plan, building plans, and contract specifications:

- All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day, or otherwise kept dust-free.
- All haul trucks designated for removal of excavated soil and demolition debris from site shall be staged off-site until materials are ready for immediate loading and removal from site.
- All haul trucks transporting soil, sand, debris, or other loose material off-site shall be covered.
- As practicable, all haul trucks and other large construction equipment shall be staged in areas away from the adjacent residential homes.
- All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day, or as deemed appropriate by Town Engineer. The use of dry power sweeping is prohibited. An on-site track-out control device is also recommended to minimize mud and dirt-track-out onto adjacent public roads.
- All vehicle speeds on unpaved surfaces shall be limited to fifteen (15) miles per hour.
- All driveways and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.
- Post a publicly visible sign with the telephone number and person to contact at the lead agency regarding dust complaints. This person shall respond and take corrective action within forty-eight (48) hours. The Air District's phone number shall also be visible to ensure compliance with applicable regulations. Please provide the BAAQMD's complaint number on the sign: 24-hour toll-free hotline at 1-800-334-ODOR (6367).
- All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed twenty (20) miles per hour.
- Vegetative ground cover (e.g., fast-germinating native grass seed) shall be planted in disturbed areas as soon as possible and watered appropriately until vegetation is established.

91. **SITE DRAINAGE:** Rainwater leaders shall be discharged to splash blocks. No through curb drains will be allowed. On-site drainage systems for all projects shall include one of the alternatives included in section C.3.i of the Municipal Regional NPDES Permit. These include storm water reuse via cisterns or rain barrels, directing runoff from impervious surfaces to vegetated areas and use of permeable surfaces. If stormwater treatment facilities are to be used they shall be placed a minimum of ten (10) feet from the adjacent property line and/or right-of-way. Alternatively, the facility(ies) may be located with an offset between 5 and 10 feet from the adjacent property and/or right-of-way line(s) if the responsible engineer in charge provides a stamped and signed letter that addresses infiltration and states how facilities, improvements and infrastructure within the Town's right-of-way (driveway approach, curb and gutter, etc.) and/or the adjacent property will not be adversely affected. No improvements shall obstruct or divert runoff to the detriment of an adjacent, downstream or down slope property.

TO THE SATISFACTION OF THE SANTA CLARA COUNTY FIRE DEPARTMENT:

92. **GENERAL REVIEW:** Review of this Developmental proposal is limited to acceptability of site access, water supply and may include specific additional requirements as they pertain to fire department operations, and shall not be construed as a substitute for formal plan review to determine compliance with adopted model codes. Prior to performing any work, the applicant shall make application to, and receive from, the Building Department all applicable construction permits.
93. **FIRE SPRINKLERS REQUIRED:** (As Noted on Sheet CS) Approved automatic sprinkler systems in new and existing buildings and structures shall be provided in the locations described in this Section or in Sections 903.2.1 through 903.2.12 whichever is the more restrictive and Sections 903.2.14 through 903.2.21. For the purposes of this section, firewalls and fire barriers used to separate building areas shall be constructed in accordance with the California Building Code and shall be without openings or penetrations. 1. An automatic sprinkler system shall be provided throughout all new buildings and structures, other than Group R occupancies, except as follows: a. Buildings and structures not located in any Wildland-Urban Interface and not exceeding 1,200 square feet of fire area. b. Buildings and structures located in any Wildland-Urban Interface Fire Area and not exceeding 500 square feet of fire area. c. Group S-2 or U occupancies, including photovoltaic support structures, used exclusively for vehicle parking which meet all of the following: i. Noncombustible construction. ii. Maximum 5,000 square feet in building area. iii. Structure is open on not less than three (3) sides nor 75% of structure perimeter. iv. Minimum of 10 feet separation from existing buildings, or similar structures, unless area is separated by fire walls complying.
94. **WATER SUPPLY REQUIREMENTS:** Potable water supplies shall be protected from contamination caused by fire protection water supplies. It is the responsibility of the applicant and any contractors and subcontractors to contact the water purveyor supplying the site of such project, and to comply with the requirements of that purveyor. Such

requirements shall be incorporated into the design of any water-based fire protection systems, and/or fire suppression water supply systems or storage containers that may be physically connected in any manner to an appliance capable of causing contamination of the potable water supply of the purveyor of record. Final approval of the system(s) under consideration will not be granted by this office until compliance with the requirements of the water purveyor of record are documented by that purveyor as having been met by the applicant(s). 2019 CFC Sec. 903.3.5 and Health and Safety Code 13114.7.

95. ADDRESS IDENTIFICATION: New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Where required by the fire code official, address numbers shall be provided in additional approved locations to facilitate emergency response. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall be a minimum of 4 inches (101.6 mm) high with a minimum stroke width of 0.5 inch (12.7 mm). Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. Address numbers shall be maintained. CFC Sec. 505.1.
96. CONSTRUCTION SITE FIRE SAFETY: All construction sites must comply with applicable provisions of the CFC Chapter 33 and our Standard Detail and Specification S1-7. Provide appropriate notations on subsequent plan submittals, as appropriate to the project. CFC Chp. 33.
97. FIRE APPARATUS (ENGINE)ACCESS DRIVEWAY REQUIRED: An access driveway shall be provided having an all-weather surface of either asphalt, concrete or other engineered surface capable of supporting 75,000 pounds and approved by a civil engineer. It shall have a minimum unobstructed width of 12 feet, vertical clearance of 13 feet 6 inches, minimum turning radius of 40 feet outside, and a maximum slope of 15%. Installations shall conform to Fire Department Standard Details and Specifications sheet D-1.
98. This review shall not be construed to be an approval of a violation of the provisions of the California Fire Code or of other laws or regulations of the jurisdiction. A permit presuming to give authority to violate or cancel the provisions of the fire code or other such laws or regulations shall not be valid. Any addition to or alteration of approved construction documents shall be approved in advance. [CFC, Ch.1, 105.3.6]

NOV 25 2024

CLERK DEPARTMENT

FILING FEES
\$523.00 (PLAPPEAL) Residential
\$2,102.00 (PLAPPEAL), per
Commercial, Multi-family, or
Tentative Map Appeal

TRANSCRIPTION \$500 (PLTRANS)

Town of Los Gatos
Office of the Town Clerk
110 E. Main St., Los Gatos CA 95030

APPEAL OF PLANNING COMMISSION DECISION

I, the undersigned, do hereby appeal a decision of the Planning Commission as follows: (PLEASE TYPE OR PRINT NEATLY)

DATE OF PLANNING COMMISSION DECISION November 13, 2024

PROJECT / APPLICATION NO: S-23-033

ADDRESS LOCATION: 15411 National Avenue, Los Gatos

Pursuant to the Town Code, any interested person as defined in Section 29.10.020 may appeal to the Council any decision of the Planning Commission.

Interested person means:

1. *Residential projects.* Any person or persons or entity or entities who own property or reside within 1,000 feet of a property for which a decision has been rendered, and can demonstrate that their property will be injured by the decision.
2. *Non-residential and mixed-use projects.* Any person or persons or entity or entities who can demonstrate that their property will be injured by the decision.

Section 29.20.275 The notice of appeal shall state specifically wherein it is claimed there was an error or abuse of discretion by the Commission or wherein its decision is not supported by substantial evidence in the record.

1. There was an error or abuse of discretion by the Planning Commission:
Project is inconsistent with neighborhood compatibility Residential Design Guidelines. Incorrect assumption that neighbors would only accept a single-story development. The condition of approval are vague and difficult to enforce ; OR
2. The Planning Commission's decision is not supported by substantial evidence in the record:

IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS.

IMPORTANT:

1. **Appellant is responsible for fees for transcription of minutes. A \$500.00 deposit is required at the time of filing.**
2. **Appeal must be filed within ten (10) calendar days of Planning Commission Decision accompanied by the required filing fee. Deadline is 4:00 p.m. on the 10th day following the decision. If the 10th day is a Friday, the appeal must be filed by 1:00 P.M. If the 10th day a Saturday, Sunday, or Town holiday, then it may be filed on the workday immediately following the 10th day, usually a Monday.**
3. **The Town Clerk will set the hearing within 56 days of the date of the Planning Commission Decision (Town Ordinance No. 1967).**
4. **Once filed, the appeal will be heard by the Town Council.**
5. **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.**

PRINT NAME: Hellen Martinez SIGNATURE: 

DATE: November 25, 2024 ADDRESS: 

PHONE:  EMAIL: 

***** OFFICIAL USE ONLY *****

DATE OF PUBLIC HEARING: _____
Pending Planning Department Confirmation

DATE TO SEND PUBLICATION: _____ DATE OF PUBLICATION: _____

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December 4, 2024

Town of Los Gatos
Via Email

RE: Appeal of the Planning Commission's Decision on the Proposed Structure at 15411 National Avenue

We the neighbors respectfully ask that an appeal be granted due to the following reasons:

- 1) The project is inconsistent with neighborhood compatibility, sizing, massing, and scale Residential Design Guidelines.
- 2) Clarification on neighbors' request on the size of the proposed structure.
- 3) Clarification needed on the condition of approval to relocate windows.
- 4) Clarification needed on the condition of approval regarding trees.
- 5) Ongoing tree maintenance covenant.
- 6) Unaddressed significant privacy and quality of life concerns given the intended use by the applicants.
- 7) Clarification regarding visibility of the proposed house from the street.

1) The project is inconsistent with neighborhood compatibility, sizing, massing and scale Residential Design Guidelines.

The proposed two-story, three level structure, with 3240 sq ft, a 901 sq ft oddly distributed garage, a 1700 sq ft basement, a 570 sq ft covered patio, and a 36 sq ft front porch coverage, ***totalling 6,447 sq ft of gross square footage***, plus an attic, is massive. The project maximizes the allowable size, which as one of the commissioners put it, "is a maximum, not a goal", and would be *by far* the largest structure among the surrounding single-family, residential homes. It is ***over twice the structural size of the largest adjacent*** two-story and single-story ***houses***, which also lie on similarly sized lots of approximately 10,000 sq ft. One of the commissioners said the proposed structure is "not that much larger than the next largest house" and that is incorrect.

The size, massing, scale, bulk and style of the proposed structure does not harmonize with the houses in the immediate neighborhood, including ours, and it stands out even more so by its location in the middle of the city block (in a flag lot / corridor lot), which causes it to overlook all the neighboring backyards from every side. This is not in line with the Residential Design Guidelines.

Furthermore, approving such a large structure sets an undesirable precedent and new size standard for the South side parcel, that is also over 22,000 sq ft with a single-story, single family home on the National Ave side, with an expansive empty rear area, to build a similarly large development in a potential rear flag lot. This will completely disturb and negatively impact the peaceful, private, quiet nature of the immediate neighborhood along the entire city block, multiple streets, especially private Leila Court, whose entire block of neighbors originally opposed the subdivision of the 15415 National Avenue to subdivide the flag lot of this application at 15411 National Avenue, in fear of the impact of their quiet, exceptionally private settings. We ask that the impact or setting a precedent for another possible subdivision and development on a rear flag lot, on all the long standing residents and the established neighborhood, be considered when making an exception to approve this exceptionally large project.

An important background point to note is that the applicants were not forced to build such a massive structure in the rear flag lot. They chose to do so by subdividing the 15415 National Avenue lot in 2020 and creating the 15411 National Avenue flag lot (they currently own both lots). This subdivision was originally opposed by all the neighbors on Leila Court at the time, and in the letter of justification the applicants stated that a reason to approve would be that ***splitting the lot would allow for two smaller structures to be developed (one in each lot), versus a large single one*** in a larger lot, more in line with the sizing and scale of the neighborhood. We believe the current application contradicts that argument.

Note also that the hospital building located at 15400 National Ave is completely outside the view from any of the surrounding houses, and thus does not contribute to the area around this flag lot, contrary to one of the applicant arguments in the justification for such a large structure. What's in front, across, of the applicant's proposed dwelling is not this hospital building, but their own single-story house on the front lot. The only part of 15411 National Ave that faces the hospital is the narrow street entrance to the very long corridor to get to the far away rear lot.

There is a joint letter or opposition on this matter from four neighbors on Blackwell Dr and Leila Ct and this concern has not been addressed.

Request:

Decrease the size of the proposed two-story structure to one that is less massive, more harmonious and in scale, bulk, and size with the surrounding structures and its positioning in the middle of the city block, by following the Residential Design Guidelines.

2. Clarification on neighbors' request on the size of the proposed structure.

Based on various comments made by some of the Commissioners during the hearing, we believe they incorrectly assumed that we the neighbors were asking that the application be changed from a two-story house to a one-story house. This is inaccurate – In fact, two of our properties are two-story houses (373 Blackwell Dr and 377 Blackwell Dr), so we have no fundamental opposition to another two-story structure. Our request is that the size of the proposed two-story structure be reduced to one that is less massive and more harmonious with the surrounding structures, especially given its location in the middle of the city block (flag lot), which causes it to overlook all the neighboring backyards from every side, as described in point #1 above.

Request: Decrease the size of the proposed two-story structure to one that is less massive, more harmonious and in scale with the surrounding structures and its positioning in the middle of the city block, by following the Residential Design Guidelines.

3. Clarification needed on the condition of approval to relocate windows.

One of the Commission's conditions for approval is that, in order to address the strong privacy concerns brought up by multiple neighbors before and during the hearing, "the applicants shall meet in good faith to relocate the offending windows such that they are the least offensive to the privacy interest of the neighbors." We feel that this language is vague and does not specifically state that the windows shall be relocated, or encompass all the windows brought up as an issue during the hearing. In multiple neighbor letters, there have been requests to relocate these windows and/or bedrooms due to privacy concerns. And in our own latest letter, we provided specific suggestions on how those offending windows might be moved to face East and West instead of North to address our primary privacy concerns. We also mentioned in the letter and hearing that there are other windows that are of significant concern to our property specifically and it is unclear, and open to interpretation, which and how many the approval of condition applies to. The Planning Commission tried to address the privacy concerns with this condition of approval, but it in effect does not. We believe that given the specific directive to address these concerns, the owners and architects can come up with a design that solves this.

Request: The condition of approval be amended to require redesign that all the offending windows shall be repositioned to a location that addresses the neighbors' privacy interests.

4. Clarification needed on the condition of approval regarding trees

One of the Commission's conditions for approval is that "the [privacy] tree species shall be mutually agreed upon by the neighbors that they are a minimum protective of privacy and non-allergenic to any of the neighbors." While we appreciate and value this condition, we believe it's insufficient to address the concerns we expressed before and during the hearing, given that the proposed plan includes planting privacy trees by the section of the North fence facing 373 Blackwell Drive only, but not the section facing our property at 377 Blackwell Drive.

Request: The condition of approval be amended to require that both the species and also the number and location of the privacy trees shall be mutually agreed upon by the neighbors.

5. Ongoing tree maintenance covenant.

All the adjacent neighbors have experienced difficulties with the applicants during the

last seven years since their ownership of the two lots, with multiple maintenance and repair and maintenance issues, specifically with respect to the level and speed of responsiveness even when dealing with severe damage caused by storms, for instance.

We all have severe concerns about their level of commitment to perform the adequate level and frequency of maintenance to the privacy trees (which will be on their property).

Request: Add as a condition of approval that an enforceable covenant of ongoing maintenance be established.



6.Unaddressed significant privacy and quality of life concerns given the intended use by the applicants.

We have significant privacy and quality of life concerns given the intended use of the flag lot by the applicants as a high-density multi-dwelling complex. This includes the

massive proposed 3-level structure, which could easily be subdivided at any time to be partially/totally used as multi-family dwellings, as well as their stated intent to build two ADUs in the future (which we understand is allowed by California law). While the applicant claims the proposed structure is a single-family residence, its size, design and layout suggest it could be easily converted into a multi-family dwelling or house several tenants. This would introduce an unacceptable level of density to an area that is not designed to handle such congestion. Increased numbers of occupants would increase the level of car traffic and noise in the middle of the city block (flag lot), and additionally place strain on resources such as street parking and street traffic. What may appear as a single-family home could, in reality, become a high-occupancy structure, putting further pressure on our infrastructure and the quality of life for current surrounding residents, by circumventing current zoning laws which are intended to prevent such overdevelopment. Our community has been thoughtfully designed to maintain the aesthetic and functional integrity of single-family residential zones. Approving a structure that will not align with the typical size, footprint, or use of single-family homes in the area sets a troubling precedent for future developments that could dramatically change the neighborhood's character.

