TOWN OF LOS GATOS
COUNCIL MEETING AGENDA
DECEMBER 16, 2025
110 EAST MAIN STREET AND TELECONFERENCE
TOWN COUNCIL CHAMBERS
7:00 PM

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

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through Zoom Webinar (log-in information provided below). You may watch the Council meeting without providing public comment on Comcast cable channel 15 or at www.LosGatosCA.gov/TownYouTube. Members of the public may provide public comments for agenda items in-person or virtually by following the instructions listed at the end of the agenda.

To watch and participate via Zoom, please go to:

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

Enter Passcode: 577971

CALL MEETING TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

CONSENT ITEMS *(Consent Items are considered routine Town business and may be approved by one motion. Any member of the Council may remove an item from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Mayor asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions located at the end of this agenda. If an item is removed, the Mayor has the sole discretion to determine when the item will be heard.)*

1. **Approve the Minutes of the November 24, 2025, Special Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the November 24, 2025, Special Town Council Meeting.

2. **Approve the Minutes of the December 2, 2025, Closed Session Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the December 2, 2025, Closed Session Town Council Meeting.

3. **Approve the Minutes of the December 2, 2025, Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the December 2, 2025, Town Council Meeting.

4. **Approve the Minutes of the December 9, 2025, Special Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the December 9, 2025, Special Town Council Meeting.

5. **Receive the October 2025 Monthly Financial and Investment Report and the Revised September 2025 Financial and Investment Report.**
RECOMMENDATION: Receive the October 2025 Monthly Financial and Investment Report and the Revised September 2025 Financial and Investment Report.

6. **Adopt Council Committee Appointments Effective January 1, 2026.**
RECOMMENDATION: Adopt Council Committee Appointments effective January 1, 2026.

7. **Receive Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, and Adopt a Resolution Confirming June 30, 2025 Fund Balances in Accordance With Fiscal Year 2024-25 Final Audit and Town Council General Fund Reserve Policy.**
RECOMMENDATION: Receive the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2025, as recommended by the Finance Commission, and adopt a Resolution Confirming June 30, 2025, Fund Balances in Accordance with Fiscal Year 2024-25 Final Audit and Town Council General Fund Reserve Policy.

8. **Authorize the Town Manager to Execute a Notice of Completion for the Civic Center HR Offices and ADA Ramp Project (CIP No. 821-2117) and Authorize Staff to Record the Notice of Completion.**
RECOMMENDATION: Accept the Civic Center Human Resources Offices and ADA Ramp Project (CIP No. 821-2117) and authorize the Town Manager to execute a Notice of Completion; and direct staff to record the Notice of Completion.

9. **Adopt a Resolution Setting the Compensation and Benefits for Management and Confidential Employees.**
RECOMMENDATION: Adopt a resolution setting the salary and benefits for employees in the Management and Confidential employee groups.

10. **Authorize the Town Manager to Reopen the Los Gatos Creek Trailhead Connector Project (4118503, 4218503; CIP 832-4505), Authorize Associated Budget Adjustments, and Authorize the Town Manager to Execute an Amendment to the Agreement for Services with Zoon Engineering.**
RECOMMENDATION: Authorize an expenditure budget adjustment in the amount of $89,726 from previously awarded One Bay Area Grant funds; authorize an expenditure budget adjustment in the amount of $421 from previously awarded Transportation Fund for Clean Air Grant funds; authorize an expenditure budget adjustment in the amount of $3,188 from the General Fund Appropriations Reserve; and authorize the Town Manager

to execute the Second Amendment to the Agreement with Zoon Engineering to extend the agreement date to March 31, 2026.

11. **Approve the 2026 Town Council Meeting Schedule.**
RECOMMENDATION: Approve the proposed regular meeting schedule for 2026, with a modification to change the first meeting in November to Monday, November 2, 2026, to avoid conflicts with Election Day.

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.)*

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

12. **Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Gitta Ungvari.**
RECOMMENDATION: Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Gitta Ungvari as the interim Administrative Services Director in the Finance Department.

13. **Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Jose Reyes.**
RECOMMENDATION: Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Jose Reyes as extra help in the Police Department.

14. **Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Janette Judd.**
RECOMMENDATION: Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Janette Judd as an Interim Executive Assistant to the Town Manager in the Town Manager's Office.

15. **Discuss, Consider, and Provide Direction to Modify the Town of Los Gatos Flag Policy for TownOwned Flagpoles, Including Potential Future Display of the Pride Flag During LGBTQ+ Pride Month in June 2026.**
RECOMMENDATION: Discuss and provide direction on a preferred policy approach for modifying the Town's Flag Policy to address commemorative flags.

16. **Approve the Senior Services Roadmap Update and Next Steps.**

RECOMMENDATION: Approve the report on Senior Services Roadmap Update and Next Steps, and provide any direction.

17. **Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update.**
RECOMMENDATION: Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update.

18. **Adopt by Resolution "Statement and Findings" in Response to a Challenged Conduct Notice Submitted Regarding a Planning Application for the Proposed Project at 14288 Capri Drive.**
RECOMMENDATION: Adopt by resolution "Statement and Findings" in response to a Challenged Conduct Notice submitted regarding a planning application for the proposed project at 14288 Capri Drive.

19. **Adopt the Revised Town Agenda Format and Rules Policy 2-01.**
RECOMMENDATION: Adopt the revised Town Agenda Format and Rules Policy 2-01.

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

HOW TO PARTICIPATE

Members of the public may provide public comments for agenda items in-person or virtually through the Zoom Webinar by following the instructions listed below.
The public is welcome to provide oral comments in real-time during the meeting in three ways:

- **Zoom Webinar (Online)**: To participate from a PC, Mac, iPad, iPhone or Android device. Please use this URL to join: https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqIdSSWpjxYoK.1
  Passcode: **577971**. You can also type in **867 3036 3468** in the "Join a Meeting" page on the Zoom website at www.zoom.us and use passcode **577971**. When the Mayor announces the item for which you wish to speak, click the "raise hand" feature in Zoom.
- **Telephone**: To participate by phone please dial 1 (408) 961-3927 or 1 (855) 758-1310 for US Toll-free and use Meeting ID: **867 3036 3468**. When the Mayor announces the item for which you wish to speak, press *9 on your telephone keypad to raise your hand.
- **In-Person**: Please complete a "speaker's card" located on the back of the chamber benches and submit it to the Town Clerk before the meeting or when the Mayor announces the item for which you wish to speak.

NOTES: Comments will be limited to three (3) minutes or less at the Mayor's discretion. If you are unable to participate in real-time, you may email to Clerk@losgatosca.gov the subject line "Public Comment Item #__ " (insert the item number relevant to your comment).
Deadlines to submit written comments are:

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/25
ITEM NO: 1

DRAFT
Minutes of the Town Council Special Meeting – Commissioner Interviews
Monday, November 24, 2025
5:15 P.M.

The Town Council of the Town of Los Gatos conducted this special meeting in person and utilizing teleconferencing means.

MEETING CALLED TO ORDER AT 5:20 P.M.

Mayor Hudes welcomed applicants and provided introductory comments.

ROLL CALL

Present: Mayor Matthew Hudes, Vice Mayor Rob Moore, Council Member Mary Badame, Council Member Rob Rennie, Council Member Maria Ristow.
Absent: None.

Wendy Wood, Town Clerk, explained the interview process.

VERBAL COMMUNICATIONS

Member of the Public

- Commented on various commissions.

OTHER BUSINESS

1. Interview Applicants and Make Appointments to Town Boards, Committees, and Commissions.

Mayor Hudes provided comments to explain the interview process that will be used for the meeting.

Mayor Hudes stated that if an applicant is not selected for the Board, Commission, or Committee for which they applied, the applicant may indicate their desire to be appointed to the Personnel Board or the Community Health and Senior Services Commission.

The Town Council interviewed the following applicants:

- **COMMUNITY HEALTH AND SENIOR SERVICES COMMISSION (CHSSC)**
  - Shailaja Venkatsubramanayan

- **PLANNING COMMISSION (PC)**
  - Nigel Chandler
  - Jeffrey Barnett
  - Ed Boland
  - Adam Mayer

- **COMPLETE STREETS AND TRANSPORTATION COMMISSION (CSTC)**
  - Thomas Theakanath
  - Nigel Chandler
  - Sanem Alkan (Sam)
  - Tanya Stafford (Lauren)
  - Jeffrey Suzuki (Jeff)

- **PARKS AND SUSTAINABILITY COMMISSION (PARKS)**
  - Chirag Mapara
  - Mark Richard
  - Linus Lundberg
  - Carla Richard

Mayor Hudes called a recess at 7:04 p.m.
The meeting was reconvened at 7:18 p.m.

- **LIBRARY BOARD (LIB)**
  - Abby (Horowitz) Bramley
  - Bernadette White
  - Edana Beck
  - Kathleen Yen (Kathy)

- **PERSONNEL BOARD**
  - Martha Johanson

- **DIVERSITY, EQUITY, AND INCLUSION COMMISSION (DEIC)**
  - Laleh Imanverdi (employee)
  - Tooba Ahmed (non-profit employee)
  - Lynn Bruno (resident)
  - Patricia Uro-May (resident)
  - Joy Su (resident)
  - Charlotte Sparacino (resident)

- **ARTS AND CULTURE COMMISSION (ACC)**
  - Joy Su
  - Anne Lamborn
  - Julie Mauerer
  - Maureen Cappon-Javey
  - Stephaine Wallace

Mayor Hudes called a recess at 9:11 p.m.
The meeting was reconvened at 9:20 p.m.

Ballots were distributed to each Council Member, and the Town Clerk explained that a candidate must receive a majority vote of three or more to be appointed. The Council Members completed their ballots and provided them to the Town Clerk. Town Clerk Wood read the votes and appointments as follows (Note: applicants not listed did not receive a vote):

- **COMMUNITY HEALTH AND SENIOR SERVICES COMMISSION (CHSSC)**
  - Shailaja Venkatsubramanayan received four votes (Moore, Badame, Ristow, and Rennie).

Shailaja Venkatsubramanayan was appointed to the Community Health and Senior Services Commission by a majority vote.

- **PLANNING COMMISSION (PC)**
  - Adam Mayer received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Jeffrey Barnett received three votes (Moore, Rennie, and Ristow).
  - Ed Boland received two votes (Hudes and Badame).

Adam Mayer and Jeffrey Barnett were appointed to the Planning Commission by a majority vote.