Request: We respectfully encourage the Town Council/Planning Commission to reject this proposal. Allowing what is likely a multi-family unit to be disguised as a single-family home would not only be a violation of the zoning regulations but would also undermine the very fabric of our neighborhood. We ask that the size of the proposed two-story structure be reduced to one that is less massive, more harmonious and in scale with the surrounding structures and its positioning in the middle of the city block.

7. Clarification regarding visibility of the proposed house from the street.

Inaccurate information regarding the visibility from the street of the proposed development, given that one of the very large trees (#67) blocking the structure from the street shows as 'to be removed' in the development plans, and upon further inquiry continues to be in question as to whether it will remain or not. This was a stated key clarifying point for one Commissioner as she considered the applicant's not meeting one of the consulting architect's recommendations.

=====

We humbly and respectfully ask that this appeal is granted so that the applicants may submit a proposal that addressed all the issues listed above and they can move on to build an appropriate single family house, (two-stories is fair) for single family use in this single family residential area, taking into account the privacy, safety and neighborhood character interests.

Thank you for your time and consideration.

Sincerely,

Hellen Martinez

■ Blackwell Dr

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Architecture and Site Application S-23-033

Dear Council,

This letter is to address the additional comments sent by the Appellant,
Please note the numbering in this letter follows the numbers in the Appellant's letter.

1. The Appellant's calculation of total livable square feet is incorrect and bogus; we have worked with the staff for over a year to make sure we are
 - a. Following all the Town codes and guidelines
 - b. Not exceed the FAR calculated by the staff.
 - c. Meet almost all suggestions mentioned by the Town architect
 - d. Plan a multi-generational home while still adhering to the FAR provided to us

Our proposed plan is not visible from any street corner; you can only see it if you are standing right across 15415 National Ave. The top of the front façade is only visible to the 15400 which is an office space and 15385 National Ave (who has no objection to the project), As National Ave is large, the pictures below are only taken near the intersections where the project is located.





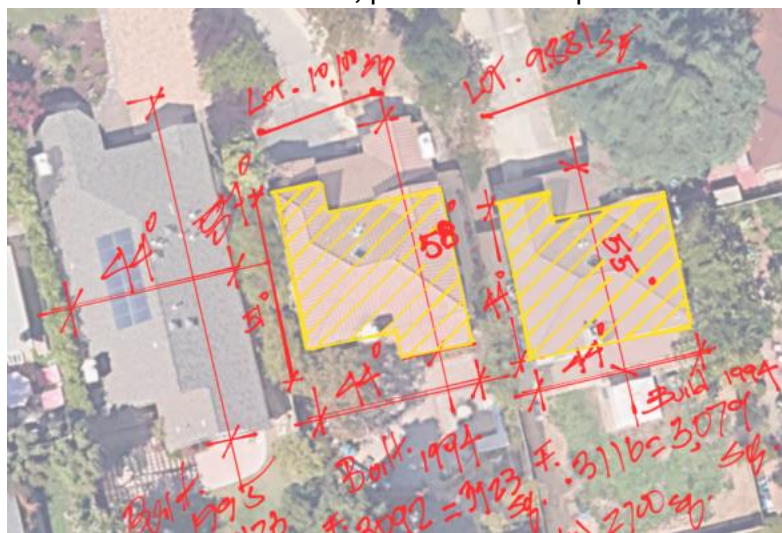
I would like to point out that the current project has no bearing on the lot split, but I would like to set the record straight as the appellant told more lies and bogus statements in the letter,

- a. There was no actual opposition to the lot split from Leila Ct. There was confusion about which lot was on the application, and as soon as we confirmed we did not have any access to Leila Ct, they corrected their statement, all of which was recorded in a public hearing.
- b. The justification letter provided doesn't say we will build a smaller house; it states we will adhere to the FAR. Again, this is in the public records.

Currently, all three homes on Leila Ct have no objections and want to stand neutral in the matter of the purposed construction; this includes 113 Leila Ct,

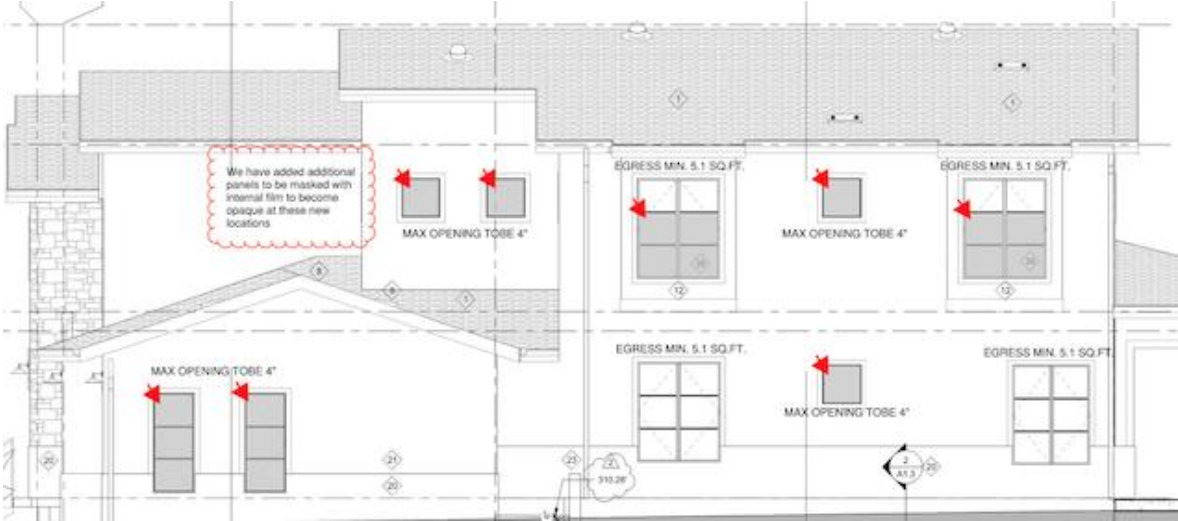
Please note that the proposed lot does not affect any houses facing National Ave, Blackwell Drive, and Leila Ct as it's on the flag lot and more towards the south of the property; we have also obtained either no objection letters or a verbal statement saying they would like to stand neutral on this matter. This includes some immediate neighbors and people surrounding them.

2. Again, the appellant is making incorrect assumptions. We are following the Residential Design Guidelines as stated by planning commission council.
3. and 4. We took measures to address privacy concerns of every Neighbor we share fence.
 - a. We moved our whole project more towards the SE of the lot without giving much concern to our privacy as the 22,000-sq ft mostly empty lot beside us may have development in future, even with this uncertainty we have provided a maximum side setback to our NW neighbors facing Blackwell Dr. The current setback is about 40 feet, and the distance between the walls of our and Blackwell Dr neighbors is between 100 and 120 feet.
 - b. We removed the balcony and line-of-sight windows from the back of the house to address privacy issues with 113 Leila Ct, 369, and 373 Blackwell Dr.
 - c. We have suggested planting five privacy trees to block the view from our egress windows, we are not going to increase the tree count as there is no other privacy concerns other than the egress windows. We have never stated that the tress is to hide our house from 373 Blackwell Dr or any neighbors, they are meant to only address egress windows. The tree selection will be made after discussing it with the neighbors.
 - d. We ensured the NW side façade is smaller than the SE façade (this does not include the garage). We are smaller by 7 feet compared to the back façade of 373 and 377 Blackwell Dr; please see the picture below.



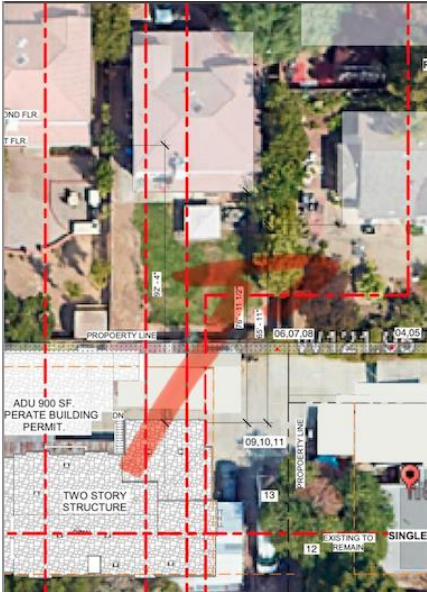
- e. We are going to put permeant obscure glass to cover the line of sight on both the egress windows and to address the planning commission councils' conditions of approval we have decided to obscure additional windows.

Our garage windows, storage windows and bathroom windows will have 4inch opening, please note none of these windows are in the line of site and they are non-offending. Please see the picture below.



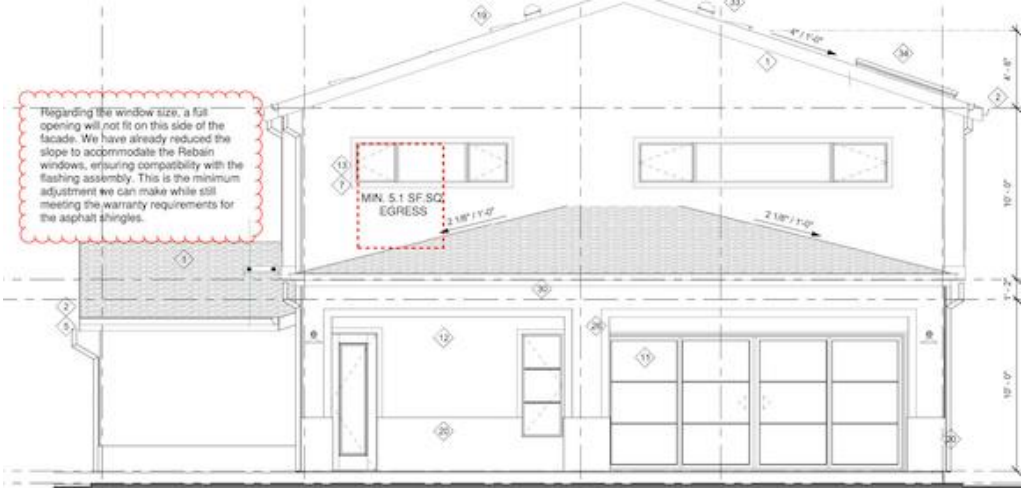
Unfortunately, we cannot move our egress windows facing Blackwell Drive.

The first window, the suggestion to move to the front, will affect my neighbor, 15385 National Ave; we had assured him that there would be no egress window on the front side of the property facing his, and going against it would be more offensive. The suggestion will not address the privacy concern as I can still look at 377 Blackwell Dr's backyard and see the whole house on 15385 National Ave. There won't be privacy trees to address this issue here due to the driveway; please see the picture below.



The second egress window has multiple issues due to which this cannot be moved.

- a. We had assured 113 Leila Ct neighbor that there would be no egress window on the back side of the property facing their property, this discussion is in the staff report as part of neighborhood reach out.
- b. Our current patio roof design doesn't allow for an egress window in the back, please see the picture below.



Please note, the current big oak tree provides an additional privacy screen, please see the picture (marked in Red for the placement of the window)



Please see some of the neighborhood pictures provided to the staff where the egress windows are not clearly visible due to the existing trees

This is from 369 Blackwell Dr – Both the egress windows are obscured by the gigantic oak tree, the only thing clearly visible from this side view is my garage.



The next one is from 373 Blackwell Dr- Both the egress windows are either obscured by the gigantic oak tree or the trees in their own backyard



5. and 6. The maintenance of the fence and gigantic oak tree that sits between two properties is the responsibility of all the property owners who share them, and this was never an issue before 2024 (We shared the project plans with our neighbors in early 2024).

I have never backed out of a commitment to have a new fence or pay my share. The same goes for the trimming of the Oak tree (I did request additional time as there was an access issue at my end of the property).

Currently, the fences for both properties are new, and the Oak tree is trimmed; please see the pictures below.





With regards to point #6 on the appellant's letter - I would like to point out to the council that the appellant is accusing of something we have no intentions to do and assuming wide verity of cooked up theories without any proof which has no foundation.

The appellant had never contacted us, even after we tried to initiate a dialogue using multiple avenues. The neighborhood outreach started early this year, and I could form an open/ongoing dialogue with all my neighbors either via email or in person other than the appellant (377 Blackwell Dr, Which I currently feel was deliberate on their part). The allergies mentioned by the appellant to the cypress trees were never in any of the letters sent to staff.

I would also like to point out to the Council that the quality of life should have been bad before the demolition as we had bought and inherited a space filled with junk storage sheds and looked more like a dump, with people constantly going in and out of the storage sheds, working in that area late into the night which caused a lot of noise, by bringing in this project we will, improve the quality of life, and increase the property value and also make it

beautiful, please see before and after (future) pictures



The letter provided by the appellant contained a lot of incorrect, misleading, and misinformation. It is riddled with unfounded accusations that have no proof and is made with a sole intent of undermining our project and question our character.

I would humbly request the council to disregard all the incorrect, misleading and misinformation and deny the appeal,

Thank you,

Best regards,

Vyankatesh Bhattulla and Ramya Muddada

██████████ National Ave.

DRAFT RESOLUTION

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
DENYING AN APPEAL OF THE DECISION OF THE PLANNING COMMISSION
APPROVING A REQUEST FOR CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE
AND SITE IMPROVEMENTS REQUIRING A GRADING PERMIT ON VACANT PROPERTY
ZONED R-1:8.**

**APN 424-12-140
ARCHITECTURE AND SITE APPLICATION: S-23-033
PROPERTY LOCATION: 15411 NATIONAL AVENUE
APPELLANT: HELLEN MARTINEZ
PROPERTY OWNERS: VYANKATESH AND RAMYA MUDDADA
APPLICANT: JOSE RAMA**

WHEREAS, on November 13, 2024, the Planning Commission held a public hearing and considered a request to construct a new single-family residence and site improvements requiring a grading permit on vacant property zoned R-1:8. The Planning Commission approved the Architecture and Site application subject to modified conditions of approval;

WHEREAS, on November 25, 2024, the appellant, an interested person, filed a timely appeal of the decision of the Planning Commission approving the request for construction of a new single-family residence and site improvements requiring a grading permit on vacant property zoned R-1:8;

WHEREAS, this matter came before the Town Council for public hearing on December 17, 2024, and was regularly noticed in conformance with State and Town law; and

WHEREAS, the Town Council received testimony and documentary evidence from the appellant and 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 December 17, 2024, along with any and all subsequent reports and materials prepared concerning this application; and

WHEREAS, the Town Council was unable to make the findings required to grant an appeal of a decision of the Planning Commission.

ATTACHMENT 8

NOW, THEREFORE, BE IT RESOLVED:

In accordance with Town Code section 29.20.275, the Town Council finds that:

1. There was not an error or abuse of discretion by the Planning Commission in approving the Architecture and Site application, because:
 - a. The application complies with all Zoning Code requirements; and
 - b. The Planning Commission made the finding that the project complies with the Residential Design Guidelines; and
 - c. The Planning Commission approved the Architecture and Site application with modified conditions of approval.
2. The Planning Commission decision is supported by substantial evidence in the record.
3. The appeal of the decision of the Planning Commission approving a request for construction of a new single-family residence and site improvements requiring a grading permit on vacant property zoned R-1:8 is denied and the application approval is upheld.
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 _____ day of _____ 2024, 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

From: Venkat V [REDACTED]
Sent: Thursday, December 12, 2024 10:30 AM
To: Erin Walters <EWalters@losgatosca.gov>
Subject: Re: Privacy Concerns Regarding Construction Project at Backside of 373 Blackwell., Los Gatos, CA - 95032

[EXTERNAL SENDER]

Hi Erin

I support the appeal to the Town Council of the Planning Commission Approval of the 15411 National Avenue project. The large size of the house, and the windows facing my home will have a significant impact on my property and my family's privacy in our daily life.

Thanks

Venkat

On Oct 29, 2024, at 9:26 AM, Venkat V [REDACTED] wrote:

Dear Erin Walters,

I am writing again to rise our concerns regarding the construction project at 15411 National Avenue, Los Gatos, CA - 95032 about the following issues after looking at the plans and letter with my neighbors.

My concern are

1. Privacy trees is a concerns as they are in our property. Rain water is going to drip into my property and it's a concern about the dry leaves(debris).
2. Privacy with the first floor gigantic 2 windows looking directly at my bedrooms is a big concern. We can't have any kind of privacy in backyard with these big windows.
3. Overall having this gigantic 3 storied gigandintc structure between us (talking to neighbors also as they are also concerned).

ATTACHMENT 9

I'm also attaching the pictures after they have this high preview from my bedrooms and backyard.

This situation gives rise to considerable privacy concerns for my family.

Thank you for your attention to this matter. Please let me know if you require any further information from my end.

Best regards,

Venkat and Sahithi

[REDACTED]

[REDACTED] Blackwell., Los Gatos, CA - 95032

On May 7, 2024, at 10:44 AM, Venkat V [REDACTED] > wrote:

Dear Erin Walters,

I hope this email finds you well. I am writing to formally express concerns regarding the construction project at 15411 National Avenue, Los Gatos, CA - 95032

After examining the architectural plans for the project, my family is

1. Concerned about the privacy due to a big two storied building.

As our 3 bedrooms (including the Master Bedroom) are open to our backyard and it's a concern for the privacy of my family due this big construction.

2. This big two floored building is going to obstruct the view of the mountains and it's a claustrophobic for my family.

3. After hearing that we are going to have tree screening to obstruct view from their windows or big balcony, we are concerned about the time and maintenance of these trees going forward.

Looking at the situation now, we are concerned about the maintenance.

4. As I mentioned, the way the bushes (vine iv) or sheds or barn roof iron sheets are maintained, I see animals (bobcats), snakes on the fence or barn roof and it's a big concern.

Another concern about the flying barn roof iron sheets during the storm and not maintaining them.

5. Due to vine iv bushes in the back, growing on my shed and damaging the roof. Also the fence. My gardener cleaned the vines and also paid for the repair of fence in the past.

6. Looked at the latest plans at this link and here is the big balcony that my family is concerned about...

<https://www.losgatosca.gov/2380/N>

Development-Plans---15411-National-Avenue-PDF (03/29/2024)

<image001.png>

This situation gives rise to considerable privacy concerns for my family.

Thank you for your attention to this matter. Please let me know if you require any further information from my end.

Best regards,

Venkat and Sahithi

████████████████████
██████ Blackwell., Los Gatos, CA - 95032

From: Devavrath S [REDACTED]
Sent: Thursday, December 12, 2024 9:53 AM
To: Erin Walters <EWalters@losgatosca.gov>
Subject: Support for appeal : 15411 National Avenue

[EXTERNAL SENDER]

Hi Erin,

I would like to express my support of the appeal of the approval decision for the proposed residence at 15411 National Avenue as my concerns on its size and the loss of privacy for my family remain unresolved. Preferably I would want the windows facing Blackwell drive to be moved towards Los Gatos Almaden Road.

Thanks,

Devavrath Subramanyam



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 19

ITEM NO. 19.

DATE: December 12, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Introduce an Ordinance Amending Section 06.20.020 (Buildings and Building Regulations) to Add the Definition of Qualifying Alterations; and Consider Introducing an Ordinance Establishing Air Quality and NOx Emissions Regulations
Ordinance Titles: An Ordinance of the Town Council of the Town of Los Gatos Adding a Section 06.20.020, "Qualifying Alterations," to Article II, "Administration Of Codes," of Chapter 6, "Buildings And Building Regulations," of the Town Code to Add a Definition for "Qualifying Alterations"; and An Ordinance of the Town Council of the Town of Los Gatos Adding Article V, "Air Quality" to Chapter 13, "Health and Safety" of the Town Code to Establish Air Quality and NOx Emissions Regulations, and Amending Section 29.20.720, "Administration And Enforcement" to Add the Implementation of the Air Quality Ordinance, and Amending Section 29.20.720 to Add Implementation to Duties of the Building Official.

RECOMMENDATION:

Staff recommends that the Town Council take the following actions:

- **Introduce the Ordinance Defining Qualifying Alterations:** Adopt the proposed amendment to Section 6.20.020 of the Town Code, which defines "qualifying alterations." (Attachment 1)
- **Defer the Air Quality Ordinance Pending Legal Resolution:** Postpone the introduction of the Air Quality Ordinance regulating NOx emissions.

OR

PREPARED BY: Robert Gray
Building Official

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

PAGE 2 OF 4

SUBJECT: Air Quality Ordinance(s)

DATE: December 12, 2024

Alternative Recommendation

- **Introduce the Ordinance Defining Qualifying Alterations:** Adopt the proposed amendment to Section 6.20.020 of the Town Code, which defines “qualifying alterations.” (Attachment 1)
- **Introduce the Air Quality Ordinance:** Adopt the introduction of the Air Quality Ordinance regulating NOx emissions. (Attachment 2)

BACKGROUND:

On November 15, 2022, the Town Council adopted the 2022 California Building and Fire Codes as required by state law. As part of this adoption, the Town Council chose to address greenhouse gas emissions by approving specific amendments, known as Reach Codes, that created higher environmental standards in building construction, by requiring all new construction and qualifying major remodels to be fully electric.¹ This Reach Code also requires additional Electric Vehicle (EV) charging requirements. These Codes became effective January 1, 2023.

The Reach Code applies to new construction and major remodels for residential and commercial buildings, with exemptions for commercial cooking, gas-dependent processes, emergency services, and if all-electric equipment was deemed cost-prohibitive.

Ninth Circuit Ruling on Berkeley’s Gas Ban and Electrification Reach Codes

In April of 2023, a three-judge panel of the U.S. Court of Appeals for the Ninth Circuit held that the Energy Policy and Conservation Act (“EPCA”) preempts state and local building codes concerning the energy use of natural gas appliances, including Berkeley’s building code which prohibits natural gas piping into new buildings and thereby prevents those appliances from using natural gas. On January 2, 2024, the U.S. Court of Appeals for the Ninth Circuit denied Berkeley’s request for review by the full Ninth Circuit and the panel’s decision was reaffirmed.

On July 31, 2024, the Town received correspondence from the California Restaurant Association’s legal counsel regarding the ruling by the U.S. Court of Appeals for the Ninth Circuit. The letter requested that the Town Council repeal or suspend enforcement of the ordinance, make a public announcement of that decision, and direct relevant officials not to

¹ The Town originally adopted the Reach Code in order to reduce pollutants. Studies show that NOx – along with the Particulate Matter (PM2.5) and Ozone formed because of NOx pollution – are all dangerous to human health. These pollutants are associated with impaired lung function, coughing wheezing, increased asthma attacks, cardiovascular harm, lower birth weight, increased emergency room and hospital admissions, increased risk of respiratory infections, and premature death. The Town of Los Gatos is in a non-attainment area for Ozone at the Federal level, and for both Ozone and PM2.5 at the State level. By regulating NOx emissions, the Town can reduce harm to public health, improve air quality, and assist in the transition to BAAQMD’s rules, which will start to go into effect beginning in 2027.

PAGE 3 OF 4

SUBJECT: Air Quality Ordinance(s)

DATE: December 12, 2024

apply the ordinance to building permit applications. It is important to note that the Town's adopted ordinance includes exceptions for tenant improvement projects and non-residential cooking facilities. However, based on the 9th Circuit decision, these exceptions do not save the ordinance from preemption.

Based on the Berkeley decision, the Town Attorney recommended that the Town rescind portions of the Town's existing Reach Code.

On October 15, 2024, staff presented a report to the Town Council providing possible alternatives to the adopted Reach Codes in effect at the time. Those alternatives were as follows:

Option 1: Repeal Existing Reach Code Without Adopting Alternative Requirements

This option provided that the existing Reach Codes could be repealed without replacement, which would satisfy the Berkeley decision requirements; however, it would not achieve the Town Council's goal of reducing greenhouse gas emissions.

Option 2: Energy Performance Standards Approach

This option would repeal the portion of existing Reach Codes that requires all-electric construction, staff and consultant would prepare a cost effectiveness study for review and approval by the California Energy Commission (CEC), then return to Town Council with a more stringent energy efficiency Reach Code that strongly encourages all-electric design for water and space heating systems (but not cooking).

Option 3: Air Quality Approach

This option would repeal the portion of existing Reach Code that requires all-electric construction and adopt new requirements, mandating that all new construction and qualifying major remodels utilize only NOx-free appliances.

At the October 15, 2024, meeting, the Town Council directed staff to return with an ordinance to repeal portions of the Town's Reach Codes that were affected by the Berkeley decision and provide additional ordinance language consistent with the Air Quality approach (option 3) that mandates all new construction and qualifying major remodels utilize only NOx-free appliances. The Town Council also directed staff to monitor litigation in this area.

The rescinding ordinance was introduced at the December 3, 2024, Council Meeting and is proposed for adoption at the December 17, 2024, Council Meeting.

DISCUSSION:

Based on a lawsuit that has been filed against the South Coast Air Quality Management District (SCAQMD) that alleges that EPCA preempts the District's NOx emissions ordinance. The lawsuit

PAGE 4 OF 4

SUBJECT: Air Quality Ordinance(s)

DATE: December 12, 2024

alleges that EPCA preempts local regulation of NO_x emissions.² Staff recommends that the Town Council delay the introduction of the proposed NO_x emissions ordinance until the Southern California litigation has been resolved.

However, staff is recommending that the Town Council introduce an ordinance to amend Chapter 6 – Buildings and Building Regulations to include a definition of qualifying alterations. This language is necessary to determine at what point a renovation becomes new construction, therefore, giving a clear understanding of what code and applications apply to a specific project. This information was included in the previous Reach Code language that is proposed to be rescinded.

CONCLUSION:

Based on the information provided within this staff report, staff recommends that the Council adopt the ordinance defining “qualifying alterations.” Regarding the Air Quality Ordinance, the Council may either defer its introduction or proceed with its adoption as outlined above. However, it is staff’s recommendation to delay consideration of the Air Quality Ordinance to avoid the potential for challenge, until a decision is rendered in the pending litigation.

COORDINATION:

The Community Development Department coordinated with the Town Attorney’s Office in the preparation of this report.

FISCAL IMPACT:

The adoption of the ordinance defining “qualifying alterations” is not expected to have a significant fiscal impact. However, future implementation of NO_x regulations may require additional resources for enforcement and compliance monitoring.

ENVIRONMENTAL ASSESSMENT:

Adopting this ordinance is not a project subject to CEQA because it can be seen with certainty that it will not impact the environment (CEQA Guidelines Section 15378).

Attachments:

1. Draft Ordinance Adding Definition of Qualifying Alterations
2. Draft Ordinance Regulating NO_x Emissions and Adding Implementation to Duties of Building Official

² In March of 2023, the Bay Area Air Quality Management District (BAAQMD) adopted amendments to their Regulation 9, and Rules 4 and 6, to eliminate emissions of nitrogen oxides, or NO_x from residential and commercial natural gas furnaces and water heaters in the Bay Area by requiring new appliance to be Zero-NO_x. This proposed Ordinance follows the approach BAAQMD has taken, focusing on the negative health impacts of air pollution from building appliances.

DRAFT ORDINANCE**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ADDING A SECTION 06.20.020, “QUALIFYING ALTERATIONS,” TO ARTICLE II, “ADMINISTRATION OF CODES,” OF CHAPTER 6, “BUILDINGS AND BUILDING REGULATIONS,” OF THE TOWN CODE TO ADD A DEFINITION FOR “QUALIFYING ALTERATIONS”**

WHEREAS, the subject Ordinance will amend Section 06.20.020, “Building and Building Regulations,” of the Los Gatos Town Code to add a definition for “qualifying alterations” that are subject to new state Building Codes;

WHEREAS, this meeting was publicly noticed; and

WHEREAS, the proposed Ordinance is exempt from environmental review under Section 15061(b)(3) of the California Environmental Quality Act (CEQA) in that there is no possibility that the proposed changes to the Town’s Municipal Code may have a significant effect on the environment;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Los Gatos as follows:

SECTION I. Section 6.20.020, “Buildings and Building Regulations,” is added to Article II, “Administration of Codes,” of Chapter 6, “Buildings and Building Regulations,” to read as follows:

Chapter 6 – Buildings and Building Regulations**Article II – Administration of Codes****Section 6.20.020 – Qualifying Alterations.**

Substantial renovations/alterations that include replacement of over 50 percent of the existing foundation for purposes other than a repair or reinforcement, as defined in California Existing Building Code, Section 202; or where over 50 percent of the existing framing above the sill plate is removed or replaced for purposes other than repair, shall meet the new construction requirements of California Code of Regulations, Title 24 as modified by the Town of Los Gatos. If either of these criteria are met within a three-year period, measured from the date of the most recent previously obtained permit final date, the project shall be subject to the new construction requirements.

SECTION II. Severability.

In the event that a court of competent jurisdiction holds any Section, subsection, paragraph, sentence, clause, or phrase in this

ATTACHMENT 1

Ordinance unconstitutional, preempted, or otherwise invalid, the invalid portion shall be severed from this Section and shall not affect the validity of the remaining portions of this Section. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Section irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases in this Section might be declared unconstitutional, preempted, or otherwise invalid.

SECTION III. CEQA.

Adopting this Ordinance is not a project subject to CEQA because it can be seen with certainty that it will not impact the environment (CEQA Guidelines Section 15378).

SECTION IV. Publication.