- **COMPLETE STREETS AND TRANSPORTATION COMMISSION (CSTC)**
  - Thomas Theakanath received one vote (Hudes).
  - Nigel Chandler received four votes (Moore, Badame, Rennie, and Ristow).
  - Sanem Alkan received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Tanya Stafford received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Jeffrey Suzuki received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).

Nigel Chandler, Sanem Alkan, Tanya Stafford, and Jeffrey Suzuki were appointed to the Complete Streets and Transportation Commission by a majority vote.

- **PARKS AND SUSTAINABILITY COMMISSION (PARKS)**
  - Chirag Mapara received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Mark Richard received two votes (Moore and Rennie).
  - Linus Lundberg received four votes (Hudes, Badame, Rennie, and Ristow).
  - Carla Richard received four votes (Hudes, Moore, Badame, and Ristow).

Chirag Mapara, Linus Lundberg, and Carla Richard were appointed to the Parks and Sustainability Commission by a majority vote.

- **LIBRARY BOARD (LIB)**
  - Abby Bramley received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Bernadette White received three votes (Moore, Badame, and Rennie).
  - Edana Beck received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Kathleen Yen received two votes (Hudes and Ristow).

Abby Bramley, Bernadette White, and Edana Beck were appointed to the Library Board by a majority vote.

- **PERSONNEL BOARD**
  - Martha Johanson received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).

Martha Johanson was appointed to the Personnel Board by a majority vote.

- **DIVERSITY, EQUITY, AND INCLUSION COMMISSION (DEIC)**
  - Laleh Imanverdi received two votes for the Los Gatos Business Owner or Employee seat (Hudes and Badame).
  - Tooba Ahmed received a unanimous vote for the Non-Profit Employee seat (Hudes, Moore, Badame, Ristow, and Rennie).
  - Lynn Bruno received a unanimous vote for the Resident seat (Hudes, Moore, Badame, Ristow, and Rennie).
  - Patricia Uro-May received one vote for the Resident seat (Rennie).
  - Joy Su received two votes for the Resident seat (Moore and Ristow).

Tooba Ahmed was appointed to the Diversity, Equity, and Inclusion Commission for a Non-Profit Employee seat; Lynn Bruno was appointed to the Diversity, Equity, and Inclusion Commission for a Resident seat.

The Town Clerk announced that another ballot will be distributed to determine the third seat.

- **ARTS AND CULTURE COMMISSION (ACC)**
  - Joy Su received two votes (Hudes and Rennie).
  - Anne Lamborn received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Maureen Cappon-Javey received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).
  - Stephaine Wallace received three votes (Moore, Badame, and Ristow).

Anne Lamborn, Maureen Cappon-Javey, and Stephaine Wallace were appointed to the Arts and Culture Commission by a majority vote.

Run-off ballots for the Diversity, Equity, and Inclusion Commission were distributed to each Council Member. The Council Members completed the supplementary ballots and provided them to the Town Clerk. Town Clerk Wood read the votes and appointments as follows:

- **DIVERSITY, EQUITY, AND INCLUSION COMMISSION (DEIC)**
  - Laleh Imanverdi received one vote for the Los Gatos Business Owner or Employee seat (Badame).
  - Patricia Uro-May received one vote for the Resident seat (Hudes).
  - Joy Su received three votes for the Resident seat (Moore, Rennie, and Ristow).

Joy Su was appointed to the Diversity, Equity, and Inclusion Commission for a Resident seat.

The names of the applicants interested in serving on the Community Health and Senior Services Committee were added to a supplementary ballot and were distributed to each Council Member. The Council Members completed the supplementary ballots and provided them to the Town Clerk. Town Clerk Wood read the votes and appointments as follows:

- **COMMUNITY HEALTH AND SENIOR SERVICES COMMISSION (CHSSC)**
  - Patricia Uro-May received a unanimous vote (Hudes, Moore, Badame, Ristow, and Rennie).

Patricia Uro-May was appointed to the Community Health and Senior Services by a majority vote.

ANNOUNCEMENT OF FINANCE COMMISSION APPOINTMENT

Council Member Rennie announced Linda Reiners as his appointment to the Finance Commission.

MOTION: **Motion** by **Mayor Hudes** to extend the recruiting period for Personnel Board and Community Health and Senior Services Commission until January 12, 2026. **Seconded by Vice Mayor Moore**

VOTE: **Motion passed unanimously**

ADJOURNMENT

The meeting adjourned at 9:59 p.m.

Respectfully Submitted:

_____

Keara Johnson, Deputy Town Clerk

TOWN OF LOS GATOS
COUNCIL CLOSED SESSION MINUTES

MEETING DATE: 12/16/2025
ITEM NO: 2

DRAFT
Minutes of the Town Council Special Meeting – Closed Session
Tuesday, December 2, 2025

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

MEETING CALLED TO ORDER AT 5:17 P.M.

ROLL CALL
Present: Mayor Matthew Hudes, Vice Mayor Rob Moore (arrived at 5:23 p.m.), Council Member Mary Badame, Council Member Rob Rennie, and Council Member Maria Ristow.
Absent: None.

VERBAL COMMUNICATIONS (ONLY ON ITEMS ON THE AGENDA)
No one spoke.

Gabrielle Whelan, Town Attorney, announced the closed session title as listed on the agenda.

THE TOWN COUNCIL MOVED TO CLOSED SESSION ON THE FOLLOWING ITEMS:
1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
   Significant exposure to litigation pursuant to subdivision (d)(2) of Government Code Section 54956.9: 2 cases
2. CONFERENCE WITH LEGAL COUNSEL— EXISTING LITIGATION (Government Code §54956.9(d)(1))
   Los Gatos LLC v. Town of Los Gatos
   Santa Clara County Superior Court Case Number: 25CV467536

The Council recessed at 6:40 p.m. with the intention of reconvening in closed session after its regular meetings.

The Council reconvened in closed session at approximately 9:22 p.m.

There was no reportable action.

ADJOURNMENT
The meeting adjourned at approximately 10:29 p.m.

Attest:

_____
Jenna De Long, Deputy Town Clerk

Submitted by:

_____
Chris Constantin, Town Manager

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 3

DRAFT
Minutes of the Town Council Meeting
Tuesday, December 2, 2025

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 Matthew Hudes, Vice Mayor Rob Moore, Council Member Mary Badame, Council Member Rob Rennie, Council Member Maria Ristow.
Absent: None.

PLEDGE OF ALLEGIANCE
Mayor Hudes invited Ben Daniel to lead the Pledge of Allegiance. The audience was invited to participate.

The Mayor announced that items seventeen and eighteen will be moved to the next regular meeting, and that item twelve will be addressed immediately after the Youth Commission's presentation on their work plan.

PRESENTATIONS
The Youth Commission gave a presentation on their work plan.

OTHER BUSINESS
12. Approval of a Two-Year Work Plan for the Los Gatos Youth Commission (2026 - 2028).

Council discussed the item.

Mayor Hudes opened public comment.

No one spoke.

Mayor Hudes closed public comment.

MOTION: **Motion** by **Council Member Ristow** to approve the work plan with the change suggested by the Vice Mayor [support the Town of Los Gatos's implementation of the 2026 statewide plastic bag ban through educating residents and recognizing businesses that comply with the new law]. **Seconded** by **Vice Mayor Moore.**

VOTE: Motion passed unanimously.

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

1. Approve the Minutes of the November 18, 2025, Town Council Meeting.
2. Adopt a Resolution Declaring Weeds a Public Nuisance, Ordering Such Nuisance to be Abated, and Setting a Public Hearing Date of February 3, 2026, to Consider Objections to the Proposed Abatement. **RESOLUTION 2025-060**
3. Authorize the Town Manager to Execute a Third Amendment to an Agreement for Services with OpenGov, Inc., for an Amount Not to Exceed $401,214.79.
4. Authorize the Town Manager to Execute an Agreement for Consultant Services with Dudek for the Preparation of an Urban Forest Management Plan for an Amount Not to Exceed $243,810 and Approve Revenue and Expenditure Budget Adjustments in the Amount of $243,810.
5. Receive an Annual Report Regarding the Independent Police Auditor Function.
6. Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with Lisa Wise, Inc., Revising the Scope of Work at No Additional Cost.
7. Adopt an Ordinance of the Town Council of the Town of Los Gatos Repealing Chapter 6, "Building Regulations," and Chapter 9, "Fire Prevention and Protection," of the Town of Los Gatos Municipal Code, and Replacing Them with a New Chapter 6, "Building Code and Regulations," that Includes the New 2025 California Building, Fire, and Reach Codes as Amended. Amendments Include Updated Fire Safety Requirements in Wildland Urban Interface Areas for New, Renovated, or Repaired Structures, as well as Reach Codes Affecting Air Conditioning Replacement and Electrical Readiness in Renovations/Alterations. Town Code Amendment Application A25-005. Project Locations: Town Wide. Applicant: Town of Los Gatos.
   Ordinance Title: An ordinance of the Town Council of the Town of Los Gatos Repealing Chapter 6, "Building Regulations," and Chapter 9, "Fire Prevention and Protection," and Replacing Them with a New Chapter 6, "Building Codes and Regulations," that Includes the New 2025 California Building, Fire, and Reach Codes, as Amended. Amendments Include Updated Fire Safety Requirements in Wildland Urban Interface Areas for New, Renovated, or Repaired Structures. **ORDINANCE 2380**
8. Authorize the Town Manager to Execute Agreements for Environmental Consultant Services with David J. Powers and Associates, EMC Planning Group, Inc., and Raney Planning and Management, Inc.
9. Authorize the Town Manager to Execute the First Amendment to an Agreement for Services with Los Gatos Monte Sereno Safe Routes to School Program for an Amount of $371,158.26 Plus Annual CPI Increases, and Budget Adjustments in the Amount of $88,457 to Recognize Annual Funding from Valley Transportation Authority's Measure B Education & Encouragement Program (CIP No. 812-0134).
10. Authorize the Town Manager to Execute a Fourth Amendment to the Agreement for Services with Sequoia Ecological Consulting Inc.