In accordance with Section 63937 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 City 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 V. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the ___ day of _____ 20 , and adopted by the Town Council of the Town of Los Gatos at its regular meeting on the ___ day of _____ 20 , 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 ORDINANCE

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ADDING ARTICLE V, “AIR QUALITY” TO CHAPTER 13, “HEALTH AND SANITATION” OF THE TOWN CODE ESTABLISH AIR QUALITY AND NOX EMISSIONS REGULATIONS, AND AMENDING SECTION 29.20.720, “ADMINISTRATION AND ENFORCEMENT” TO ADD THE IMPLEMENTATION OF THE AIR QUALITY ORDINANCE, AND AMENDING SECTION 29.20.720 TO ADD IMPLEMENTATION TO DUTIES OF THE BUILDING OFFICIAL

WHEREAS, the Federal Clean Air Act requires the Federal Environmental Protection Agency to establish federal air quality standards to protect public health and public welfare and to regulate emissions of hazardous air pollutants;

WHEREAS, Nitrogen Dioxide, Ground-level Ozone, and Particulate Matter are three of the six criteria air pollutants explicitly addressed in the Federal Clean Air Act;

WHEREAS, the Clean Air Act requires the Environmental Protection Agency (EPA) to set National Ambient Air Quality Standards (NAAQS) for six common air pollutants, known as “criteria air pollutants”, which include Particulate Matter (PM10 and PM2.5), Ground-level Ozone (O3), Carbon Monoxide (CO), Sulfur Dioxide (SO2), Nitrogen Dioxide (NO2), and Lead (Pb);

WHEREAS, the Clean Air Act also addresses 178 Hazardous Air Pollutants (HAPs) which are known or suspected to cause cancer or other serious health effects, such as reproductive effects or birth defects. Some examples include Benzene, Perchloroethylene, Methylene Chloride, Dioxins and Furans, Asbestos, Toluene, and Cadmium;

WHEREAS, Congress has found that the growth in the amount and complexity of air pollution brought about by urbanization, industrial development, and the increasing use of motor vehicles, has resulted in mounting dangers to the public health and welfare, including injury to agricultural crops and livestock, damage to and the deterioration of property, and hazards to air and ground transportation;

WHEREAS, Congress has found that air pollution prevention (that is, the reduction or elimination, through any measures, of the amount of pollutants produced or created at the source) and air pollution control at its source is the primary responsibility of States and local governments (Clean Air Act, 42 U.S.C. § 7401(a)(3));

ATTACHMENT 2

1 of 9

Draft Ordinance

Adoption Date

WHEREAS, pursuant to the California Clean Air Act Law, the California Air Resources Board (CARB) regulates mobile sources of pollution while local and regional authorities are responsible for controlling air pollution from other sources;

WHEREAS, much of the Greater Bay Area, including the Town of Los Gatos, remains a nonattainment area that does not meet the federal air quality standards established to protect public health,

WHEREAS, Nitric Oxide and Nitrogen Dioxide (collectively NO_x) react with volatile organic compounds (VOCs) in the presence of sunlight to form Ground-level Ozone (O₃);

WHEREAS, NO_x can also contribute to the formation of fine particulate matter (PM_{2.5}) through a series of chemical reactions in the atmosphere;

WHEREAS, emissions from building appliances contribute significantly to NO_x, and therefore O₃ and PM_{2.5} that are present in the Greater Bay Area at levels that violate state and federal standards;

WHEREAS, by establishing standards and policies that reduce NO_x emissions will also lead to a reduction in Ground-level Ozone and PM_{2.5};

WHEREAS, NO_x gases can irritate the airways in the human respiratory system, leading to impaired lung function, increased asthma attacks, cardiovascular harm, lower birth weight, and increased ER and hospital admissions;

WHEREAS, Ground-level ozone can cause respiratory issues, exacerbate asthma, reduce lung function, and lead to other health problems;

WHEREAS, Ground-level ozone also affects vegetation and ecosystems;

WHEREAS, PM_{2.5} can penetrate deep into the lungs and even enter the bloodstream, causing cardiovascular and respiratory diseases, as well as other health issues. It also contributes to visibility reduction and environmental degradation;

WHEREAS, the Bay Area Air Quality Management District approved rules on June 21, 2023, that outlaw the sale of NO_x-emitting water heaters and furnaces in 2027 and 2029, respectively, in the Bay Area;

WHEREAS, preparing structures in the Town of Los Gatos for the upcoming implementation of the Bay Area Air Quality Management District's rules will promote efficiency and cost savings that will benefit Los Gatos residents and protect community health.

WHEREAS, Section 39002 of the California Health and Safety Code authorizes local agencies to establish air pollution standards that are stricter than statewide or federal standards;

WHEREAS, the subject Ordinance will add Article V (Air Quality) to the Town of Los Gatos Town Code as set forth herein;

WHEREAS, the subject Ordinance will amend section 29.20.720 (Administration and Enforcement) of the Town of Los Gatos Town Code as set forth herein;

WHEREAS, the legislature of the State of California has, in Article XI, Section 7 of the California Constitution, conferred upon local governments the authority to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry;

WHEREAS, this meeting was publicly noticed; and

WHEREAS, adoption of the proposed Ordinance is considered a "project" under Section 15378(a)(1) of the California Environmental Quality Act (CEQA);

WHEREAS, the proposed Ordinance may be found exempt from environmental review under Section 15061(b)(3) of the California Environmental Quality Act (CEQA) in that there is no possibility that the proposed changes to the Town's Municipal Code may have a significant effect on the environment;

WHEREAS, after notification and public hearing, as specified by law and after presentation by the Building Official, proponents and opponents, the hearing was closed;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Los Gatos as follows:

Section I. Legislative Findings.

The proposed amendments to the Town of Los Gatos Town Code are consistent with goals, policies, and actions from the 2040 General Plan including, but not limited to, the following:

Environment and Sustainability Element (ENV)

1. ENV 8.2 – Support Regional Efforts to Reduce Air Pollution: Coordinate with and support the Air District, Metropolitan Transportation Commission (MTC), State and Federal planning efforts and programs aimed at reducing air pollution, including ongoing monitoring and management of major pollutants affecting Los Gatos and the region, with particular focus on PM_{2.5} and PM₁₀ (Particulate Matter).
2. ENV 8.8 – Reduce Emissions from Commercial Sources: Reduce particulate emissions from dry cleaning, light manufacturing, wood burning, and landscape maintenance.

3. ENV 8.9 – Air Pollution Impacts During Construction: Require project proponents to prepare and implement a construction management plan that incorporates Best Available Control measures and all best management practices in accordance with the Air District standards to reduce criteria pollutants.
4. ENV 9.3 – Support Climate Change Initiatives: Support initiatives, legislation, and actions to respond to climate change.
5. ENV 9.4 – Raise Climate Change Impacts Awareness: Collaborate with local organizations, such as health care providers, public health advocates, and fire prevention organizations, to raise awareness about climate change impacts and to disseminate public emergency preparedness and response information as it relates to climate change.
6. ENV 9.6 – Energy Conservation and Renewable Energy Use: Promote energy conservation in business and residential uses by encouraging installation of fixture and appliance upgrades, installation of solar panels, and other retrofits to existing structures.
7. ENV 9.10 – Encourage and Incentivize Alternative Fuels: Support the use of non-polluting fuels by encouraging the inclusion of facilities for alternative fuels in new public and private developments and by offering incentives to encourage retrofits.
8. ENV 9.11 – Green Building: Foster awareness and encourage adoption of green building practices that include the design and development of environmentally responsible commercial and residential development and retrofits.
9. ENV 9.13 – Regional Green Building Programs: Coordinate with other local governments, special districts, nonprofits, and other public organizations to share resources, achieve economies of scale, and develop green building policies and programs that are optimized on a regional scale.
10. ENV 11.4 – Conservation and Reduction: Maximize the conservation and efficient use of energy in existing and new residences, businesses, and municipal buildings in Los Gatos.

NOx-emitting equipment has been shown to have a specific, adverse impact upon the public health and safety as evidenced by the following reports:

1. Gas appliances in California homes and buildings generate four times as much lung-damaging nitrogen oxide (NOx) pollution as the state's gas power plants, and roughly two thirds as much NOx as all the state's passenger cars, according to a 2022 report by RMI, SPUR, and Sierra Club titled "[Gas Appliances and Smog: California's Hidden Air Pollution Problem.](#)"
2. "[Effects of Residential Gas Appliances on Indoor and Outdoor Air Quality and Public Health in California,](#)" a study by UCLA, found that gas appliances not only emit NOx and PM2.5 indoors, but also outdoors, and that these pollutants have been linked to various acute and chronic health effects, including respiratory illness, cardiovascular disease, and premature death. If all residential gas appliances were immediately replaced with clean alternatives, the reduction of outdoor NOx and PM2.5 would result in 354 fewer

deaths, as well as 596 fewer cases of acute bronchitis, and 304 fewer cases of chronic bronchitis annually in California.

3. BMC Environmental Health published "[Short term exposure to air pollution and mortality in the US: a double negative control analysis](#)," a research paper that concluded breathing PM2.5, and possibly O3 and NO2, even for a short time, can increase the risk of death from any cause, and that these risks are present even at pollution levels that are currently considered safe.
4. A [report published by RMI, Mothers Our Front, Physicians for Social Responsibility, and the Sierra Club](#) found that gas stoves emit numerous pollutants and peak indoor air pollution from gas stoves can reach levels that would be illegal outdoors per EPA standards. Children are particularly at risk for asthma, aggravated respiratory symptoms, irritated airways, lung infections, decreased lung function, and learning deficits.
5. "[Fine particulate matter exposure during childhood relates to hemispheric-specific differences in brain structure](#)," a paper published by Environmental International, found that exposure to PM2.5 across the U.S. may be an important environmental factor influencing patterns of structural brain development in childhood.
6. BAAQMD conducted a study titled "[Assessing Ambient Air Quality and Health Impacts from Natural Gas Building Appliances in the Bay Area](#)," citing the harmful impacts of exposure to NOx and PM2.5 and simulation modeling showing the significant reduction in pollution by prohibit the sale of NOx-emitting appliances beginning in 2027.

SECTION II. Article V, "Air Quality" is hereby added to Chapter 13, "Health and Sanitation" of the Town Code to read as follows:

Chapter 13 – Health and Sanitation

Article V – Air Quality

Sec. 13.50.010 - Air Quality

The purpose of this Article is to protect public health safety and welfare by establishing objective, written public health and safety standards that enhance air quality conditions and reduce greenhouse gas emissions. The regulations of this Article are established under the authority of local jurisdictions to set stricter standards than those set forth by law or by the state board for nonvehicular sources (Section 39002 of the California Health and Safety Code). The regulations of this Article are further established pursuant to the Town's police power authority to protect the public health, safety, and welfare.

Sec. 13.50.020 - Definitions

As used in this Article, the following terms shall have the meanings set forth below.

ADDITION. An extension or increase in floor area of an existing building or structure.

ESTABLISHED. The date a building permit has been submitted to, accepted by, the Town of Los Gatos with all fees required for permit intake review having been paid.

INSTALLED. The placing, anchoring, or mounting of an appliance within a building or structure.

NEW CONSTRUCTION. Newly constructed buildings that have not been used or occupied for any purpose. New Construction does not include additions, alterations, or repairs.

NITROGEN OXIDES OR "NOx". The sum of nitrogen oxide (NO) and nitrogen dioxide (NO₂), collectively expressed as nitrogen oxide.

NOx EMITTING APPLIANCE. Any appliance that emits more than 0.0 nanograms of nitrogen oxides (expressed as NOx) per joule of heat output.

NOXIOUS OR TOXIC EMISSIONS. Gaseous or particulate byproducts of combustion that are harmful or hazardous to human health, animal life, or the environment. This includes, but is not limited to, emissions that contain nitrogen oxides (NOx), carbon monoxide (CO), sulfur dioxide (SO₂), volatile organic compounds (VOCs), heavy metals, dioxins, and furans.

QUALIFYING ALTERATIONS. Substantial renovations/alterations that include replacement of over 50 percent of the existing foundation for purposes other than a repair or reinforcement, as defined in California Existing Building Code, Section 202; or where over 50 percent of the existing framing above the sill plate is removed or replaced for purposes other than repair, shall meet the new construction requirements of California Code of Regulations, Title 24 as modified by the Town of Los Gatos. If either of these criteria are met within a three-year period, measured from the date of the most recent previously obtained permit final date, the project shall be subject to the new construction requirements.

REGULATED APPLIANCES. Space heaters, fireplaces, water heaters, pool and spa heaters, cooking appliances, outdoor barbecues, and clothes dryers

SPACE HEATER(S). Powered appliance such as a furnace or fireplace used to heat a designated area or space within a building to raise the temperature of air.

ZERO NOx EMITTING APPLIANCE. Appliance that emits no more than 0.0 nanograms of nitrogen oxides (expressed as NOx) per joule of heat output.

Sec. 13.50.030 - Applicability.

The requirements of this Article apply to all residential and nonresidential new construction or renovation/addition projects meeting the definition of new construction or qualifying alterations as defined in Town Code, established after the effective date of this Ordinance.

Sec. 13.50.040 - NOx-Emission Limit.

NOx-emissions from regulated appliances located in the building or property lines, including but not limited to, space heaters, fireplaces, water heaters, pool and spa heaters, cooking appliances, outdoor barbecues, and clothes dryers, shall not exceed 0.0 nanograms of nitrogen oxides (NOx) per joule of heat and/or light output.

Exceptions:

- a. Permanently installed emergency outdoor generators.
- b. Commercial tenant improvement projects.

Sec. 13.50.050 - Compliance.

The requirements of this Article shall be verified by manufacturers of regulated appliances providing documentation demonstrating the appliance is powered exclusively by electricity or certifying that their appliance does not exceed the NOx-emission limit based on performance data from standardized testing procedures specific to the type of appliance (e.g., American National Standard for Household Cooking Appliances Z21.1, ANSI Z21.1, for gas-fired appliances).

Sec. 13.50.060 - Limited exemptions from NOx-emission regulations.

The Town may grant limited exemptions to NOx emission regulations set forth in Section 13.05.030, provided that a request and justification are provided in writing and conform to the following:

- a. Dependent processes. Business or commercial activities that require the emission of NOx for specific operationally dependent processes. Examples include, but shall not be limited to, metallurgy, glass blowing, pottery, research and development uses, and certain medical processes.
- b. Commercial cooking. Commercial restaurants and similar commercial food preparatory facilities. Examples include, but shall not be limited to, restaurants, bakeries, grocery stores, and commercial kitchens.
- c. Cost prohibitive. If the applicant establishes that there is not a prescriptive or performance compliance pathway for the building system to achieve zero NOx emissions, under the California Building Energy Efficiency Standards, using commercially available technology and an approved calculation method.

In the event a limited exemption is granted, electric service will be required to any location where NOx emitting appliances are to be installed. The exact type and placement of electrical service and outlets in proximity to locations where NOx emitting equipment is installed shall be subject to the approval of the Building Official.

SECTION III. Section 29.20.720, "Administration and Enforcement," of Article II, "Assignments of Duties, of Chapter 29, "Zoning Regulations," is amended to read as follows:

Chapter 29 – Zoning Regulations**Article II Division 7 – ASSIGNMENT OF DUTIES****Sec. 29.20.720 – BUILDING OFFICIAL/DEPARTMENT**

The Building Official/Department shall:

- (1) Determine estimated cost to replace nonconforming buildings.
- (2) Determine the value of destroyed nonconforming buildings.
- (3) Determine applications for exception from enclosure requirements for swimming pools.
- (4) Enforce all regulations regarding enclosure of swimming pools.

- (5) Jointly with the Town Engineer, determine whether a grading permit requires architecture and site approval.
- (6) Jointly with the Planning Director and the Town Engineer determine parking lot permits as provided by [section 29.10.155\(l\)](#).
- (7) Be a member of the Development Review Committee.
- (8) Determine when a structure poses an imminent safety hazard.
- (9) Implement the air quality and NOx emission regulations as provided in Article II, "Air Quality."

SECTION IV. 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 Section and shall not affect the validity of the remaining portions of this Section. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Section irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases in this Section might be declared unconstitutional, preempted, or otherwise invalid.

SECTION V. CEQA.

Adopting this Ordinance is not a project subject to CEQA because it can be seen with certainty that it will not impact the environment (CEQA Guidelines Section 15378).

SECTION VI. Publication.

In accordance with Section 63937 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 City 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 VII. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the ___ day of _____ 20 , and adopted by the Town Council of the Town of Los Gatos at its regular meeting on the ___ day of _____ 20 , 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



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 20

ITEM NO. 20.

DATE: December 12, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Discuss Options for a New Annual Town Event for Fall 2025 and Provide Direction

RECOMMENDATION:

Discuss options for a new annual Town event for Fall 2025 and provide direction.

BACKGROUND:

The Town of Los Gatos embraces the opportunity to celebrate with the community through its four annual Town events and continues to include special events and community vitality within its annual Strategic Priorities. Events that take place in Los Gatos typically fall into two categories, Town events (those coordinated and implemented by Town staff) and Community Special Events (those coordinated and implemented by a third-party community stakeholder which require Town approval through the special event permit process). The Town's events are adopted annually through the budget process and include the following:

- **Spring into Green** is celebrated on a Sunday in April, typically on the weekend of Earth Day, at Town Plaza Park alongside the Farmers Market. This event is focused on sustainability, waste diversion, environmental protection, clean water, and related community organizations. This event started in 2015, replacing the Town's former annual Garage Sale and Keep Los Gatos Beautiful Month Newsletter. The event is one of the efforts the Town implements to meet community outreach and education goals for waste diversion and sustainability initiatives. Spring into Green provides the Town's partners opportunities to participate in the event through a booth with an activity or information that highlights sustainability, waste diversion, and environmental stewardship. The Town also celebrates its Tree City USA designation during Spring into Green with a tree planting led by the Mayor, accompanied by fellow Town Council Members and youth members of the Los Gatos community.

PREPARED BY: Monica Renn
Economic Vitality Manager

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

SUBJECT: Provide Direction on a New Annual Town Event

DATE: December 17, 2024

- **Los Gatos Celebrates the Fourth of July** is celebrated on the Fourth of July each year, at Oak Meadow Park. The event began in the early 2000s at the Civic Center and Los Gatos High School lawns and has since evolved into the celebration it is today, also known as Symphony in the Park. The event features a flag-raising ceremony, Veterans recognition, and a patriotic concert by the San José Wind Symphony, along with food trucks, a beer and wine garden, games, family activities, and more.
- **Screen on the Green** is an outdoor movie night typically celebrated on the third Friday in September at Oak Meadow Park. The event began in the early 2000s. Traditionally, the Mayor selects a family friendly film to be shown on a large outdoor screen. Event guests bring their own chairs, blankets, and snacks. The Town provides the movie and pre-event activities, including a Mayor's Welcome at the start of the film. Billy Jones Wildcat Railroad opens its snack shack, train, and carousel for guests to enjoy before the show. During the time of COVID-19 recovery, the Town offered multiple Screen on the Green events at both Oak Meadow Park and the Civic Center in lieu of other events as a way for the community to come together in a time when only outdoor gatherings that permitted ample social distancing were acceptable.
- **Los Gatos in Lights, a Winter Celebration**, is held on the first Friday in December at Town Plaza Park. This community celebration blends the decades long tradition of lighting a tree in Town Plaza Park and Santa Claus arriving by fire truck, with the new traditions of a winter celebration that lights up the entire park, delivers snow flurries, offers live music from Fisher Middle School Students and community members, and more to kick off a festive season of celebrations in Town.

In addition to the four Town events, the Town supports Music in the Park, two neighborhood Halloween road closures, and the Los Gatos Children's Holiday Parade with funding and significant staffing and operational resources.

On October 1, 2024, the Town Council discussed the Town events, with a particular focus on Spring into Green and Screen on the Green, given the evolving landscape of events and the Community's desire to be engaged through these events. During this discussion, it was noted that Spring into Green is a tremendously popular for event guests and community partners/vendors wanting to participate with an outreach booth. The format of the event, on a Sunday in Town Plaza Park alongside the Farmers Market, creates the opportunity for the stakeholder experience to feel convenient, synergetic, lively, and enriched. Staff has found that there are increasing numbers of interested booth vendors that are incredibly valuable partners doing great work for the community, although are not necessarily organizations that fit within the event's goal of educating and promoting Earth Day and related sustainability initiatives. To date, staff has made space for most vendors and partners to participate in Spring into Green. The event is now at capacity with additional interest for 2025.

SUBJECT: Provide Direction on a New Annual Town Event

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It was also discussed that Screen on the Green has seen a decline in attendance over the last several years, likely due to the availability of outdoor movies and similar events taking place frequently through schools, neighborhoods, and other community groups.

Through its discussion, the Town Council expressed a strong interest in expanding upon the current Screen on the Green format, or replacing it completely with a new community event, allowing opportunities for a variety of community stakeholders to participate in an event while refocusing Spring into Green's booth participants to the original intent of waste diversion, Earth Day, and similar sustainability efforts.

The Town Council directed staff to come back with options for a new Town event that included the following key considerations:

- Three options for a new fall event beginning in 2025, focused on celebrating the fabric of the Los Gatos Community including interests such as art, music, dance, culture, lifestyle, and community service organizations.
- Options should include the event locations of Oak Meadow Park, Plaza Park, and the Civic Center Lawn.
- The option at Oak Meadow Park should blend new event components with the traditions of Screen on the Green and include an outdoor movie, while the options for Plaza Park and the Civic Center should not include an outdoor movie.
- Options at Plaza Park should consider an event alongside the Farmers Market as well as a standalone event that takes place on a different day and time as the Farmers Market.
- Considerations should be given for each location as they relate to parking capacity and availability, pedestrian access, synergy between the event and neighboring businesses, a feeling of being a central location, and the ability for the event to evolve over time.
- The event should include a variety of engaging elements that attract a wide range of community members and be inclusive of all age groups.
- A budget should be outlined that is realistic for achieving the proposed scope of the event.

DISCUSSION:

To help organize the conversation, staff is providing general and location specific recommendations. It is important to note that events are dynamic and require flexibility from the planning stage through event completion. Especially with new events, there are often unforeseen variables and issues that arise requiring event elements to be adjusted as the planning and implementation unfolds. Given this, staff is recommending that the Town Council provide high-level direction on the location, scope, and framework for the event, giving the staff latitude to adjust the finer details as the event is planned and ensuring it meets the intended goals within the adopted budget.

SUBJECT: Provide Direction on a New Annual Town Event

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Event Date

For each of the event options being provided, it is recommended that the event be held the second weekend of October. Historically, Screen on the Green is held on the third Friday in September, except when the date conflicts with Rosh Hashanah or Yom Kippur. In which case, the event is moved to the second or fourth Friday of September. This date could continue to be an option should the Town Council choose to expand on the current format of Screen on the Green rather than sunseting it and creating a new event. Otherwise, the recommendation is to hold the event within the second weekend of October. Fall is a busy event time for annual community events hosted by local non-profits; thus, staff is sensitive to not recommending a weekend that is typically utilized for such recurring events. For reference, Attachment 1 provides a list of the Town and Community Events that took place in 2024.

General Event Elements

The recommendation for all event options is to create a warm, inviting, and vibrant fall festival that celebrates the fabric of the Los Gatos Community including activities and entertainment focusing on games, art, music, dance, culture, and lifestyle, shared through the participation of local community and non-profit organizations. Event components will vary in an effort to create options that are attractive to many community members with a variety of interests, ultimately creating an event where the community feels welcomed and included to gather together and connect with one another.

The event will be decorated in fall colors with bales of hay as seating around a community stage and in clusters throughout the venue to encourage gatherings, conversations, and shared meals. Additionally, there will be tables with chairs, and standing/cocktail-height tables offered in various locations to appeal to a variety of comfort levels as folks gather, converse, enjoy the entertainment, and dine.

The event elements will include fall themed festival games, rented from a professional vendor; organic backyard-type lawn games scattered throughout the event as space allows; activity tables/booths where groups can provide their own custom activity; a community stage with both hired entertainment and local community groups performing music, dance, and art; food trucks; and other elements that align with the community stakeholders participating.

Community and Non-Profit Group Participation

As with Spring into Green, the event will be open to community groups that are located within or serve the Los Gatos community. Groups will be able to sign up and participate free of charge and have the opportunity to offer either a game, activity, or performance on stage. The local community groups would participate by selecting one of the following three options: run a festival game booth, create an activity or game of their own in a booth, or choose to perform

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on the community stage. Staff believes this model allows for the community groups to connect with the community in ways that resonate with their goals and services as they could with a traditional tabling-type event while being more engaged with event guests through an activity or performance.

Staff recommends renting fall themed festival games that some community groups may sign up to operate. For example, a service group could request to operate one of the rented games, such as a ring toss. Staff would rent, set up, and provide the supplies for the game, then the community group would have volunteers staff the game at the event. While operating it, they could have the opportunity to share their good work with the community members participating including handing out information or talking about the services they provide.

Another option for a community group to participate would be to create their own game or activity for event guests. For example, a group could provide an activity that relates to the services they provide in the community such as planting a specific vegetable, learning an artistic technique, or practicing a wellness or culture related skill. In this case, staff would provide a table or designated area that fits the selected activity, and the group would provide their own supplies and volunteers to engage with event guests.

The third option for a community group to participate would be through a performance on stage. For example, a local dance or music group could opt to select a performance slot and would be featured on the community stage. With this option, the performances would be by non-profit, community recreation, or school groups rather than by for-profit businesses.

Staff also recommends hiring two to three professional musical or dance entertainment groups to weave in between community performances.

The activities and performances would be going on simultaneously, along with the organic lawn games, food trucks, and other activities such as decorate-a-pumpkin patch and selfie or photo booth stations. Staff would organize an online program, linked by a QR code on display at the event, that highlights all of the community groups participating and links to their online resources.

Event Specifics by Location

Oak Meadow Park: For this location, staff would build the event around Screen on the Green, rebranding it as a fall festival and movie night. The event would remain on a Friday evening, either the third Friday in September, or the second Friday in October. It would begin in the late afternoon (approximately 4 p.m.), with activities, games, and performances, leading up to a movie that begins at sunset (approximately 6:30 or 7 p.m.). The benefits of choosing Oak Meadow Park include the ability to expand upon and enhance a known Town event. This park is central to the Town limits and is large enough to support a growing event each year. The Town

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would continue to partner with Billy Jones Wildcat Railroad for train and carousel rides, and their snack shack as one of the dining options. Additionally, there are some bathroom facilities located on-site, although porta-potties would be necessary to support the crowd size as is done for the Fourth of July event.

There are some challenges that should be considered for Oak Meadow Park, including a lack of sufficient on-site parking for a large crowd. For the Fourth of July, the Town has an agreement to use a nearby commercial lot where the office it supports is closed on holidays to help alleviate parking congestion, however on a business day such a Friday, this is likely not an option. Staff explored the option of a shuttle service that could be added to the event to move folks from off-site parking locations to the park; however, the Town would need to identify and staff locations with ample off-site parking and provide logistics for safe shuttle queuing, loading, and unloading. Another consideration is the need to bring in lighting for the event given the park typically closes at sunset and is not equipped with lighting sufficient for large evening events. Finally, the Town Council may want to consider that a community event that begins in the afternoon on a weekday may pose a challenge for many community members to attend.

Plaza Park, with Farmers Market: The location and popularity of Plaza Park lends itself to being a natural option for the fall festival. It is staff's recommendation that if Plaza Park is the choice of the Town Council that the event be a stand-alone event, not taking place in tandem with the Farmers Market. While this partnership provides for a boost in exposure and event guests, it limits the amount of available space for the event to take place and grow. Also, it may be difficult to give this event a distinct personality that is not confused with Spring into Green. That said, should the Town Council choose to have an event that is smaller in scope and budget, implementing it on a Sunday with the Farmers Market would be a good option. With this format, participation would be limited for community groups hosting games/booths, while the community stage could function as described previously in this report. The portion of Main Street between N. Santa Cruz Avenue and University Avenue would need to be closed as it is with Spring into Green to provide enough space for the activities. This road closure would require an increase in staff resources to implement and monitor.

Plaza Park, without Farmers Market: When considering the event in Plaza Park without the Farmers Market, staff is recommending it be held on Saturday, October 10, either as a daytime or evening event, with the main consideration on time of day being the budget for lighting during an evening event. In this proposed format, staff recommends closing Montebello Way and Broadway Avenue, between Main Street and S. Santa Cruz Avenue as the area to support the game and activity booths, a few lawn type games, and some casual seating. With the anticipated bollard project on Montebello Way and Broadway Avenue in process, closing these roads would require much less staff resources than closing portions of Main Street.

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DATE: December 17, 2024

The lawn of the park would host the community stage with hay bales and table options for seating. Additional lawn games and activities could be scattered at the park to allow for a variety of gathering opportunities.

This location would be a great fit for a fall festival in this format for several reasons. The space can be arranged to feel cozy and accessible while allowing enough space to rearrange activities as the event evolves over time. Staff has experience with staging and lighting this space for evening events (Winter Celebration) should the Town Council opt for an evening event, as well as setting up the space for a fun, lively, and successful daytime event to maximize shaded areas for guests. Often October weekends can be warm in Los Gatos and the park has tree shade that could be augmented with umbrellas or a canopy depending on the weather for the year. This would be an element of the event that would remain fluid and be adapted as the weather forecast more predictable. Additionally, through previous conversations with the Town Council regarding the Town's Facility Use Policy, the Town Council articulated that Plaza Park, including Montebello Way and Broadway Avenue, was a highly desirable location for community events and wanted to continue to support events in this location, thus directed staff to pursue a bollard project here that allows for a safe and efficient way to close the street for events.

Parking is available throughout downtown with ample public parking, the park is accessible by pedestrians and bikes, and it is embedded in the heart of downtown allowing for event guests to also enjoy the nearby businesses and community amenities surrounding the park. This location would require porta-potties to support the crowd size. One aspect to consider is that two other annual Town events already take place in this location, thus selecting Oak Meadow Park or the Civic Center may be more appealing to the Town Council should they have the desire to spread out the Town event locations.

Civic Center Lawn: The final location for consideration is the Civic Center Lawn. While no Town events are currently scheduled here annually, it is the location of Music in the Park on Sundays in July and August, and two large scale multi-day community events (Fiesta de Artes and Oktoberfest) annually in September. The lawn at the Civic Center provides an expansive amount of space to spread out for an event and would be able to support future growth and event evolution. While not quite as accessible to the large public parking lots near Plaza Park, the Civic Center is still accessible to ample public parking within walking distance and supports both pedestrian and bike access. Parking in the front of the Civic Center and Library parking lot would be closed during the event to support space for food trucks, restrooms, and other event elements. Staff recommends that if the Civic Center is selected, no road closures take place for the event. For nearly twenty years, the Civic Center was the location of the annual Fourth of July event, until being moved to Oak Meadow Park about ten years ago. While at this location, the event worked and was well attended by the community. Staff has experience with implementing events here and feel confident that the fall festival could work well in this location, should it be the desire of the Town Council. That said, staff would recommend keeping the event during the day to allow for pedestrians at the event to be more visible to drivers on

SUBJECT: Provide Direction on a New Annual Town Event

DATE: December 17, 2024

Main Street, and to eliminate headlights of passing cars interfering with performances and activities.

Budget

The events budget currently supports the Town events, Music in the Park, and the Halloween and Holiday parade road closures. Of the total budget, \$45,000 is expended to implement the four Town events. Each year, the exact amount for each event varies by a small percentage depending on the event needs for the specific year; however, staff remains committed to keeping the total expenditures for the Town events within budget. The approximate hard-cost breakdown for each event, exclusive of staff time, is as follows: Spring into Green \$8,000; Fourth of July \$25,000; Screen on the Green \$2,500; and Winter Celebration \$9,500

As staff secured estimates for the components presented within this report for a fall festival, it estimates that a budget of \$17,000 will be necessary to fully implement the fall festival as a standalone event, without an outdoor movie, evening lighting, or a parking shuttle service. Evening lighting will increase the budget \$2,000 - \$4,000 depending on how large of an area must be lit and the availability of electricity versus the need to rent generators. A shuttle service would be approximately \$1,000 per shuttle for the event. To rent an outdoor film and movie screen, an additional \$1,500 would be necessary (this is less than the budget for Screen on the Green, because the professional audio services are included in the original fall festival estimate).

However, if the Town Council would like to implement a new event that is smaller and more in-line with the scope of Spring into Green, the event could be implemented alongside the Farmers Market with limited community group participation. In this case, staff estimates that a budget of \$11,000 would be sufficient.

CONCLUSION:

Staff recommends the Town Council discuss the fall festival event options including event elements, locations, scope, and budget, then provide staff with direction to move forward with planning the event for Fall of 2025. The Town Council may wish to use the following points to guide the discussion:

- Does the Town Council wish to incorporate a new fall festival into the Town's annual events beginning in 2025?

If so,

- Would the Town Council prefer to expand upon the existing Screen on the Green event, or sunset Screen on the Green to incorporate a new fall festival?
- What is the desired location of the event?
- Does the Town Council have a preference on time of day, i.e. daytime event versus evening event?

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- On a high-level, which components would the Town Council like to see included in the event? Are there any that specifically should not be included?
- Considering the components desired by the Town Council and the estimated budget provided in this report, what is the budget for this event?

ALTERNATIVES:

Town Council may decide to not direct the implementation of an expanded Screen on the Green, or new fall festival, but rather direct that no changes be made to Screen on the Green.