11. Authorize the Town Manager to Reopen the Building Replacement at Corporation Yard Project (4118715; CIP No. 821-2302) and Authorize an Expenditure Budget Adjustment in the Amount of $83,565.38.
12. Approval of a Two-Year Work Plan for the Los Gatos Youth Commission (2026 - 2028).
13. Authorize the Town Manager or Designee to Enter into a First Amendment to the Contract for Litigation Legal Services for FY 2025-26 with Goldfarb and Lipman to Increase the Contract Amount by $150,000.00, for a Total Contract Amount Not to Exceed $350,000.00 and Authorize an Expenditure Budget Adjustment of $150,000.00 from the General Fund Unassigned Fund Balance.
14. Authorize the Town Manager to Execute a Fifth Amendment in substantially the form presented with Hinderliter de Llamas & Associates dba HdL Companies for Sales or Transaction and Use Tax Management and Audit Services; Adopt a Resolution as Required by the California Department of Tax and Fee Administration (CDTFA), Authorizing Certain Town Representatives and a Town Contractor Access to Sales or Transactions, and Use Tax Records Pursuant to Revenue and Taxation Code Section 7056; and Rescind Resolution 2025-051. **RESOLUTION 2025-063**
15. Authorize a Revenue and Expenditure Budget Adjustment in the Amount of $9,500.00 from the Town's Public Art Fund for the Forbes Mill Footbridge Children's Art for Fiscal Year 2025-26.
16. Adopt a Resolution Modifying the Hours of Enforcement for Passenger Loading Zones on East Main Street Adjacent to Los Gatos High School. **RESOLUTION 2025-061**

Mayor Hudes opened public comment.

Lee Quintana
- Commented on item eight.

Mayor Hudes closed public comment.

MOTION: **Motion** by **Council Member Ristow** to approve items one through eleven, and thirteen through sixteen. **Seconded** by **Vice Mayor Moore.**

VOTE: **Motion passed unanimously.**

VERBAL COMMUNICATIONS

Sudhana Belur, Indigenous Justice Coalition
- Commented on the federal recognition for Muwekma Ohlone Tribe.

Parker Huynhm, Indigenous Justice Coalition
- Commented on the federal recognition for Muwekma Ohlone Tribe.

Ray He, Indigenous Justice Coalition
- Commented on the federal recognition for Muwekma Ohlone Tribe.

Gavin Chang, Indigenous Justice Coalition
- Commented on the federal recognition for Muwekma Ohlone Tribe.

OTHER BUSINESS

17. Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Gitta Ungvari.

    This item was moved to the next regular Town Council Meeting (December 16).

18. Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Janette Judd.

    This item was moved to the next regular Town Council Meeting (December 16).

19. Resolution Terminating Membership in the Pooled Liability Assurance Network Joint Powers Authority and Authorizing Membership in the California Joint Powers Insurance Authority (CJPIA) to Obtain Risk Management and Insurance Coverages. **RESOLUTION 2025-062**

Chris Constantin, Town Manager, presented the staff report and provided a presentation outlining the purpose of the item, the staff recommendation, and an overview of the item.

The Council asked questions of a CJPIA representative.

Mayor Hudes opened public comment.

No one spoke.

Mayor Hudes closed public comment.

Council asked questions and discussed the item.

MOTION: **Motion** by **Council Member Badame** to adopt a resolution authorizing the Town Manager and Town Attorney to issue written notice of termination of the Town's membership in the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) at the end of the fiscal year and to execute all necessary agreements to join the California Joint Powers Insurance Authority (CJPIA) and obtain risk management and insurance coverages. **Seconded** by **Vice Mayor Moore**.

VOTE: **Motion passed unanimously.**

COUNCIL/TOWN MANAGER REPORTS

Council Matters

20. Discuss a Letter from the Historic Preservation Committee to the Town Council Regarding Future Historic Preservation Workplan Items and Provide Direction to Staff.

Sean Mullin, Planning Manager, presented the staff report.

Mayor Hudes opened public comment.

Lee Quintana, Historic Preservation Committee Chair
- Commented on the proposed work plan items.

Susan Burnett
- Commented on the reasons for the proposed workplan items.

Mayor Hudes closed public comment.

The Council asked questions and discussed the item.

MOTION: **Motion** by **Mayor Hudes** to ask staff to evaluate the level of effort and the feasibility of the following items: preserving smaller homes, reviewing the boundaries of the historic districts, refreshing the Bloomfield survey, considering replacement structure historically relevant, and adopting pre-1941 to seventy year rolling, and to update and clarify definitions and required findings for determining [historic] status after the objective standards have been substantially completed. **Seconded** by **Council Member Badame**.

VOTE: **Motion passed unanimously.**

Council Matters

- Council Member Badame stated she participated in a meeting of the Silicon Valley Animal Control Authority (SVACA), a resident wildfire advisory group; attended a Diversity, Equity, and Inclusion Commission (DEIC) meeting as an observer, and a meeting of the Finance Commission as an observer.
- Council Member Ristow stated she attended the Los Gatos Interfaith Thanksgiving Service, the Live Oak Thanksgiving Celebration, a Silicon Valley Clean Energy Authority (SVCEA) Finance and Administration Committee meeting; met with the North40 developers, and residents.
- Vice Mayor Moore stated he attended the Los Gatos Interfaith Thanksgiving Service, a meeting with El Camino Hospital representatives, Muse Markets, a Finance Commission meeting, and other meetings.
- Council Member Rennie stated he attended the SVCEA Risk Oversight Committee meeting.
- Mayor Hudes stated he met with neighbors of the Twin Oaks development; observed the DEIC meeting; participated in meetings with the Community Center group, SVCEA, the West Valley Mayors and Managers, and the Los Gatos Thrives Foundation.

Town Manager Report
Chris Constantin, Town Manager
- Stated he had no report.

Closed Session Report
Gabrielle Whelan, Town Attorney
- Stated that the Town Council started closed session (before the regular meeting) and will reconvene in closed session after the regular meeting is adjourned, and will return to the Chambers to report out.

ADJOURNMENT
The meeting adjourned at 9:17 p.m.

Respectfully Submitted:

_____
Jenna De Long, Deputy Town Clerk

DRAFT
Minutes of the Town Council Special Meeting
Tuesday, December 9, 2025

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

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

ROLL CALL

Present: Mayor Matthew Hudes, Vice Mayor Rob Moore, Council Member Mary Badame, Council Member Rob Rennie, Council Member Maria Ristow.
Absent: None.

VERBAL COMMUNICATIONS (ONLY ON ITEMS ON THE AGENDA)

Maragret Abe-Koga, Santa Clara County District 5 Supervisor

- Commented on the partnership with Town's, commended outgoing Mayor Matthew Hudes, and presented him with a commendation.

Mayor Hudes recognized elected officials in the audience.

Raanin Mohsen, Director for Congressman Sam Liccardo

- Commended outgoing Mayor Hudes for his service to the Town and partnership with Sam Liccardo's Office and presented him with a certificate.

Belal Aftab, Saratoga City Council Member

- Commended outgoing Mayor Hudes and congratulated the incoming Mayor.

OTHER BUSINESS

1. Recognize Outgoing Mayor Matthew Hudes; and Elect a Mayor and Vice Mayor.

Chris Constantin, Town Manager, presented a video commemorating Mayor Hudes's year as Mayor and presented the Mayor with a commemorative plaque.

Mayor Hudes opened public comment.

Gail Pellerin, Assembly Member

- Commended outgoing Mayor Hudes and welcomed the new Mayor.

Mayor Hudes closed public comment.

Outgoing Mayor Hudes commented on the key accomplishments of the Town during his year as Mayor and thanked his family and the community.

The Council Members commended outgoing Mayor Hudes for his service to the Town and his leadership.

MOTION: **Motion** by **Mayor Hudes** to nominate Vice Mayor Moore to be the Town's next Mayor. **Seconded** by **Council Member Ristow.**

VOTE: **Motion passed unanimously.**

The Council Members commended Mayor-Elect Moore.

Mayor-Elect Moore provided brief comments on his upcoming Mayoral year, and requested Council Member Rennie provide comments.

Council Member Rennie commented on the Mayor rotation and stated he would be declining a nomination for Vice Mayor.

MOTION: **Motion** by **Council Member Rennie** to nominate Council Member Ristow to be the Town's next Vice Mayor. **Seconded** by **Council Member Badame.**

VOTE: **Motion passed unanimously.**

Kylie Clark administered the ceremonial Oath of Office to Vice Mayor-Elect Ristow and Mayor-Elect Moore.

Vice Mayor Ristow provided brief comments on her upcoming Vice Mayoral year.

Former Mayor Hudes passed the gavel to Mayor Moore.

Mayor Moore accepted the gavel, thanked the community, and made closing comments.

ADJOURNMENT

The meeting adjourned at 7:56 p.m.

Respectfully Submitted:

_____

Jenna De Long, Deputy Town Clerk

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 5

DATE: December 9, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the October 2025 Monthly Financial and Investment Report and the Revised September 2025 Financial and Investment Report**

RECOMMENDATION: Receive the October 2025 Monthly Financial and Investment Report and the Revised September 2025 Financial and Investment Report.

FISCAL IMPACT:

There is no fiscal impact from the receipt of this report.

STRATEGIC PRIORITY:

This item aligns with the strategic priority to ensure prudent financial management.

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 3 contains the October 2025 monthly Financial and Investment Report, which fulfills this requirement.

The October 2025 Monthly Financial and Investment Report was received by the Finance Commission at its December 8, 2025, regular meeting.

DISCUSSION:

The September Monthly Financial and Investment Report (Attachment 1) received by the Town Council included an incorrect balance for the 2010 Certificate of Participation Lease account on

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

page 3. The report has also been updated to reflect a corrected security type for the investment with CUSIP 3133EN5V8 on page 5, which adjusts the demand deposit balance on pages 1 and 2. A redlined version of the September 2025 report is provided as Attachment 1, with a final corrected version as Attachment 2. The corrected version was received by the Finance Commission at its December 8, 2025, regular meeting.

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

As operations fluctuate month to month, there are differences between balances in one month and balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation, based on the information available. This is demonstrated by the attached October 30, 2025, fund balance report.
In the case that the differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The difference between the September 30, 2025, and October 31, 2025, estimated fund balances is due to normal day-to-day fluctuations in revenues and expenditures.

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, Ending Fund Balance = Cash + Assets - Liabilities, which represents the actual amount of funds available.

Reconciling Cash to Fund Balance - October 31, 2025		
Total Cash	$	66,741,033
Plus: Assets	$	23,728,878
Less: Liabilities	$	(27,414,244)
Estimated Fund Balance	**$**	**63,055,667**

As of October 31, 2025, the Town's financial position (Cash Plus Other Assets $90.47M, Liabilities $27.41, and Fund Equity $63.06) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of October 31, 2025, the Town's weighted portfolio yield for investments under management was 4.28%, which was 13 basis points above the Local Agency Investment Fund (LAIF) yield of 4.15% for the same reporting period. Currently, the LAIF portfolio's weighted

average maturity (WAM) is 258 days versus the Town's longer WAM of 642 days. The Town's assets under management reflect the Town's selection of the 1-3 year benchmark investment strategy through the Town's investment advisor to lock in higher yields at the top of the interest rate cycle. The longer maturities are balanced with shorter-term yields available on investments held with the State's LAIF. The Town's weighted average rate of return on investments under management of 4.28% at the close of October was 3 basis points lower when compared to the prior month's return of 4.31% reported as of September 30, 2025.

Since October 2024, LAIF yields decreased from 452 basis points (4.52%) to 415 basis points (4.15%) through the end of October 2025. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

As of the date of this report, the Federal Open Market Committee (FOMC) has enacted two rate adjustments in 2025. On September 17, the Committee lowered the federal funds range by 25 basis points to 4.00%–4.25%, citing subdued economic growth in the first half of the year and signs of softening in the labor market. A second 25 basis point reduction followed on October 29, bringing the range to 3.75%–4.00%, in response to continued labor market weakness and economic uncertainty. These adjustments align with the FOMC's objective to promote maximum employment and achieve a year-over-year inflation target of 2%.

Due to the government shutdown, the usual monthly jobs report was not released. However, private payroll data continued to point toward labor market moderation. U.S.-wide initial and continuing jobless claims data were also not published.

The Town's investments are in compliance with the Town's Investment Policy dated March 18, 2025, and are also in compliance with the requirements of Section 53600 et 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 Reports for September and October 2025.

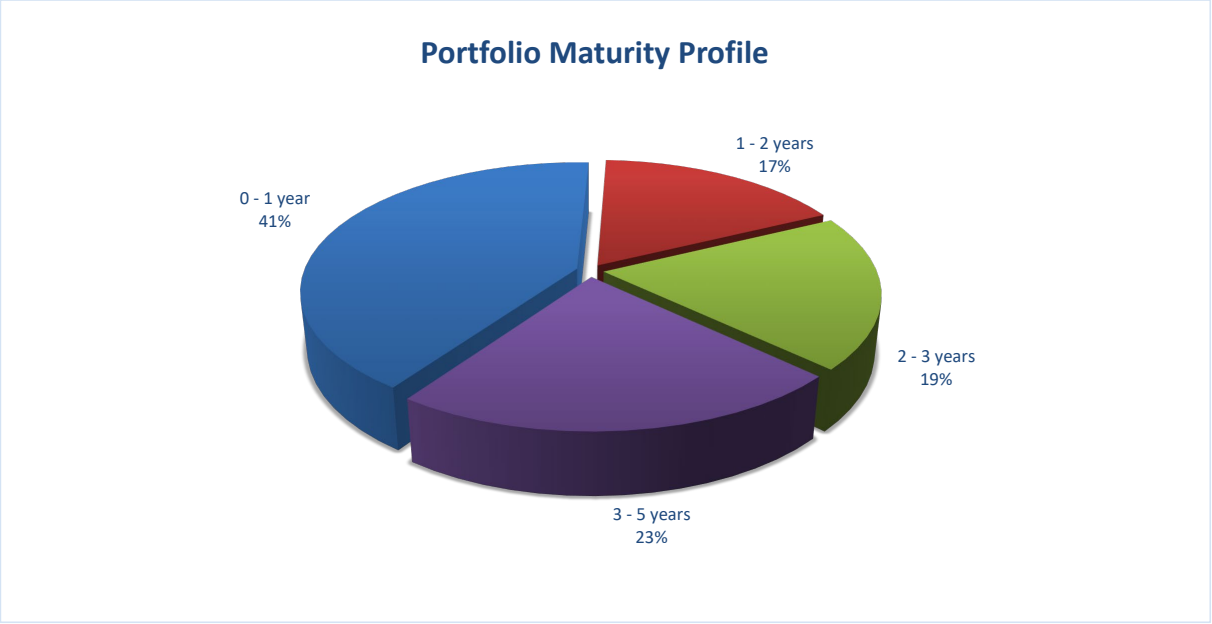
Attachments:
1. Financial and Investment Report (September 2025) – Redlined
2. Financial and Investment Report (September 2025)
3. Financial and Investment Report (October 2025)

Town of Los Gatos
Summary Investment Information
September 30, 2025

Weighted Average YTM Portfolio Yield on Investments under Management	**4.31%**
Weighted Average Maturity (days)	**625**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$69,933,610	$69,644,461	$67,158,455
Managed Investments	~~$52,078,969~~	52,318,143	
Local Agency Investment Fund	$12,339,746		
Reconciled Demand Deposit Balances	~~$5,514,895~~	5,275,721	
Portfolio Allocation & Treasurer's Cash Balances	$69,933,610		

Benchmarks/ References:			
Town's Average Yield	4.31%	4.34%	4.45%
LAIF Yield for month	4.21%	4.25%	4.58%
3 mo. Treasury	3.93%	4.14%	4.62%
6 mo. Treasury	3.84%	3.96%	4.40%
2 yr. Treasury	3.61%	3.62%	3.64%
5 yr. Treasury	3.74%	3.70%	3.56%
10 Yr. Treasury	4.15%	4.23%	3.78%

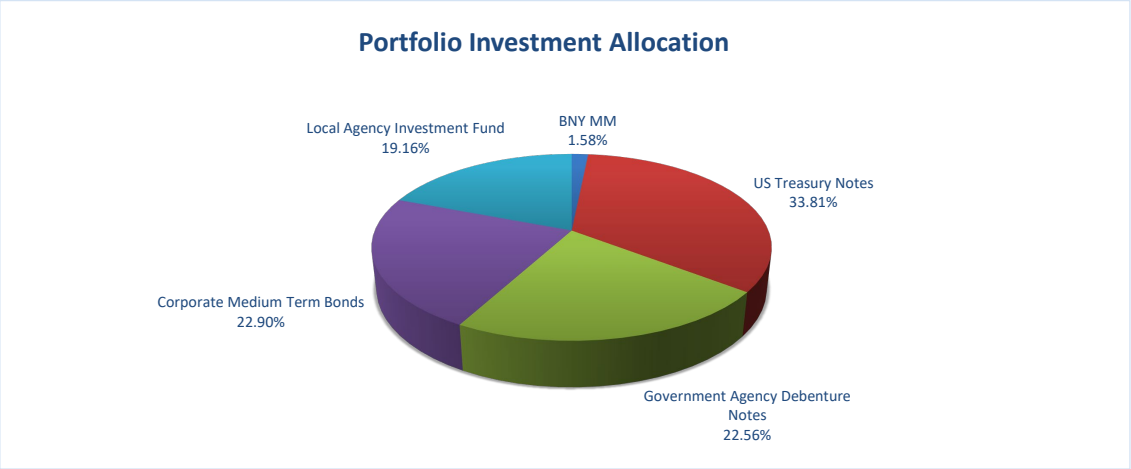


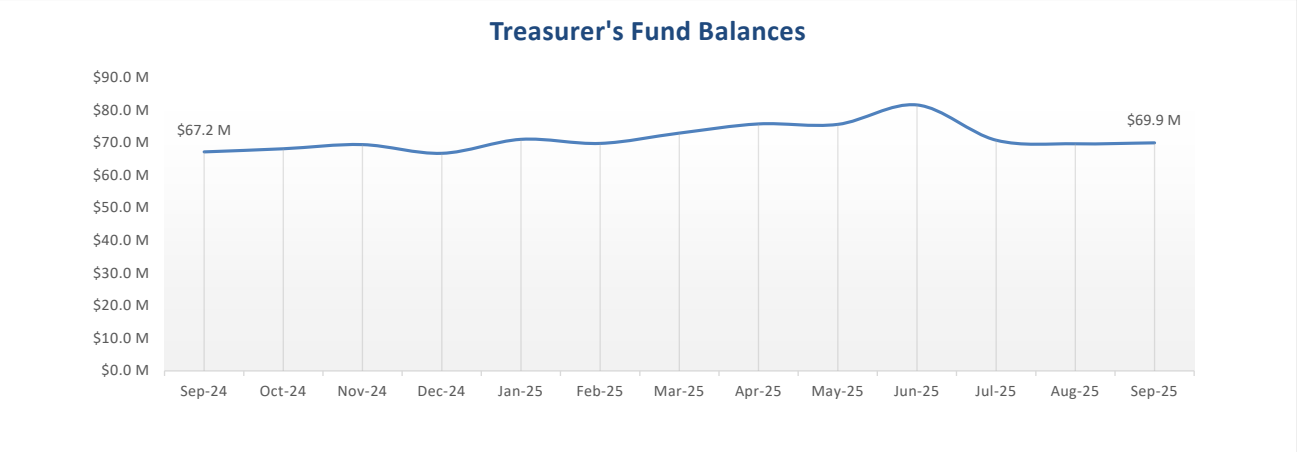
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for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

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
September 30, 2025

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 69,644,460.61	$ 81,558,113.19
Receipts	4,328,104.35	20,026,953.23
Disbursements	(4,038,954.77)	(31,651,456.23)
Cash & Investi Cash & Investment Balances - End of Month/Period	$69,933,610.19	$69,933,610.19

Portfolio Allocation		Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM		$1,015,432.36	1.58%	20% of Town Portfolio
US Treasury Notes		$21,779,294.22	33.82%	No Max. on US Treasuries
Government Agency Debenture Notes	$14,771,932.31	~~$14,532,758.11~~	22.56%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds		$14,751,484.50	22.90%	30% of Town Portfolio
Local Agency Investment Fund		$12,339,746.03	19.16%	$75 M per State Law
Subtotal - Investments	$64,657,889.42	~~64,418,715.22~~	100.02%	
Reconciled Demand Deposit Balances		~~5,514,894.97~~	$5,275,720.77	
Total Portfolio Allocation & Treasurer's Cash Balances		$69,933,610.19		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
September 30, 2025