FISCAL IMPACT:

The fiscal impact will vary based on the Town Council’s direction, with a new event ranging from \$11,000 to \$25,000, dependent upon the scope of the event. It is important to note that this budget estimate accounts for hard costs of the event only, including rental items, vendor support, and entertainment. It does not account for the staff time required to implement the event. The scope of the event including road closures, event staffing, and other logistics will play a role in the amount of staff time necessary to support the event from planning through implementation. Whereas, directing no change to the current annual Town events would have no budget implications.

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENTS:

1. List of 2024 Town and Community Special Events

Event	Organization	2024 Event Date(s)	# of event days in series	Location
St. Patrick's Day Event	Sustainable Waze Productions	March 17	1	Town Plaza Park
Cat's Hill	San Jose Bike Club	March 23	1	Almond Grove Neighborhood
281 Johnson Block Party	Resident	April 19	1	281 Johnson Ave.
LGPNS Big Truck Day	Los Gatos Parent Nursery School	April 20	1	Downtown
Chamber Spring Wine Walk	Chamber of Commerce	April 20	1	Downtown
Spring into Green	Town of Los Gatos	April 21	1	Town Plaza Park
ArtNow Awards Ceremony	NUMU	April 27	1	NUMU / Civic Center Plaza / Council Chamber and Lobby
Girls on the Run	Girls on the Run	May 18	1	Oak Meadow Park
Breathe Forward	AWO	May 25	1	Town Plaza Park
Abrahamic Alliance Walk-a-Thon	Abrahamic Alliance International	June 9	1	Los Gatos Creek Trail
Sounds of Summer Bluegrass Festival	Los Gatos Music & Arts	June 22	1	Town Plaza Park
Jazz on the Plazz	Los Gatos Music & Arts	June 26 - August 21	9, weekly on Wednesdays	Town Plaza Park
July 4th Symphony in the Park	Town of Los Gatos	July 4	1	Oak Meadow Park
51 Ellenwood Block Party	Resident	July 4	1	51 Ellenwood Ave.
Jolly 10K	Jolly Solutions Inc.	July 20	1	Balzer Parking Lot and LG Trail
Music in the Park	Sustainable Waze Productions	July 21 - August 18	6, weekly on Sundays	Civic Center Lawn
Endless Summer	Morning Rotary of Los Gatos	August 23	1	Town Plaza Park
Los Gatos Little League Celebration	Los Gatos Little League	August 24	1	Grays Lane
Hollycrest Block Party	Resident	August 24	1	Hollycrest and Longridge
9/11 Remembrance Event	Veteran's Foundation	September 11	1	Civic Center Lawn
Taste of Los Gatos	Chamber of Commerce	September 14	1	Downtown
Care Fair	California State Assembly Office	September 14	1	Civic Center Lawn
Decker Memorial	Veteran's Foundation	September 14	1	Veteran's Memorial/Civic
Screen on the Green	Town of Los Gatos	September 20	1	Oak Meadow Park
Fiesta de Artes	Kiwanis of Los Gatos	September 21 - 22	2 consecutive days	Civic Center Lawn
Oktoberfest	KCAT	September 29	1	Civic Center Lawn
St. Mary's Fair	St. Mary's School	October 4 - 6	3 consecutive days	St. Mary's Church/School & Lyndon Ave.
JCC Walk	JCC Silicon Valley	October 7	1	Through Town
Fall Wine Walk	Chamber of Commerce	October 26	1	Downtown
Halloween Kid & Pet Pawlooza	Chamber of Commerce	October 27	1	Downtown
Halloween Road Closures	Town of Los Gatos	October 31	1	Tait & Johnson Neighborhoods
Kidsave Hike with Your Heart	Kidsave International	November 9	1	LG Trail
Los Gatos in Lights - Winter Celebration	Town of Los Gatos	December 6	1	Town Plaza Park
Holiday/Children's Parade	LGS Rec & Lions	December 7	1	Downtown
Magical Memories: Trolley Rides & Photos with Santa	Chamber of Commerce	December 12-15	5 days total	Downtown Streets (trolley) & Old Town Center (Santa photos)
Friday Market	Kiwanis of Los Gatos	December 14 - 15	2 consecutive days	Civic Center Lawn



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 21

ITEM NO. 21.

DATE: December 9, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Approve a Third Amendment to the Employment Agreement Between the Town of Los Gatos and the Town Attorney and Authorize the Mayor to Execute the Amendment; Modify the Management Salary Schedule; and Authorize a Budget Adjustment in the Amount of \$22,017.61 from Available General Fund Capital/Special Projects Reserve

RECOMMENDATION:

Approve the third amendment to the Employment Agreement between the Town of Los Gatos and the Town Attorney (Attachment 1); authorize the Mayor to execute the agreement; modify the Management Salary Schedule to reflect the new salary for the Town Attorney (Attachment 2); and authorize a Budget Expenditure Adjustment in the amount of \$22,017.61 from the available General Fund Capital/Special Projects Reserve.

BACKGROUND:

As an appointee of the Town Council, the Town Attorney is employed under an Employment Agreement (Attachment 3) specifying the terms and conditions of employment. The terms and conditions of employees include items such as base pay, basic and optional benefits, covered expenses, parameters for an annual performance review, and conditions for termination/severability. Senate Bill 1436 requires an oral summary at a Council meeting when a recommendation is made related to modifying the salary, salary schedule, or fringe benefits of any person employed under an Employment Agreement with a local agency.

DISCUSSION:

As outlined in the Employment Agreement, the Town Council reviews the Town Attorney's performance and compensation annually through a performance evaluation. In accordance

PREPARED BY: Cheryl Parkman
Human Resources Director

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

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SUBJECT: Approve an Amendment to the Employment Agreement Between the Town of Los Gatos and the Town Attorney

DATE: December 9, 2024

with the agreement terms for Town Attorney Gabrielle Whelan, the Town Council completed the evaluation for the period of November 2023 through November 2024.

Based upon the completion of a satisfactory performance review, the Town Council authorized a five percent (5%) cost of living adjustment, retroactive to July 7, 2024. This would be equivalent to \$274,321 annually. Additionally, the Town Council authorized a two percent (2%) merit increase, effective retroactively to November 24, 2024. This will be equivalent to a total increase of \$279,807 annually.

CONCLUSION:

Based upon the completion of a satisfactory performance review in Closed Session, it is recommended that the Town Attorney's annual base salary increase to a total of \$279,807 annually, 5% which will be effective July 7, 2024, and 2% which will be effective November 24, 2024.

COORDINATION:

This memo was coordinated with the Director of Finance.

FISCAL IMPACT:

Funding to support the Town Attorney's salary and benefits is authorized in the annual budget each fiscal year along with all other Town employee compensation and benefits. The anticipated fiscal impact for the remainder of the fiscal year is \$21,731. The requested budget adjustment in the amount of \$22,017.61 from available General Fund Capital/Special Project Reserve will provide funding for the additional salary and benefit cost for Fiscal Year (FY) 2024/25 through fund and account number 111-1301-51111. Funding for the ongoing costs each year will be incorporated into the proposed future year budgets for Council approval.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Third Amendment to the Employment Agreement – Town Attorney
2. Salary Schedule for Town Council and Management
3. Employment Agreement - Town Attorney

THIRD AMENDMENT TO THE TOWN ATTORNEY EMPLOYMENT AGREEMENT

This Amendment to Town Agreement AGR 22.087 is entered into this 17th day of December 2024, by and between the Town of Los Gatos, a municipal corporation ("TOWN") and Gabrielle Whelan ("EMPLOYEE").

RECITALS:

WHEREAS, Town and Gabrielle Whelan executed an Agreement effective May 16, 2022, to provide Town Attorney services to the Town; and

WHEREAS, a First Amendment to the Agreement was executed on December 06, 2022, to amend the employment agreement to award a 1.5% wage increase to the annual base salary, effective on November 15, 2022; and

WHEREAS, a Second Amendment to the Agreement was executed on December 06, 2023, the Town Council desires to amend the Agreement to award a \$7,609 wage increase (3%) to the annual base salary, retroactive to November 26, 2023; and

WHEREAS, on the basis of a cost of living adjustment, the Town Council desires to amend the Agreement to award a \$13,063.39 wage increase (5%) to the annual base salary, retroactive to July 7, 2024; and

WHEREAS, on the basis of the annual evaluation, the Town Council desires to amend the Agreement to award a \$5,486.43 wage increase (2%) to the annual base salary, effective November 24, 2024.

IT IS THEREFORE AGREED by the parties as follows:

Section 2(A) of the Agreement is amended to read as follows:

A. **Salary.**

The Town Attorney is awarded a 5% cost of living increase retroactive to July 7, 2024 (\$13,063.39 annually), and a 2% merit increase (\$5,486.43 annually) effective November 24, 2024.

All other terms of the original Employment Agreement remain in effect.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Town Attorney Agreement on the date written above.

TOWN OF LOS GATOS

Matthew Hudes, Mayor

ATTEST:

Wendy Wood, Town Clerk

Gabrielle Whelan, Town Attorney

**Town of Los Gatos Town Council and Management Classifications
Salary Schedule for Fiscal Year 2024/25
Effective July 7, 2024*****

ITEM NO. 21.

Class Code	Classification Title	Annual Salary Minimum	Annual Salary Maximum
NEW	Assistant Director	\$ 168,000	\$ 226,800
2110	Assistant Town Manager	\$ 202,585	\$ 273,490
2420	Chief Building Official	\$ 147,382	\$ 198,966
2400	Community Development Director	\$ 188,655	\$ 254,685
2180	Community Outreach Coordinator	\$ 101,762	\$ 137,379
NEW	Deputy Town Manager	\$ 155,000	\$ 209,250
2130	Economic Vitality Manager	\$ 140,279	\$ 189,377
2315	Finance and Accounting Manager	\$ 147,382	\$ 198,966
2310	Finance and Budget Manager	\$ 147,382	\$ 198,966
2300	Director*	\$ 184,059	\$ 248,480
2900	Information Technology Manager	\$ 147,382	\$ 198,966
2820	Division Manager**	\$ 147,382	\$ 198,966
2600	Parks & Public Works Director	\$ 188,655	\$ 254,685
2645	Parks & Public Works Operations Manager	\$ 127,087	\$ 171,567
2630	Parks & Public Works Superintendent	\$ 147,382	\$ 198,966
2412	Planning Manager	\$ 147,382	\$ 198,966
2510	Police Captain	\$ 176,858	\$ 238,759
2500	Police Chief	\$ 203,874	\$ 275,229
2545	Police Records & Communication Manager	\$ 136,857	\$ 184,758
2140	Senior Administrative Analyst	\$ 109,586	\$ 147,941
2650	Senior Civil Engineer	\$ 140,279	\$ 189,377
2000	Town Attorney - Council Appointed (Effective 11/24/24)		\$ 279,807
2190	Town Clerk	\$ 147,382	\$ 198,966
2615	Town Engineer	\$ 162,681	\$ 219,620
2100	Town Manager - Council Appointed (Effective 11/4/2024)		\$ 329,000
2905	Urban Forest Manager	\$ 127,087	\$ 171,567
1000	Town Council (Effective 1/1/19 Pursuant to Ordinance Adopted by Town Council on 2/6/18)	\$570 Stipend per month, for a total compensation of \$6,840 per year	

* The HR, Finance and Library Director classifications have been included in this classification.

** The Library Division Manager classification has been included in this classification

***Except for Town Attorney, Town Manager, and Town Council as noted.

Management salaries reflect a spread of 35% to the top of the range.

Reflects a General Increase of 5% (10% for 2110; 8% for 2500; and 6% for 2510)

TOWN ATTORNEY EMPLOYMENT AGREEMENT

This Agreement is made and entered into the ____ day of April 2022, by and between the Town of Los Gatos, a municipal corporation in the State of California ("TOWN"), and Gabrielle Whelan ("ATTORNEY").

RECITALS

- A. The Town Council of the Town of Los Gatos desires to appoint Gabrielle Whelan to the position of Town Attorney of the Town of Los Gatos on May 16, 2022.
- B. It is the desire of the Town Council to establish the terms and conditions of employment of Gabrielle Whelan as Town Attorney of the Town of Los Gatos, including the duties, salary, and benefits of employment.
- C. Gabrielle Whelan desires to accept employment as Town Attorney of the Town of Los Gatos under the terms set forth herein.

NOW, THEREFORE, in consideration of the respective and mutual covenants hereinafter contained and made, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and subject to all the terms and conditions hereof, the parties agree as follows:

SECTION I. DUTIES AND RESPONSIBILITIES:

A. **Appointment as Town Attorney.** TOWN hereby agrees to employ ATTORNEY in the capacity of Town Attorney for TOWN during the term of this Agreement. ATTORNEY will perform the functions and duties specified in Section 2.30.505 of the Los Gatos Municipal Code for this position and perform such other legally permissible and proper duties and functions as the Town Council may from time to time assign or delegate. Legal services shall include, but not be limited to, the preparation and review of ordinances, resolutions, agreements, and contracts; legal research; attendance at Town Council meetings and other meetings upon request (such as high profile Planning Commission meetings); rendering of legal opinions to the Town Council and Town Manager; representation of the Town, members of the Town Council and other Town officers and employees in claims and litigation filed by or against the Town, except those that the Town Attorney or Town Council determine should be handled by outside counsel; and such other legal services as may be directed by Town Council or Town Manager. Consistent with other demands of the office, Attorney will use best efforts to handle general municipal and land use litigation herself to reduce costs of outside counsel.

B. **Exclusive Employment.** During the term of this Agreement, ATTORNEY shall be in the exclusive employ of TOWN; provided, however, that the term "exclusive employ" shall not prohibit future part-time employment which the Employee may desire to accept with appropriate prior knowledge and approval of the Town Council. "Appropriate prior knowledge and approval of the Town Council" shall mean that ATTORNEY shall give four (4) weeks written notice to the Town Council prior to accepting part-time employment and approval of the Town Council shall be deemed given unless any Town Council member states in writing that they desire a closed session to discuss the part-time employment. Such part-time employment shall not in any way conflict in time or interest with ATTORNEY's responsibilities to TOWN. Town Council shall have uncontrolled discretion in granting part-time outside employment and its determination to grant or deny part-time outside employment shall be final.

SECTION 2. SALARY:

A. **Initial Salary.** TOWN agrees to pay ATTORNEY for her services rendered in the amount of \$249,900 annually, payable in installments at the same time as other employees of TOWN are paid.

B. **Performance Evaluations.** The Town Council shall evaluate the ATTORNEY's performance on or before November 30, 2022, and in November annually thereafter.

C. **Salary Increases.** Should the Town Council, upon completion of its review of ATTORNEY's performance pursuant to this Agreement, determine that ATTORNEY has met its performance expectations; the Town Council shall increase ATTORNEY's compensation at least consistent with compensation increases granted by Town Council to other Town Management (At-Will/Unrepresented) Employees. ATTORNEY understands and agrees that she has no entitlement to an increase in compensation. Any decision to increase ATTORNEY's compensation shall be retroactive to the beginning of the pay period immediately preceding the evaluation conducted in accordance with Section 2(B) above.

SECTION 3. BENEFITS:

All provisions of the Town Code and regulations and rules of Town relating to vacation and sick leave, medical, dental, vision, retirement (2% at 60 formula, 36-month highest average salary) and pension system contributions, holidays, cash out provisions, and other fringe benefits and working conditions pertaining to Town Management (At-Will/Unrepresented) Employees as they now exist or hereafter may be amended, except as otherwise set forth herein, also shall apply to ATTORNEY. Nothing in this Agreement shall affect any vacation, personal leave, administrative leave, sick time, pension system contributions or accruals, or other benefits which ATTORNEY has accrued and is owed or attributable to ATTORNEY as of the date of this Agreement, all of which shall remain accrued, owing, and attributable to ATTORNEY until used or redeemed by ATTORNEY.