	Beginning Balance	September 2025 Deposits Realized Gain/Adj.	September 2025 Interest/ Earnings	September 2025 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 688,494.93	$ -	$ 2,206.52	$ -	$ 690,701.45	Note 1
Cert. of Participation 2010 Ser Lease Payment Fund	2,616.40	$0 ~~1,158,762.50~~	8.05	-	$2,624.45 ~~1,161,386.95~~	Note 2
Cert. of Participation 2002 Ser A Lease Payment Fund	14,301.65	-	38.49	-	14,340.14	Note 1
Cert. of Participation 2010 Ser Reserve Fund	1,286,188.37	-	4,510.33	-	1,290,698.70	Note 2
Total Restricted Funds:	$ 1,991,601.35	$ 1,158,762.50	$ 6,763.39	$ -	$ 3,157,127.24	
CEPPT IRS Section 115 Trust	3,147,592.19	-	48,635.64	-	$ 3,196,227.83	Note 3
Grand Total COP's and CEPPT Trust	$ 5,139,193.54	$ 1,158,762.50	$ 55,399.03	$ -	$ 6,353,355.07	

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
September 30, 2025

July 2025	$	238,713.97
August 2025	$	238,367.28
September 2025	$	259,685.13
October 2025	$	-
November 2025	$	-
December 2025	$	-
January 2026	$	-
February 2026	$	-
March 2026	$	-
April 2026	$	-
May 2026	$	-
June 2026	$	-
	$	736,766.38

Town of Los Gatos
Investment Schedule
September 30, 2025

Gov. Agency Debenture

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,280,461.00	51,870.00		6/21/2027	4.19%	$ 102,837.22	$ 135,426.07	$ 13,498.59	629
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)	994,870.00	2,910.00		1/1/2026	3.04%	$ 79,750.00	$ 94,051.74	$ 8,155.29	93
FFCB	3133EN5V8	~~3133EN5V8~~	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	237,170.56	(2,003.64)		1/11/2027	3.76%	$ 24,175.25	$ 21,918.24	$ 2,253.05	468
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	787,848.00	75,282.82		3/31/2026	4.14%	$ 18,000.00	$ 85,193.12	$ 7,806.54	182
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	497,145.00	22,485.00		3/15/2026	4.70%	$ 43,644.44	$ 64,505.94	$ 5,869.98	166
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,262,768.00	102,208.60		12/21/2026	4.15%	$ 41,572.92	$ 130,709.25	$ 12,752.12	447
FHLB	3130APJH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	984,750.00	77,740.00		10/28/2026	4.17%	$ 23,354.17	$ 84,829.28	$ 8,719.88	393
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,708,024.00	1,292.00		1/6/2028	3.91%	$ 163,955.56	$ 159,363.33	$ 16,794.30	828
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	607,506.00	(1,350.00)		1/12/2028	4.34%	$ 61,178.33	$ 56,288.41	$ 6,630.64	834
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,474,800.00	58,173.88		3/31/2027	4.09%	$ 86,577.87	$ 122,333.72	$ 14,966.36	547
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,100,189.00	19,630.41		12/15/2025	4.40%	$ 166,852.46	$ 186,379.78	$ 23,140.27	76
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	508,935.00	4,280.00		2/1/2028	4.37%	$ 49,002.79	$ 43,173.83	$ 5,539.74	854
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)	498,140.00	42,983.00		11/7/2025	4.63%	$ 4,534.72	$ 42,871.33	$ 5,500.92	38
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	503,935.00	1,977.50		7/17/2026	4.48%	$ 46,250.00	$ 43,961.07	$ 5,664.45	290
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	604,758.00	8,538.00		8/23/2027	4.29%	$ 52,181.25	$ 50,424.13	$ 6,470.04	692
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	984,560.00	63,070.00		12/23/2027	5.23%	$ 64,729.17	$ 97,247.67	$ 12,672.50	814
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,313,403.00	22,742.40		10/31/2027	4.31%	$ 93,843.75	$ 107,052.11	$ 14,069.71	761
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,648,960.00	31,792.00		11/10/2027	5.16%	$ 148,966.67	$ 153,725.55	$ 20,952.22	771
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,262,256.00	24,048.86		8/15/2028	4.76%	$ 123,211.96	$ 101,335.84	$ 14,658.64	1050
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	995,350.00	47,780.00		11/24/2025	5.24%	$ 52,883.33	$ 91,065.84	$ 13,447.93	55
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,009,510.00	15,172.00		9/1/2026	4.96%	$ 89,458.33	$ 84,828.57	$ 12,466.82	336
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	993,590.00	43,550.94		6/30/2027	4.73%	$ 55,461.96	$ 78,477.53	$ 11,588.98	638
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,282,177.00	67,840.61		4/30/2027	4.82%	$ 53,625.00	$ 100,336.49	$ 15,182.50	577
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	844,704.00	46,056.45		6/30/2028	3.99%	$ 17,180.71	$ 51,319.84	$ 8,476.53	1004
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	884,133.00	38,457.00		9/24/2026	4.22%	$ 29,671.88	$ 55,770.03	$ 9,211.57	359
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	984,450.00	24,095.09		7/31/2027	3.95%	$ 43,417.12	$ 57,605.73	$ 9,724.27	669
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,800,558.00	25,372.28		5/31/2028	3.97%	$ 89,317.63	$ 102,986.91	$ 17,876.97	974
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,418,718.00	22,190.00		7/25/2027	4.93%	$ 100,739.10	$ 97,231.80	$ 17,369.56	663
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	1,007,850.00	18,650.00		7/22/2027	4.89%	$ 66,577.67	$ 68,041.60	$ 12,250.15	660
Treasury	91282CHB0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,173,425.50	21,462.58		5/15/2026	4.56%	$ 52,189.05	$ 71,517.53	$ 13,346.07	227
FHLB	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00	1,004,490.00	1,430.00		3/13/2026	4.72%	$ 76,104.17	$ 63,303.13	$ 11,909.79	164
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,729,920.00	41,939.00		3/20/2029	4.28%	$ 103,629.17	$ 91,219.09	$ 18,283.56	1267
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,182,000.00	58,167.86		11/15/2028	4.69%	$ 39,045.34	$ 63,313.82	$ 13,673.41	1142
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,026,310.00	27,180.00		1/26/2029	4.87%	$ 62,106.94	$ 54,820.58	$ 12,271.27	1214
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,029,160.00	27,370.00		4/15/2029	4.86%	$ 44,644.44	$ 54,498.76	$ 12,258.89	1293
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,204,080.00	49,450.98		12/31/2028	4.68%	$ 48,708.79	$ 59,398.06	$ 13,834.48	1188
American Honda	02665WEY3	Corporate Bond	4.95%	6/27/2024	1,000,000.00	995,640.00	(4,360.00)	1,001,930.00	6,290.00		1/9/2026	5.25%	$ 51,287.50	$ 52,766.88	$ 13,191.72	101
FHLB	3130B1BT3	Gov. Agency Debenture	4.88%	7/2/2024	1,150,000.00	1,150,966.00	966.00	1,158,303.00	7,337.00		6/12/2026	4.82%	$ 47,341.67	$ 55,261.42	$ 14,005.65	255
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,280,575.00	17,512.50		7/6/2029	4.60%	$ 58,963.12	$ 50,520.38	$ 14,570.14	1375
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,038,785.00	28,061.00		10/8/2027	3.56%	$ 4,766.67	$ 29,915.45	$ 9,393.25	738
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,107,601.00	19,456.69		9/30/2029	4.12%	$ 35,130.49	$ 25,813.46	$ 11,362.86	1461
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	518,695.60	10,442.39		12/14/2029	4.35%	$ 7,701.25	$ 8,337.70	$ 5,558.47	1536
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	1,004,170.00	5,690.00		3/7/2028	3.93%	$ 18,836.81	$ 11,831.34	$ 9,895.30	889
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,139,446.00	9,278.25		10/31/2028	4.04%	$ 4,444.06	$ 11,273.90	$ 11,397.79	1127
State Street Corp	857477CD3	Corporate Bond	5.27%	4/30/2025	800,000.00	811,184.00	11,184.00	807,592.00	(3,592.00)		8/3/2026	4.04%	$ 10,895.47	$ 5,565.50	$ 8,393.86	307
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%	4/30/2025	1,000,000.00	1,005,644.00	5,644.00	1,005,600.00	(44.00)		12/18/2029	4.23%	$ 6,993.07	$ 7,735.00	$ 11,665.90	1540
US Treasury	91282CNG2	US Treasury Note	4.00%	6/30/2025	660,000.00	665,184.24	5,184.24	667,887.00	2,702.76	2,163.92	5/31/2030	3.82%	$ (2,163.92)	$ -	$ 6,388.68	1704
US Treasury	91282CMG3	US Treasury Note	4.25%	8/4/2025	825,000.00	842,308.43	17,308.43	842,696.25	387.82	381.11	1/31/2030	3.74%	$ (381.11)	$ -	$ 4,874.31	1584
US Treasury	91282CMA6	US Treasury Note	4.13%	8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,219,596.00	748.23	11,631.14	11/30/2029	3.72%	$ (11,631.14)	$ -	$ 4,446.68	1522
US Treasury	91282CHR5	US Treasury Note	4.00%	9/23/2025	950,000.00	967,036.38	17,036.38	960,944.00	(6,092.38)	5,576.08	7/31/2030	3.59%	$ (5,576.08)	$ -	$ 661.47	1765
Subtotal					$ 52,451,000.00	$ 51,302,711.03	$ (1,148,288.97)	$ 52,584,724.91	$ 1,282,013.88	$ 19,752.25			$ 2,645,987.02	$ 3,285,546.75	$ 555,094.08	
BNY MM		Money Market				1,015,432.36		1,015,432.36	0.00			0.00%				1
LAIF		State Investment Pool				12,339,746.03		12,363,556.57	23,810.54			4.21%			157,529.89	1
						64,657,889.42		**$65,963,713.84**	**$1,305,824.42**	**$19,752.25**			$ 2,645,987.02	$ 3,285,546.75	$ 712,623.97	
Matured Assets																
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,900.39	(51,099.61)				7/31/2025	4.92%	$ 2,884.34	$ 51,302.62	$ 2,681.92	
FHLB	3135G05X7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	(97,047.60)				8/25/2025	3.04%	$ 14,437.50	$ 106,169.42	$ 5,327.50	
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60				9/30/2025	4.14%	$ 114,750.00	$ 104,352.97	$ 9,562.22	
Freddie Mac	3137EAEX3	Gov. Agency Debenture	0.38%	5/1/2023	750,000.00	689,032.50	(60,967.50)				9/23/2025	3.97%	$ 6,734.37	$ 61,146.74	$ 6,570.76	
Total Investments "Matured"															$ 24,142.41	
Total Interest FY 24_25 Matured and Current															$ 736,766.38	