SECTION 4. HOURS OF WORK AND LEAVE BENEFITS:

A. **Regular Hours.** ATTORNEY's duties may involve expenditures of time in excess of eight (8) hours per day and/or forty (40) hours per week, and may also include time outside normal office hours such as attendance at Town Council and other meetings. ATTORNEY shall not be entitled to additional compensation for any work performed in excess of the TOWN's regular workweek.

B. **Administrative Leave.** It is recognized that ATTORNEY must devote a great deal of her time outside normal office hours without benefit of paid overtime in the conduct of TOWN business, and, to that end, ATTORNEY shall be entitled to administrative leave in an equivalent amount to that granted Town Management (At-Will/Unrepresented) Employees, which the parties agree is five (5) days per year. ATTORNEY shall be entitled to accrue, use or redeem administrative leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

C. **Personal Leave.** ATTORNEY shall be entitled to personal leave in the amount of five (5) days per year. ATTORNEY shall be entitled to accrue, use or redeem personal leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

D. Vacation Leave. ATTORNEY shall be entitled to vacation leave in the amount of 25 days per year. ATTORNEY shall be entitled to accrue, use or redeem personal leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

E. Sick Leave. ATTORNEY shall be entitled to sick leave in the amount of 12 days per year. ATTORNEY shall be entitled to accrue, use or redeem personal leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

F. Mileage Reimbursement, Cell Phone Stipend, Holidays, Bereavement/Compassion Leave, Flexible Health Spending Account, Employee Assistance Program, and Other Fringe Benefits. ATTORNEY shall be entitled to mileage reimbursement, cell phone stipend, holidays, bereavement/compassion leave, Flexible Health Spending Account, Employee Assistance Program, and other fringe benefits as they now exist or hereafter may be amended for Town Department Directors.

SECTION 5. TECHNOLOGY:

A. Technology. TOWN agrees to budget, within the budget amount approved by the TOWN, a technology budget to assist ATTORNEY in keeping technologically current and personal productivity high. The technology improvements will be used to pay the cost of acquisition of equipment and purchase of services related to information systems, data handling, communications and productivity and shall be budgeted for the good of the Town in accordance with approved budgeting limitations. Purchases for technology improvements shall remain the property of the TOWN.

SECTION 6. ADDITIONAL EXPENSES:

A. Dues and Subscriptions. TOWN agrees to pay the professional dues and subscriptions of ATTORNEY necessary for her continuation and full participation in such national, regional, state and local associations and organizations as are necessary and desirable for her continued professional participation, growth, and advancement and for the good of TOWN in accordance with approved budgetary limitations.

B. Professional Development. TOWN agrees that attendance at State Bar Association, Santa Clara County Bar Association, League of California Cities (Attorneys Department), the Bay Area City Attorneys Association, Santa Clara County City Attorneys Association, and other professional development activities is both beneficial and expected. TOWN hereby agrees to pay the travel, lodging, and subsistence expenses of ATTORNEY for professional and official travel, lodging, meetings, and occasions, and for short courses, institutes, and seminars necessary to continue the professional development of ATTORNEY, and to adequately pursue necessary official and other functions for TOWN, in accordance with approved budgetary limitations.

C. Executive Expenses. TOWN recognizes that certain expenses of a non-personal and job-affiliated nature are incurred by ATTORNEY and hereby agrees to reimburse such expenses upon presentation of a receipt and submission of the appropriate confining purchase requisition to the Mayor and Town Finance Department, in accordance with approved budgetary limitations and subject any policies and guidelines the Town Council may impose.

SECTION 7. TERM; TERMINATION;

A. Term of Agreement. This Agreement shall commence upon execution by the parties and become effective May 16, 2022 and extend indefinitely until terminated as provided hereinafter.

B. At-Will Employment. ATTORNEY's employment with the Town is "at-will" and ATTORNEY serves at the pleasure of the Town Council. As such, a majority of the Town Council may terminate ATTORNEY's employment at any time, with or without cause pursuant to the provisions in this agreement.

C. Termination Without Cause. In the event that TOWN terminates ATTORNEY's employment for reasons other than those set forth in subsection D below, including without limitation, for no reason stated, within the term of this Agreement, or any extensions, TOWN agrees to pay ATTORNEY a cash payment equal to six (6) months of the ATTORNEY's then current salary and any benefits that are lawfully required to be continued pursuant to COBRA and other statutes. Following such six (6) month period, ATTORNEY retains the right to participate in Town health and related benefit programs, should such programs be instituted during the term of this Agreement, at ATTORNEY's own and sole expense pursuant to the terms of COBRA. ATTORNEY shall be compensated for any unused vacation leave, holidays, and other benefits then accrued consistent with Town policies. The schedule of the payment pursuant to this section shall be at the sole discretion of the ATTORNEY.

D. Termination With Cause. The TOWN may terminate ATTORNEY's employment hereunder at any time for cause. No lump sum cash payment or other severance pay shall be due ATTORNEY upon any termination for cause. For purposes of this Agreement, "cause" shall mean any of the following: (i) a gross or habitual failure to perform the functions and duties of the Town ATTORNEY or any other obligations *as* required by the terms of this Agreement; (ii) Any other intentional or grossly negligent action or inaction by ATTORNEY that materially and substantially: (A) impedes or disrupts the operations of the TOWN or its organizational units; (B) is detrimental to employee or public safety; or (C) violates properly established rules or procedures of the Town causing a material and substantial adverse effect on the TOWN's interests as clearly defined and delineated by properly established Town Council action taken by the Town Council as a body, policy, regulations or ordinances of the TOWN; (iii) That ATTORNEY has been willfully and intentionally absent without leave, or has willfully and intentionally failed to report after leave of absence has expired; (iv) That ATTORNEY has willfully failed or refused to appear in obedience to lawful process or order of the Town Council or to answer questions under oath, before the TOWN Council or before a duly authorized committee of Congress of the United States or of the Legislature of the State of California, or a committee or subcommittee of said Congress or Legislature, or before any authorized court, office or tribunal, or before a Grand Jury, on any subject relating to (I) matters connected with the conduct of official business of the TOWN or of any division, department, board or commission thereof, or (2) any of the matters set forth in sections 1028 and 1028.1 of the Government Code of the State of California; or (v) That ATTORNEY has been convicted of a misdemeanor involving a crime of moral turpitude or a felony, or entry of a plea of nolo contendere with regard to a misdemeanor involving a crime of moral turpitude or a felony.

E. Voluntary Resignation. ATTORNEY may voluntarily resign her position with TOWN before expiration of the term of this Agreement by giving TOWN sixty (60) days prior written notice. No lump sum cash payment or other severance pay shall be due ATTORNEY upon any voluntary resignation.

F. Termination Based on Disability or Death. In the event ATTORNEY permanently disabled, as determined by ATTORNEY's duly licensed physician, or is otherwise unable to perform her duties because of sickness, accident, injury, mental incapacity or health reasons for a period of three (3) consecutive months beyond any accrued sick leave, Town may terminate this Agreement.

G. Limitation on Obligation. Notwithstanding anything to the contrary herein, TOWN shall not be obligated to pay, and shall not pay, any amounts or continue any benefits under this agreement if ATTORNEY is terminated in the event ATTORNEY is convicted of a crime involving an abuse of her office or position. Any paid leave salary offered by TOWN to ATTORNEY pending an investigation shall be fully reimbursed by ATTORNEY if ATTORNEY is convicted of a crime involving an abuse of her office or position. For the purposes of this section, "abuse of office or position" means and is limited to the definition under Government Code section 53243.4 either of the following: (a) an abuse of public authority including but not limited to waste, fraud, and violation of the law under color of authority; or (b) a crime against public justice, including but not limited to, a crime described in Title 7 (commencing with Section 92) of Part I of the California Penal Code.

SECTION 8. GENERAL PROVISIONS:

A. Entire Agreement. This Agreement shall constitute the full, complete and exclusive agreement between the parties hereto and shall supersede all prior and contemporaneous agreements, understandings and representations regarding the subject matter hereof, whether oral or written.

B. Indemnification. TOWN agrees to defend, hold harmless and indemnify ATTORNEY against any tort, professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out an alleged act or omission occurring in the performance of ATTORNEY's duties. TOWN, at its direction, is not required to indemnify ATTORNEY for any illegal or criminal acts for which a court of competent jurisdiction has determined, without possibility of appeal, was committed by ATTORNEY.

C. Bonding Requirements. TOWN shall bear full cost of the Fidelity Bond required of ATTORNEY under any law or ordinance.

D. Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by TOWN and ATTORNEY and their respective successors, assigns, heirs and executors, except that ATTORNEY may not assign this Agreement or delegate any of her obligations hereunder and may only assign her rights hereunder with the prior written consent of TOWN.

E. Severability. If any provision, or any portion thereof, contained in this Agreement is held to be unconstitutional, invalid, or unenforceable, the remainder of this Agreement or portion thereof shall be deemed severable, shall not be affected and shall remain in full force and effect.

F. Notices. Any notice required under this Agreement shall be in writing, shall be sent by personal delivery, courier or first class mail, return receipt requested, and shall be deemed effective upon receipt.

G. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without regard to its conflicts of laws principles.

H. Attorney's Fees. In the event of any dispute between the parties hereto relating to or arising out of this Agreement, the prevailing party shall be entitled to receive its reasonable attorneys' fees and costs, in addition to any other relief it may receive.

IN WITNESS WHEREOF, the Town of Los Gatos has caused this Agreement to be signed and executed in its behalf by its Mayor, and duly attested to by its Town Clerk, and the ATTORNEY has signed and executed this Agreement the day and year first above written.

ATTORNEY:

TOWN OF LOS GATOS:

DocuSigned by:
Gabrielle Whelan 4/14/2022
86F60A7912C8444...
Gabrielle Whelan

DocuSigned by:
Robert Rennie 4/20/2022
B046DDF418AB47F...
Robert Rennie, Mayor

Approved As To Form:

DocuSigned by:
Robert W. Schultz 4/18/2022
2FE0938555B744C...
Robert Schultz, Interim Town Attorney

Attest:

DocuSigned by:
Shelley Neis 4/21/2022
B9666F65B1F34F6...
Shelley Neis, MMC, CPMC, Town Clerk



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 22

ITEM NO. 22.

DATE: December 11, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Approve the Proposed Modifications to Town Council Policy 2-11
"Commission Appointments, Residency, and Attendance Requirements, and
Establishing a Quorum" as Recommended by the Council Policy Committee

RECOMMENDATION:

Approve the proposed modifications to Town Council Policy 2-11 "Commission Appointments, Residency, and Attendance Requirements, and Establishing a Quorum" as recommended by the Council Policy Committee.

BACKGROUND:

The Town Council Commission Appointment Policy (Town Council Policy 2-11) sets forth procedures for consistent recruitment, appointment, residency, and attendance requirements for all Town Boards, Commissions, and Committees (hereafter Commissions). There have been several revisions to this Policy in the past years to ensure consistency and equity.

The Town Council Policy Committee met on August 27, 2024, September 24, 2024, and November 26, 2024, to discuss the policy and recommend revisions.

DISCUSSION:

In recent months questions have been raised about the attendance requirements for both the youth and adult commissions. The current attendance requirement does not provide equity in terms of the percentage of meetings that may be missed, nor does it provide any leniency for illness.

The current policy raises concerns regarding equity in attendance requirements. Under the current policy, a member of a body that holds 16 meetings would not be removed until they have missed eight meetings, equating to a 50% threshold.

PREPARED BY: Wendy Wood
Town Clerk

Reviewed by: Town Manager and Town Attorney

PAGE 2 OF 3

SUBJECT: Modification to the Commission Appointment Policy 2-11

DATE: November 20, 2024

In comparison, a member of a body that holds 12 meetings would face removal after missing three meetings (25% threshold), and a member of a body that holds five meetings would face removal after missing two meetings (40% threshold).

The current policy also does not provide for flexibility regarding illness. While members of a Commission can participate in meetings remotely, it should be noted that if a commissioner falls ill within 72 hours of a scheduled meeting, they are unable to participate remotely due to restrictions set forth in State Law under the Brown Act. Consequently, this has resulted in some members attending meetings despite being ill in order to avoid being absent from the meeting and removed from the commission. To address these issues, the Policy Committee considered implementing excused and unexcused absences.

The Committee also considered a time limit for commission meeting to help address potential issues with unintended absences. The policy specifies that “Any member not in attendance at a regular meeting of said Advisory Body for at least 70% of the meeting shall be considered absent.” Consequently, under this provision, if a commission meeting extends to three hours and a commissioner can only participate for two hours, the commissioner would be marked absent. To address this issue, the Committee considered implementing a maximum two-hour meeting time limit for regular meetings of Commissions, with the exception of the Planning Commission and the Historic Preservation Committee, to help clarify the expected time commitment from commissioners and promote attendance for the full meeting.

Policy Committee Input

At the August 27 meeting, the Committee requested that staff revise the Policy to incorporate excused and unexcused absences, a July summer recess for all Commissions, and a two-hour time limit for all commission meetings, with the exception of the Planning Commission and Historic Preservation Committee. The Committee also asked staff to provide a recommendation for a limit on the number of excused and unexcused absences.

At the September 24 meeting, the Committee discussed the redline revisions and supported adding excused and unexcused absences and setting the allowable limits at twenty percent for unexcused and thirty-five percent for total absences; adding a meeting recess in July for all Commissions; adding a two-hour time limit for all Commission meetings with the exception of the Planning Commission and the Historic Preservation Committee; and minor clean-up changes to address inconsistencies. The Committee requested additional changes to address any conflicts in the policy with the Finance Commission enabling ordinance.

After public testimony at the November 26 meeting, the Committee discussed the revised redline revisions, supported the proposed changes, and recommended additional changes. The Committee requested a change to item three in the Attendance Requirement section state “...at least 70 percent of the meeting duration.” The Committee also requested a change to item two

SUBJECT: Modification to the Commission Appointment Policy 2-11

DATE: November 20, 2024

in the Attendance Requirement section to add language to indicate that special meetings to address urgent Town business would be allowed. The Committee also requested the addition a sentence to the Conflict of Interest section to incorporate language indicating that all Commissioners should avoid the appearance of a conflict of interest.

The proposed edits to the Policy are shown in the redline policy (Attachment 1) for Council consideration.

CONCLUSION:

The Council Policy Committee recommends the Council approve the proposed modifications to the Commission Appointment Policy 2-11 as proposed in Attachment 1.

COORDINATION:

The preparation of this report was coordinated with the Town Attorney and the Town Manager's Office.

FISCAL IMPACT:

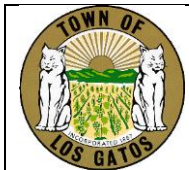
This item has no fiscal impact.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Redline Commission Appointment Policy 2-11



TITLE: Residency and Attendance Requirements, and Establishing a Quorum		POLICY NUMBER: 2-11
EFFECTIVE DATE: 2/28/1990		PAGES: 7
ENABLING ACTIONS:	REVISED DATES: 6/13/1994; 6/16/2014; 4/7/2015; 10/18/2016; 2/21/2017; 2/6/2018; 3/19/19; 9/3/2019; 6/1/2021; 12/7/21, 3/15/22, 8/2/22; 9/20/22; 10/03/23; 11/21/23; 3/5/2024	
APPROVED:		

PURPOSE

To establish a policy to encourage participation by the Town’s residents on Town Boards, Commissions and Committees (hereinafter referred to as "Commissions"). The Town of Los Gatos is committed to inclusivity. We value all our community members, regardless of religion, immigration status, ethnicity, race, disability, gender, sexual orientation, or gender identity. The Town will encourage residents to participate on Commissions by advertising vacancies on Commissions for at least 30 days, preparing easily understood applications, maintaining clear descriptions of the role of each Board, Commission, and Committee and its respective members, providing current meeting schedules, and conducting public interviews of all Commission applicants, except as provided by this Policy.

SCOPE

This Policy applies to all applicants to Town Boards, Commissions and Committees.