Maturity Profile

	Amount	Percent
0-1 year	$ 26,472,433.58	41%
1-2 years	$11,058,639.08	17%
2-3 years	$12,470,806.01	19%
3-5 years	$ 14,656,010.75	23%
	$64,657,889.42	100%

Town of Los Gatos
Investment Transaction Detail
September 30, 2025

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
9/2/2025	3133EPUW3	FEDERAL FARM CREDIT BANK 4.75% 01SEP2026	BOND INTEREST	9/1/2025	9/1/2025	1,000,000.00	4.750%	9/1/2026	-	-	23,750.00	23,750.00
9/2/2025	194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	BOND INTEREST	9/1/2025	9/1/2025	500,000.00	4.600%	3/1/2028	-	-	11,500.00	11,500.00
9/3/2025	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	9/3/2025	9/3/2025	609.57	0.000%		100.00	-	-	609.57
9/8/2025	3133ER5X5	FEDERAL FARM CREDIT BANK 3.875% 07MAR2028	BOND INTEREST	9/7/2025	9/7/2025	1,000,000.00	3.875%	3/7/2028	-	-	19,375.00	19,375.00
9/12/2025	037833DB3	912810FE3	BOND INTEREST	9/12/2025	9/12/2025	1,300,000.00	2.900%	9/12/2027	-	-	18,850.00	18,850.00
9/15/2025	3130AXB31	FEDERAL HOME LOAN BANK 4.875% 13MAR2026	BOND INTEREST	9/13/2025	9/13/2025	1,000,000.00	4.875%	3/13/2026	-	-	24,375.00	24,375.00
9/23/2025	91282CHR5	USA TREASURY 4% 31JUL2030	PURCHASE	9/17/2025	9/23/2025	950,000.00	4.000%	7/31/2030	101.79	967,036.39	5,576.09	972,612.48
9/17/2025	91282CHR5	USA TREASURY 4% 31JUL2030	PURCHASE	9/17/2025		950,000.00	4.000%	7/31/2030	101.79	967,036.38	5,576.08	972,612.46
9/22/2025	3133EP5U5	FEDERAL FARM CREDIT BANK 4.125% 20MAR2029	BOND INTEREST	9/20/2025	9/20/2025	1,700,000.00	4.125%	3/20/2029	-	-	35,062.50	35,062.50
9/23/2025	3137EAEX3	FREDDIE MAC 0.375% 23SEP2025	BOND INTEREST	9/23/2025	9/23/2025	750,000.00	0.000%	9/23/2025	-	-	1,406.25	1,406.25
9/23/2025	3137EAEX3	FREDDIE MAC 0.375% 23SEP2025	REDEMPTION	9/23/2025	9/23/2025	750,000.00	0.000%	9/23/2025	100.00	750,000.00	-	750,000.00
9/24/2025	3135G0Q22	FANNIE MAE 1.875% 24SEP2026	BOND INTEREST	9/24/2025	9/24/2025	900,000.00	1.875%	9/24/2026	-	-	8,437.50	8,437.50
9/30/2025	91282CBT7	USA TREASURY 0.75% 31MAR2026	BOND INTEREST	9/30/2025	9/30/2025	800,000.00	0.750%	3/31/2026	-	-	3,000.00	3,000.00
9/30/2025	3133ENP95	FEDERAL FARM CREDIT BANK 4.25% 30SEP2025	BOND INTEREST	9/30/2025	9/30/2025	900,000.00	0.000%	9/30/2025	-	-	19,125.00	19,125.00
9/30/2025	3133ENP95	FEDERAL FARM CREDIT BANK 4.25% 30SEP2025	REDEMPTION	9/30/2025	9/30/2025	900,000.00	0.000%	9/30/2025	100.00	900,000.00	-	900,000.00
9/30/2025	91282CEF4	USA TREASURY 2.5% 31MAR2027	BOND INTEREST	9/30/2025	9/30/2025	1,500,000.00	2.500%	3/31/2027	-	-	18,750.00	18,750.00
9/30/2025	91282CFL0	USA TREASURY 3.875% 30SEP2029	BOND INTEREST	9/30/2025	9/30/2025	1,100,000.00	3.875%	9/30/2029	-	-	21,312.50	21,312.50

TOWN OF LOS GATOS, CA

Insight ESG ratings as of September 30, 2025

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
02665WEY3	AMERICAN HONDA FINANCE 4.95% 09JAN2026	1/9/2026	1,000,000	1,013,039	A-	A3	3	3	4	3
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	613,541	A-	A3	3	3	4	3
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,282,094	AA+	Aaa	5	2	5	5
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	1,030,713	AA-	A1	2	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,289,274	A+	Aa3	3	1	2	4
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	510,719	A+	Aa3	3	3	3	3
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,051,201	A	A2	3	3	3	2
437076BM3	HOME DEPOT INC 3% 01APR2026 (CALLABLE 01JAN26)	4/1/2026	1,000,000	1,009,759	A	A2	3	3	3	2
46625HRS1	JPMORGAN CHASE & CO 3.2% 15JUN2026 (CALLABLE 15MAR26)	6/15/2026	500,000	501,787	A	A1	3	2	3	4
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,430,772	A	A1	3	2	3	4
713448DF2	PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	1,000,000	998,181	A+	A1	3	2	2	4
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	990,572	A	A2	3	3	3	3
857477CD3	STATE STREET CORP 5.272% 03AUG2026 (CALLABLE 03JUL26)	8/3/2026	800,000	814,258	A	Aa3	2	1	2	2
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,682,755	A+	A1	3	1	2	5
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,016,162	A	A3	3	3	4	3
Total Corporate / weighted average			**14,950,000**	**15,234,828**			**3**	**2**	**3**	**3**

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-August	September 2025				Estimated Fund Balance 9/30/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,000,000	-	-	-	-	-	1,000,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,340,098	-	-	-	-	-	1,340,098
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	10,372,775	(2,787,310)	2,258,639	(3,436,384)	-	-	6,407,720
	General Fund Total	35,763,316	(2,787,310)	2,258,639	(3,436,384)	-	-	31,798,261

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-August	September 2025				Estimated Fund Balance 9/30/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	664,168	10,117	13,641	(9,962)	-	-	677,964
231-236	Landscape & Lighting Districts	193,606	(1,149)	-	(3,063)	-	-	189,394
251	Los Gatos Theatre	381,120	22,805	15,070	(4,381)	-	-	414,614
261-264,269	Library Trusts	559,745	57,863	-	(3,325)	-	-	614,283
	Special Revenue Total	1,965,292	89,636	28,711	(20,731)	-	-	2,062,908
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,974,946	(49,736)	94,879	(864,698)	-	-	16,155,391
412	Community Center Development	819,604	-	-	-	-	-	819,604
421	Grant Funded Projects	(1,577,430)	(292,361)	1,181,467	(171,679)	-	-	(860,003)
461-463	Storm Basin Projects	2,825,234	37,721	15,414	(8,966)	-	-	2,869,403
471	Traffic Mitigation Projects	676,482	-	-	-	-	-	676,482
472	Utility Undergrounding Projects	3,763,913	-	-	-	-	-	3,763,913
481	Gas Tax Projects	2,130,548	323,648	154,785	(692,443)	-	-	1,916,538
	Capital Projects Total	25,613,297	19,272	1,446,545	(1,737,786)	-	-	25,341,328
	INTERNAL SERVICE FUNDS							
611	Town General Liability	208,746	(1,469,385)	-	(13,056)	-	-	(1,273,695)
612	Workers Compensation	1,259,972	(503,258)	32,659	(60,177)	-	-	729,196
621	Information Technology	2,585,103	(336,982)	9,140	(13,867)	-	-	2,243,394
631	Vehicle & Equipment Replacement	3,890,428	-	-	(81,556)	-	-	3,808,872
633	Facility Maintenance	820,099	(148,124)	24,334	(107,571)	-	-	588,738
	Internal Service Funds Total	8,764,348	(2,457,749)	66,133	(276,227)	-	-	6,096,505
	Trust/Agency							
942	RDA Successor Agency	(2,916,323)	(1,742,853)	-	(132)	-	-	(4,659,308)
	Trust/Agency Fund Total	(2,916,323)	(1,742,853)	-	(132)	-	-	(4,659,308)
	Total Town	**69,189,930**	**(6,879,004)**	**3,800,028**	**(5,471,260)**	**-**	**-**	**60,639,694**

* 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:

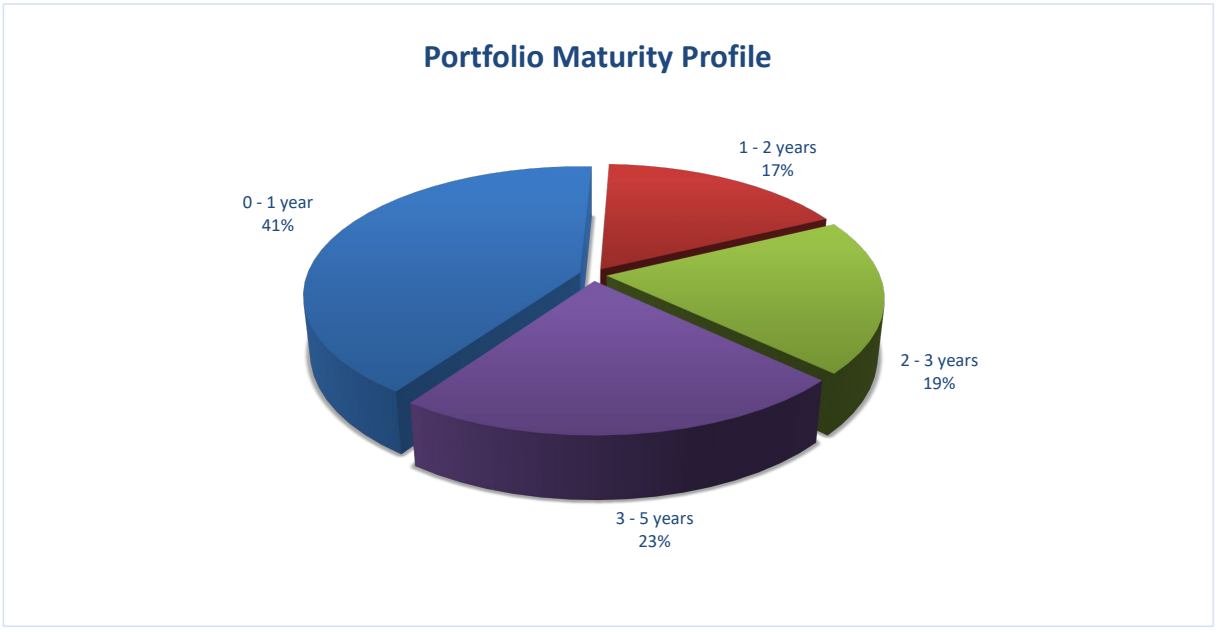
111-23541 General Plan Update deposit account balance $482,196.38