POLICY

The Town Council encourages public participation in all decision-making and to be successful residents must be assured both that the participation is meaningful and that their input will be valued. The widest representation from the community can only be achieved if vacancies are well advertised so that anyone interested will have the opportunity to apply. Interviews of the applicants conducted in public by the Town Council demonstrates that it values these appointments and that all have an equal opportunity to be appointed. Applicants may apply to more than one Commission, and shall rank their choices in their preferred order, during each recruitment cycle.

To ensure the greatest possible participation by the public, ~~it is the Town's policy that~~ no person shall be appointed to more than one Commission except in those cases where they are ex-officio members of other Boards, Commissions and Committees. ~~This Policy does not apply to or~~ Commission members (hereinafter referred to as "Commissioners") serving as representatives of their Commission who have been appointed by the Town Council.

RESIDENCY REQUIREMENTS

Residency within the incorporated municipal limits of the Town of Los Gatos, California is required for appointment and continued membership on all Town of Los Gatos Boards, Commissions, and Committees, with the exception of the Youth Commission and the Diversity, Equity, and Inclusion Commission.

Youth Commission:

The members shall be students who are entering grades 8 through 12 in the fall. Membership for the students requires either residency in the incorporated limits of the Town of Los Gatos or residency in the unincorporated areas of the County of Santa Clara, which have a Los Gatos mailing address.

Diversity, Equity, and Inclusion Commission:

Membership composition shall be as outlined in the Commission's enabling resolution and includes a Los Gatos business owner/employee, faith leader who leads a congregation in Los Gatos, and Los Gatos non-profit employee who may or may not reside in Los Gatos.

ATTENDANCE REQUIREMENTS

1. All members of all appointive ~~Town Advisory Bodies~~Commissions should attend all regular and special meetings of said ~~Advisory Bodies~~Commissions.
2. Consistent with the Town Council's summer recess, Commissions will not schedule a regular meeting in the month of July to allow time for vacations. Nothing in this policy will prohibit staff from scheduling a special meeting to address urgent Town business.
- ~~2.3.~~ Any member not in attendance at a regular meeting of said ~~Advisory Body~~Commissions for at least 70% of the duration of the meeting shall be considered absent. To allow Commissioners to plan ahead to meet the 70% requirement, there will be a two-hour time limit for a regular Commission meeting with the exception of the Planning Commission and the Historic Preservation Committee and meetings containing discussion regarding the Town's annual budget.
- ~~3.~~ Any member of an appointive Town Advisory Body who is absent from the number of regular meetings listed below appropriate to his or her Advisory Body shall, as a result, surrender his or her office on the Advisory Body and the office shall be considered vacant.
 - ~~a.~~ For an Advisory Body which holds six (6) or more regular meetings per a consecutive twelve (12) month period: three (3) regular meetings.

- ~~b. For an Advisory Body which holds five (5) or fewer regular meetings per a consecutive twelve (12) month period: two (2) regular meetings.~~
- ~~c. For an Advisory Body which holds sixteen (16) or more regular meetings per a consecutive twelve (12) month period: eight (8) regular meetings.~~
- ~~4. Consistent with the Family Medical Leave Act and the California Family Rights Act, absences of up to 12 weeks due to parental leave constitute excused absences.~~
4. A Commissioner shall be deemed to have automatically surrendered their office if they have either:
- a. Three consecutive unexcused absences from the regular meetings of the Commission; or
 - b. Unexcused absences totaling more than twenty percent* of the total number of scheduled regular meetings in any calendar year;* or
 - c. Absences, whether excused or unexcused, totaling more than thirty-five percent* of the total number of scheduled regular meetings in that calendar year.**
5. Excused absences shall be limited to those which meet both of the following requirements:
- a. The absent Commissioner must have informed the chair and the staff liaison to the Commission, of their intended absence prior to the scheduled meeting. (Failure to inform the chair and the staff liaison prior to the meeting shall result in an unexcused absence unless an unusual circumstance prevents advance notice.); and
 - b. The following shall be considered an excused absence:
 - i. An absence due to illness of the Commissioner; or
 - ii. An absence due to a medical emergency of the Commissioner or the Commissioner's immediate family (spouse, domestic partner, parent, child, sibling, or dependent); or
 - iii. An absence due to the Commissioner's need to provide direct caregiving related to the illness of the Commissioner's immediate family (spouse, domestic partner, parent, child, sibling, or dependent); or
 - iv. An absence due to the death of a Commissioner's immediate family (spouse, domestic partner, parent, child, sibling, or dependent); or
 - v. An absence because a Commissioner is away on authorized commission business; or
 - vi. An absence due to required military service; or
 - vii. An absence related to Federal and State Family Leave.
- 5.6. For all Commissions other than the Finance Commission, The vacant positions shall be filled by appointment by a majority vote of the Town Council, for a term equal to the unexpired portion of the office vacated. Any member removed from office due to non-attendance may re-apply to serve on a Town ~~Advisory Body~~Commission but will not be treated as an incumbent in any subsequent application to the same ~~Advisory Body~~Commission.

~~6. If a Youth Commissioner liaison misses three meetings of a liaison Commission during a consecutive twelve (12) month period*, the Youth Commission shall appoint a different Youth Commissioner as liaison.~~

~~* Percentages will be rounded to the nearest whole number using standard rounding rules (less than .5 will round down and .5 or more will round up) and if the Commissioner was appointed to fill a vacancy, more than twenty percent of the total number of remaining scheduled regular meetings in that calendar year.~~

~~** Consecutive twelve (12) month period is defined as any consecutive twelve-month period beginning with the first absence. A calendar year is defined as January 1 through December 31. Any absence that causes the cancellation of a regular meeting due to lack of a quorum shall be counted as an absence for the Commissioner. A regular meeting shall not be cancelled and replaced with a special meeting in order to alleviate an absence by an advisory body member Commissioner.~~

QUORUM REQUIREMENTS

The number of members needed to constitute a quorum on any Town ~~Advisory Body~~ Commission shall be a majority of the ~~total number of filled seats~~ Commission.

PROCEDURES

The following procedures will be followed by the applicant, the Town Clerk, and the Town Council for the appointment of applicants to Town Commissions:

Responsibility and Actions: Town Clerk

A. Annual Recruitments

Adult ~~Commission member~~ Commissioners' terms begin on January 1st and end on December 31st, Youth Commissioners' terms ~~follow the academic year and~~ begin on August September 1st and end on June May 31st. The Town Clerk shall perform the following duties in conducting an annual recruitment for ~~Commission member~~ Commissioners:

1. Notify Town Council of vacancies on Commissions by indicating the names of the Commissions, the number of terms expiring or being vacated, names of individual(s) with expiring terms or vacating seats, advertising periods (at least 30 days) and the date of interview.
2. Advertise the vacancies, including the application deadline and the interview date. Interviews and appointments for Adult Commissioners shall occur after annual Mayor and Vice Mayor selection, and in the case of election years, after new Council Members have been seated. Interviews and appointments for Youth Commissioners shall occur by the fourth Wednesday in May, no earlier than 4:00 p.m.

3. Prepare and maintain easily understood applications for appointment to Commissions. Applications shall include the following policy information:
 - a. Prior to initial appointment to any Commission, non-incumbent applicants must be interviewed by the Town Council, with the exception of the Finance Commission which will be interviewed by the appointing Council Member. The applications of those not ~~appearing-interviewed~~ will be held for the next recruitment.
 - b. If an incumbent Commissioner is requesting reappointment to the same Commission and is not available to be interviewed, the incumbent may ~~submit a request to be interviewed by telephone, with their application, instead of attending the interview or must~~ submit a letter prior to the interviews, describing the reason why the applicant cannot be present telephonically via teleconference or in person for the interview, and why the applicant should be reappointed to the Commission.
 - c. Submission~~s~~ deadlines are mandatory; no exceptions are permitted.
4. Applications:
 - a. *For adult applicants* — Accept applications, verify eligibility, and distribute copies of the applications of eligible applicants to the Town Council prior to the interviews for appointment.
 - b. *For student applicants* — Accept applications, verify eligibility, and distribute copies of the applications of eligible applicants to the Town Council Selection Committee, consisting of the Mayor, Vice Mayor, Police Chief, and Youth Commission Chair (if not reapplying), prior to the interviews for appointment.
5. Notify the applicant by letter or email as to the date and time of the interview and provide the option for an in person or teleconference interview.
6. Facilitate the Council voting process set forth below by informing the Council as to how many votes are possible on each Commission, calling out applicants' names, and identifying the applicants receiving sufficient votes for appointment. This voting process does not apply to ~~student~~ Youth Commission or Finance Commission applicants.
7. Applicants:
 - a. *For adult applicants* — After the interviews and the Council votes~~s~~ are completed, notify all applicants of the Council's action, and explain the Town's policy of keeping application~~s~~ active for one year with notification of subsequent openings on that Commission to the interested applicants.
 - b. *For ~~student~~ Youth Commission applicants* — After the interviews are completed, notify all applicants of the Council Committee's action, and prepare a staff report for the Town Council to ratify the Committee's appointment at the first Town Council meeting in June.

Interview Process

To ensure the interview process is consistent, fair, and equitable, each applicant shall be asked the same standard questions, as provided below. Notwithstanding, no Council Member shall be prevented from asking appropriate questions of applicants.

1. If appointed, what ideas would you like to see the Commission explore?
2. Please expand beyond the written response on your application: your experience, interest, and/or expertise that you feel would be most useful to the Commission.
3. Please elaborate on any written response provided in the application to assist the Council learn more about you.
4. If you did not answer any of the questions on the application, please explain why.

The standard questions are limited in number to allow an applicant sufficient time to respond. While the intent is for each Council Member to be able to ask one question of each applicant, the Council may decide not to ask all of the provided questions, change the order of the questions, or rotate which Council member asks a specific question. Applicants will be given a two-minute time limit to answer each question.

Balloting Process

Unless determined otherwise, the Council shall conduct a ballot vote for the appointment of individuals to fill the vacancies for each Commission with the exception of the Finance Commission. Such ballot vote may be conducted at either a regular, adjourned, or special meeting of the Town Council. The ballot vote process shall be conducted as follows:

1. The Town Clerk shall provide a ballot to each Town Council member listing the names of all applicants and “None of the above” for each respective Commission. Prior to the vote, the Town Clerk shall publicly announce the position vacancy and all applicant names that are listed on the ballot.
2. Each Council member may vote for the same number of applicants as there are current vacancies on the respective Commission. In no case, can a Council Member cast more votes than there are vacancies; or vote for the same candidate more than once on each ballot (i.e. cumulative voting -- e.g. where there are three vacancies, a Council member may not give all three votes to the same candidate). A Council Member is not required to vote for any of the candidates or for the total number of vacancies available.
3. The Town Clerk shall collect all ballots and shall publicly announce the name of each Town Council member and how that Council member cast his or her vote. In the case of a tie vote, the Town Clerk will announce that there is a tie and that a run-off vote shall be conducted but will not announce the names of the applicants in the run-off. Once all voting is concluded and a decision made, the votes will be made public. The run-off ballot will also include a “None of the above” option.
4. Applicants receiving a majority number of votes shall be deemed appointed to the Commission. In the event of a tie, a run-off vote shall be conducted among the applicants receiving the highest number of votes from the previous round. This shall continue until a majority consensus on an applicant(s) is reached for the number of vacancies to be filled. In the event of an unbreakable tie, the Council may determine an alternative method for selecting the appointee(s) or direct the Town Clerk to re-advertise the vacancy.

5. If an applicant(s) is appointed to an ~~Advisory Body~~ Commission ~~which that~~ has vacancies for both full and partial, unexpired terms, the length of the appointee's term will be determined by the Mayor.

B. Mid-Term Recruitments

During the year, Commissions may experience vacancies that drop the number of filled seats to a number of members that is not sufficient to conduct Commission business. The Commission may request the Council to conduct a mid-term recruitment to fill seats. To the extent possible, the Town Clerk will consolidate mid-term recruitments to minimize the number of recruitments occurring throughout the year. In the event of a vacancy on the Planning Commission, the Town will automatically conduct a mid-term recruitment. Mid-term recruitments will not be conducted for Youth Commissioners. The Town Clerk shall advertise mid-term vacancies on Commissions for at least 15 days.

Responsibility and Action: Applicant

1. Read the Commission Appointments, Residency and Attendance Requirements, and Establishing a Quorum Policy, complete and submit to the Town Clerk the application for appointment to a Town Commission by the advertised deadline date and time.
2. *For adult applicants:* Attend the Council meeting to be interviewed for the Commission appointment. The applicant is required to notify the Town Clerk no later than 4:00 p.m. ~~the Friday~~ three business days before the scheduled interview date whether they will not attend in person or via teleconference.
3. *For student applicants:* Attend the Council Selection Committee interview session. The applicant is required to notify the Town Clerk no later than 4:00 p.m. the three business days ~~Friday~~ before the scheduled interview date whether they will not attend in person or via teleconference.
4. If an incumbent ~~Commission member~~ Commissioner is requesting reappointment to the same Commission and is not available on the date of the interview, the incumbent must submit a letter by 4:00 p.m. the three business days ~~Friday~~ prior to the interviews, describing the reason why the applicant cannot be present via teleconference telephonically or in person for the interview, and why the applicant should be reappointed to the Commission.
5. If appointed, prior to starting the Commission term, appointees are required to attend a Commissioner Orientation and take the "Oath of Office."
6. Attend ~~Advisory Body~~ Commission meetings once term begins.
7. Read the Commissioners' Handbook available online. ~~Hard copies of the Handbook are to be returned to the Town Clerk when the term is complete.~~

Responsibility and Action: Town Council

1. Review applications.

- 2. *For adult applicants* – Interview applicants ~~individually~~ by Commission at a public meeting with all applicants present.
For student applicants – Town Council Selection Committee interviews applicants.
- 3. Determine if the incumbents not in attendance and having submitted a letter pursuant to this Policy should be considered for reappointment.
- 4. If there are limited applications for any vacancy to a Commission, the Mayor, on behalf of the Council, may request that the Town Clerk re-advertise the vacancy, reschedule the interviews, and notify all applicants of the new interview date.

COMPLIANCE - GROUNDS FOR DISMISSAL/REAPPOINTMENT GUIDELINES

~~A member~~ An individual who has been ~~may be~~ removed from ~~at the Advisory Body~~ Commission ~~prior to the end of his or her term by a three-fifths (3/5) vote of the Town Council and for the following reasons,~~ may not be reappointed for the following reasons:

- ~~1. Failure to attend Advisory Body meetings.~~
- ~~2.1.~~ 1. Failure to file the following documents required by the Fair Political Practices Commission (Adult Commissioners):
 - a. Form 700 – Assuming Office, Annual, and Leaving Office when term is complete.
 - b. Planning Commissioners are also required to complete AB 1234 Ethics Training and file the original certificate with the Town Clerk every two years.
- ~~3.2.~~ 2. Failure to comply with all Town Policies, Guidelines, and Handbooks.

CONFLICT OF INTEREST

Under the Fair Political Practice Act, a ~~n advisory board member~~ Commissioner has a disqualifying conflict of interest in a governmental decision if it is foreseeable that the decision will have a financial impact on his or her personal finances or other financial interests. In such cases, there is a risk of biased decision-making that could sacrifice the public’s interest in favor of the official’s private financial interests. To avoid actual bias or the appearance of possible improprieties, the public official is prohibited from participating in the decision. While all Commissioners must comply with the Fair Political Practice Act regulations, they should avoid the appearance of a conflict of interest.

The Fair Political Practice Act does not prohibit a ~~n advisory board member~~ Commissioner from participating in a decision simply by virtue of holding a position as a board member, director, officer, or employment with a nonprofit corporation. However, the Town strongly encourages that in the event that a decision concerns a nonprofit corporation for which a ~~n advisory board member~~ Commissioner is a board member, director, officer, or employed with that nonprofit corporation, the person should recuse him or herself and at a minimum shall disclose the potential conflict of interest before any discussion and decision.

APPROVED AS TO FORM:

Gabrielle Whelan, Town Attorney