111-23521 BMP Housing deposit account balance $3,723,190.79

Town of Los Gatos
Summary Investment Information
September 30, 2025

Weighted Average YTM Portfolio Yield on Investments under Management	**4.31%**
Weighted Average Maturity (days)	**625**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$69,933,610	$69,644,461	$67,158,455
Managed Investments	$52,318,143		
Local Agency Investment Fund	$12,339,746		
Reconciled Demand Deposit Balances	$5,275,721		
Portfolio Allocation & Treasurer's Cash Balances	$69,933,610		
Benchmarks/ References:			
Town's Average Yield	4.31%	4.34%	4.45%
LAIF Yield for month	4.21%	4.25%	4.58%
3 mo. Treasury	3.93%	4.14%	4.62%
6 mo. Treasury	3.84%	3.96%	4.40%
2 yr. Treasury	3.61%	3.62%	3.64%
5 yr. Treasury	3.74%	3.70%	3.56%
10 Yr. Treasury	4.15%	4.23%	3.78%

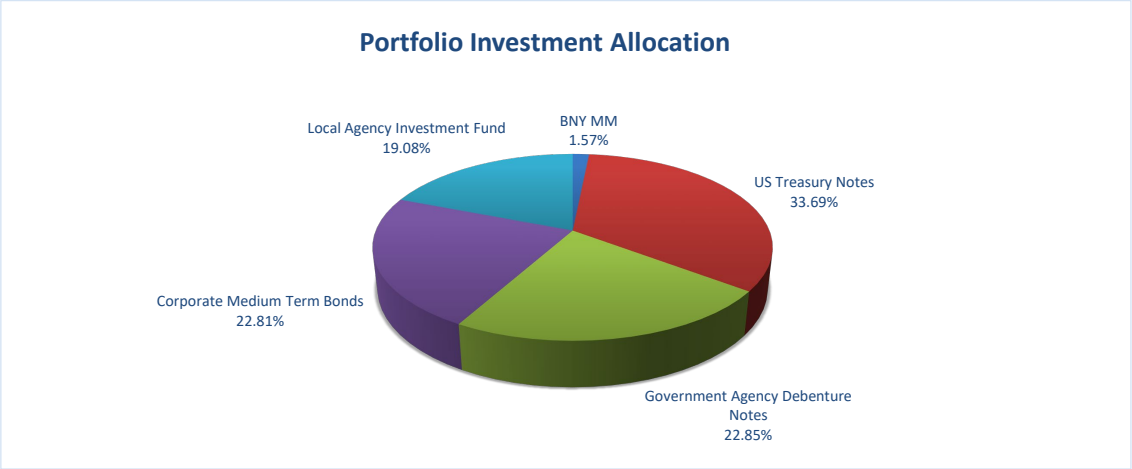


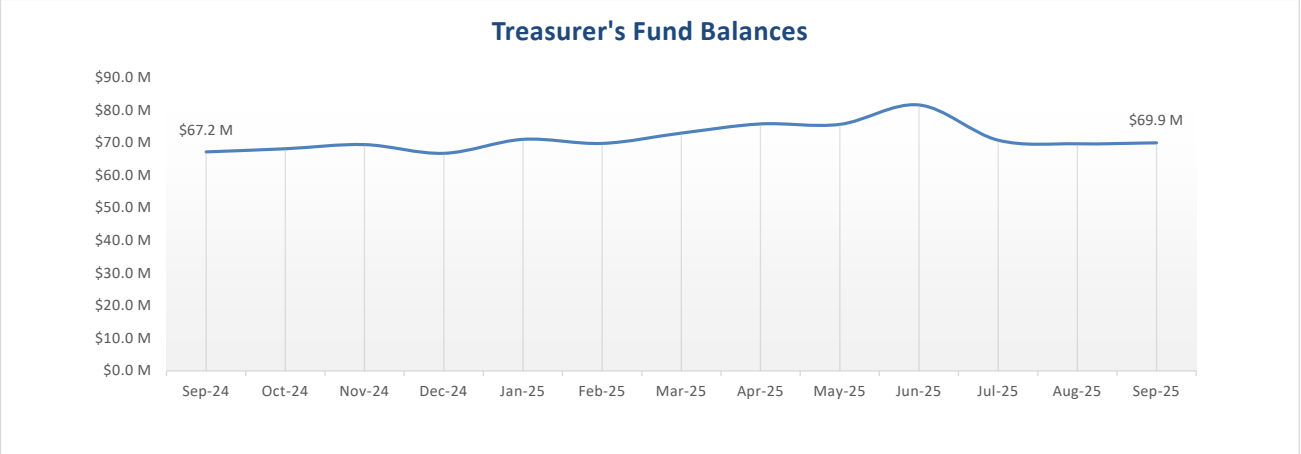
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for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

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
September 30, 2025

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 69,644,460.61	$ 81,558,113.19
Receipts	4,328,104.35	20,026,953.23
Disbursements	(4,038,954.77)	(31,651,456.23)
Cash & Investi Cash & Investment Balances - End of Month/Period	$69,933,610.19	$69,933,610.19

Portfolio Allocation	Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM	$1,015,432.36	1.57%	20% of Town Portfolio
US Treasury Notes	$21,779,294.22	33.69%	No Max. on US Treasuries
Government Agency Debenture Notes	$14,771,932.31	22.85%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	$14,751,484.50	22.81%	30% of Town Portfolio
Local Agency Investment Fund	$12,339,746.03	19.08%	$75 M per State Law
Subtotal - Investments	64,657,889.42	100.00%	
Reconciled Demand Deposit Balances	5,275,720.77		
Total Portfolio Allocation & Treasurer's Cash Balances	$69,933,610.19		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
September 30, 2025

	Beginning Balance	September 2025 Deposits Realized Gain/Adj.	September 2025 Interest/ Earnings	September 2025 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 688,494.93	$ -	$ 2,206.52	$ -	$ 690,701.45	**Note 1**
Cert. of Participation 2010 Ser Lease Payment Fund	2,616.40	-	8.05	-	2,624.45	**Note 2**
Cert. of Participation 2002 Ser A Lease Payment Fund	14,301.65	-	38.49	-	14,340.14	**Note 1**
Cert. of Participation 2010 Ser Reserve Fund	1,286,188.37	-	4,510.33	-	1,290,698.70	**Note 2**
Total Restricted Funds:	$ 1,991,601.35	$ -	$ 6,763.39	$ -	$ 1,998,364.74	
CEPPT IRS Section 115 Trust	3,147,592.19	-	48,635.64	-	$ 3,196,227.83	**Note 3**
Grand Total COP's and CEPPT Trust	$ 5,139,193.54	$ -	$ 55,399.03	$ -	$ 5,194,592.57	

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
September 30, 2025

July 2025	$	238,713.97
August 2025	$	238,367.28
September 2025	$	259,685.13
October 2025	$	-
November 2025	$	-
December 2025	$	-
January 2026	$	-
February 2026	$	-
March 2026	$	-
April 2026	$	-
May 2026	$	-
June 2026	$	-
	$	736,766.38

Town of Los Gatos
Investment Schedule
September 30, 2025

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,280,461.00	51,870.00		6/21/2027	4.19%	$ 102,837.22	$ 135,426.07	$ 13,498.59	629
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)	994,870.00	2,910.00		1/1/2026	3.04%	$ 79,750.00	$ 94,051.74	$ 8,155.29	93
FFCB	3133EN5V8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	237,170.56	(2,003.64)		1/11/2027	3.76%	$ 24,175.25	$ 21,918.24	$ 2,253.05	468
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	787,848.00	75,282.82		3/31/2026	4.14%	$ 18,000.00	$ 85,193.12	$ 7,806.54	182
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	497,145.00	22,485.00		3/15/2026	4.70%	$ 43,644.44	$ 64,505.94	$ 5,869.98	166
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,262,768.00	102,208.60		12/21/2026	4.15%	$ 41,572.92	$ 130,709.25	$ 12,752.12	447
FHLB	3130APJH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	984,750.00	77,740.00		10/28/2026	4.17%	$ 23,354.17	$ 84,829.28	$ 8,719.88	393
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,708,024.00	1,292.00		1/6/2028	3.91%	$ 163,955.56	$ 159,363.33	$ 16,794.30	828
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	607,506.00	(1,350.00)		1/12/2028	4.34%	$ 61,178.33	$ 56,288.41	$ 6,630.64	834
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,474,800.00	58,173.88		3/31/2027	4.09%	$ 86,577.87	$ 122,333.72	$ 14,966.36	547
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,100,189.00	19,630.41		12/15/2025	4.40%	$ 166,852.46	$ 186,379.78	$ 23,140.27	76
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	508,935.00	4,280.00		2/1/2028	4.37%	$ 49,002.79	$ 43,173.83	$ 5,539.74	854
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)	498,140.00	42,983.00		11/7/2025	4.63%	$ 4,534.72	$ 42,871.33	$ 5,500.92	38
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	503,935.00	1,977.50		7/17/2026	4.48%	$ 46,250.00	$ 43,961.07	$ 5,664.45	290
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	604,758.00	8,538.00		8/23/2027	4.29%	$ 52,181.25	$ 50,424.13	$ 6,470.04	692
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	984,560.00	63,070.00		12/23/2027	5.23%	$ 64,729.17	$ 97,247.67	$ 12,672.50	814
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,313,403.00	22,742.40		10/31/2027	4.31%	$ 93,843.75	$ 107,052.11	$ 14,069.71	761
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,648,960.00	31,792.00		11/10/2027	5.16%	$ 148,966.67	$ 153,725.55	$ 20,952.22	771
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,262,256.00	24,048.86		8/15/2028	4.76%	$ 123,211.96	$ 101,335.84	$ 14,658.64	1050
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	995,350.00	47,780.00		11/24/2025	5.24%	$ 52,883.33	$ 91,065.84	$ 13,447.93	55
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,009,510.00	15,172.00		9/1/2026	4.96%	$ 89,458.33	$ 84,828.57	$ 12,466.82	336
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	993,590.00	43,550.94		6/30/2027	4.73%	$ 55,461.96	$ 78,477.53	$ 11,588.98	638
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,282,177.00	67,840.61		4/30/2027	4.82%	$ 53,625.00	$ 100,336.49	$ 15,182.50	577
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	844,704.00	46,056.45		6/30/2028	3.99%	$ 17,180.71	$ 51,319.84	$ 8,476.53	1004
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	884,133.00	38,457.00		9/24/2026	4.22%	$ 29,671.88	$ 55,770.03	$ 9,211.57	359
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	984,450.00	24,095.09		7/31/2027	3.95%	$ 43,417.12	$ 57,605.73	$ 9,724.27	669
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,800,558.00	25,372.28		5/31/2028	3.97%	$ 89,317.63	$ 102,986.91	$ 17,876.97	974
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,418,718.00	22,190.00		7/25/2027	4.93%	$ 100,739.10	$ 97,231.80	$ 17,369.56	663
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	1,007,850.00	18,650.00		7/22/2027	4.89%	$ 66,577.67	$ 68,041.60	$ 12,250.15	660
Treasury	91282CHB0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,173,425.50	21,462.58		5/15/2026	4.56%	$ 52,189.05	$ 71,517.53	$ 13,346.07	227
FHLB	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00	1,004,490.00	1,430.00		3/13/2026	4.72%	$ 76,104.17	$ 63,303.13	$ 11,909.79	164
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,729,920.00	41,939.00		3/20/2029	4.28%	$ 103,629.17	$ 91,219.09	$ 18,283.56	1267
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,182,000.00	58,167.86		11/15/2028	4.69%	$ 39,045.34	$ 63,313.82	$ 13,673.41	1142
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,026,310.00	27,180.00		1/26/2029	4.87%	$ 62,106.94	$ 54,820.58	$ 12,271.27	1214
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,029,160.00	27,370.00		4/15/2029	4.86%	$ 44,644.44	$ 54,498.76	$ 12,258.89	1293
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,204,080.00	49,450.98		12/31/2028	4.68%	$ 48,708.79	$ 59,398.06	$ 13,834.48	1188
American Honda	02665WEY3	Corporate Bond	4.95%	6/27/2024	1,000,000.00	995,640.00	(4,360.00)	1,001,930.00	6,290.00		1/9/2026	5.25%	$ 51,287.50	$ 52,766.88	$ 13,191.72	101
FHLB	3130B1BT3	Gov. Agency Debenture	4.88%	7/2/2024	1,150,000.00	1,150,966.00	966.00	1,158,303.00	7,337.00		6/12/2026	4.82%	$ 47,341.67	$ 55,261.42	$ 14,005.65	255
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,280,575.00	17,512.50		7/6/2029	4.60%	$ 58,963.12	$ 50,520.38	$ 14,570.14	1375
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,038,785.00	28,061.00		10/8/2027	3.56%	$ 4,766.67	$ 29,915.45	$ 9,393.25	738
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,107,601.00	19,456.69		9/30/2029	4.12%	$ 35,130.49	$ 25,813.46	$ 11,362.86	1461
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	518,695.60	10,442.39		12/14/2029	4.35%	$ 7,701.25	$ 8,337.70	$ 5,558.47	1536
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	1,004,170.00	5,690.00		3/7/2028	3.93%	$ 18,836.81	$ 11,831.34	$ 9,895.30	889
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,139,446.00	9,278.25		10/31/2028	4.04%	$ 4,444.06	$ 11,273.90	$ 11,397.79	1127
State Street Corp	857477CD3	Corporate Bond	5.27%	4/30/2025	800,000.00	811,184.00	11,184.00	807,592.00	(3,592.00)		8/3/2026	4.04%	$ 10,895.47	$ 5,565.50	$ 8,393.86	307
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%	4/30/2025	1,000,000.00	1,005,644.00	5,644.00	1,005,600.00	(44.00)		12/18/2029	4.23%	$ 6,993.07	$ 7,735.00	$ 11,665.90	1540
US Treasury	91282CNG2	US Treasury Note	4.00%	6/30/2025	660,000.00	665,184.24	5,184.24	667,887.00	2,702.76	2,163.92	5/31/2030	3.82%	$ (2,163.92)	$ -	$ 6,388.68	1704
US Treasury	91282CMG3	US Treasury Note	4.25%	8/4/2025	825,000.00	842,308.43	17,308.43	842,696.25	387.82	381.11	1/31/2030	3.74%	$ (381.11)	$ -	$ 4,874.31	1584
US Treasury	91282CMA6	US Treasury Note	4.13%	8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,219,596.00	748.23	11,631.14	11/30/2029	3.72%	$ (11,631.14)	$ -	$ 4,446.68	1522
US Treasury	91282CHR5	US Treasury Note	4.00%	9/23/2025	950,000.00	967,036.38	17,036.38	960,944.00	(6,092.38)	5,576.08	7/31/2030	3.59%	$ (5,576.08)	$ -	$ 661.47	1765
Subtotal					$ 52,451,000.00	$ 51,302,711.03	$ (1,148,288.97)	$ 52,584,724.91	$ 1,282,013.88	$ 19,752.25			$ 2,645,987.02	$ 3,285,546.75	$ 555,094.08	
BNY MM		Money Market				1,015,432.36		1,015,432.36	0.00			0.00%				1
LAIF		State Investment Pool				12,339,746.03		12,363,556.57	23,810.54			4.21%			157,529.89	1
						64,657,889.42		**$65,963,713.84**	**$1,305,824.42**	**$19,752.25**			$ 2,645,987.02	$ 3,285,546.75	$ 712,623.97	
Matured Assets																
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,900.39	(51,099.61)				7/31/2025	4.92%	$ 2,884.34	$ 51,302.62	$ 2,681.92	
FHLB	3135G05X7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	(97,047.60)				8/25/2025	3.04%	$ 14,437.50	$ 106,169.42	$ 5,327.50	
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60				9/30/2025	4.14%	$ 114,750.00	$ 104,352.97	$ 9,562.22	
Freddie Mac	3137EAEX3	Gov. Agency Debenture	0.38%	5/1/2023	750,000.00	689,032.50	(60,967.50)				9/23/2025	3.97%	$ 6,734.37	$ 61,146.74	$ 6,570.76	
Total Investments "Matured"															$ 24,142.41	
Total Interest FY 24_25 Matured and Current															$ 736,766.38	

Maturity Profile

	Amount	Percent
0-1 year	$ 26,472,433.58	41%
1-2 years	$11,058,639.08	17%
2-3 years	$12,470,806.01	19%
3-5 years	$ 14,656,010.75	23%
	$64,657,889.42	100%

Town of Los Gatos
Investment Transaction Detail
September 30, 2025

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
9/2/2025	3133EPUW3	FEDERAL FARM CREDIT BANK 4.75% 01SEP2026	BOND INTEREST	9/1/2025	9/1/2025	1,000,000.00	4.750%	9/1/2026	-	-	23,750.00	23,750.00
9/2/2025	194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	BOND INTEREST	9/1/2025	9/1/2025	500,000.00	4.600%	3/1/2028	-	-	11,500.00	11,500.00
9/3/2025	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	9/3/2025	9/3/2025	609.57	0.000%		100.00	-	-	609.57
9/8/2025	3133ER5X5	FEDERAL FARM CREDIT BANK 3.875% 07MAR2028	BOND INTEREST	9/7/2025	9/7/2025	1,000,000.00	3.875%	3/7/2028	-	-	19,375.00	19,375.00
9/12/2025	037833DB3	912810FE3	BOND INTEREST	9/12/2025	9/12/2025	1,300,000.00	2.900%	9/12/2027	-	-	18,850.00	18,850.00
9/15/2025	3130AXB31	FEDERAL HOME LOAN BANK 4.875% 13MAR2026	BOND INTEREST	9/13/2025	9/13/2025	1,000,000.00	4.875%	3/13/2026	-	-	24,375.00	24,375.00
9/23/2025	91282CHR5	USA TREASURY 4% 31JUL2030	PURCHASE	9/17/2025	9/23/2025	950,000.00	4.000%	7/31/2030	101.79	967,036.39	5,576.09	972,612.48
9/17/2025	91282CHR5	USA TREASURY 4% 31JUL2030	PURCHASE	9/17/2025		950,000.00	4.000%	7/31/2030	101.79	967,036.38	5,576.08	972,612.46
9/22/2025	3133EP5U5	FEDERAL FARM CREDIT BANK 4.125% 20MAR2029	BOND INTEREST	9/20/2025	9/20/2025	1,700,000.00	4.125%	3/20/2029	-	-	35,062.50	35,062.50
9/23/2025	3137EAEX3	FREDDIE MAC 0.375% 23SEP2025	BOND INTEREST	9/23/2025	9/23/2025	750,000.00	0.000%	9/23/2025	-	-	1,406.25	1,406.25
9/23/2025	3137EAEX3	FREDDIE MAC 0.375% 23SEP2025	REDEMPTION	9/23/2025	9/23/2025	750,000.00	0.000%	9/23/2025	100.00	750,000.00	-	750,000.00
9/24/2025	3135G0Q22	FANNIE MAE 1.875% 24SEP2026	BOND INTEREST	9/24/2025	9/24/2025	900,000.00	1.875%	9/24/2026	-	-	8,437.50	8,437.50
9/30/2025	91282CBT7	USA TREASURY 0.75% 31MAR2026	BOND INTEREST	9/30/2025	9/30/2025	800,000.00	0.750%	3/31/2026	-	-	3,000.00	3,000.00
9/30/2025	3133ENP95	FEDERAL FARM CREDIT BANK 4.25% 30SEP2025	BOND INTEREST	9/30/2025	9/30/2025	900,000.00	0.000%	9/30/2025	-	-	19,125.00	19,125.00
9/30/2025	3133ENP95	FEDERAL FARM CREDIT BANK 4.25% 30SEP2025	REDEMPTION	9/30/2025	9/30/2025	900,000.00	0.000%	9/30/2025	100.00	900,000.00	-	900,000.00
9/30/2025	91282CEF4	USA TREASURY 2.5% 31MAR2027	BOND INTEREST	9/30/2025	9/30/2025	1,500,000.00	2.500%	3/31/2027	-	-	18,750.00	18,750.00
9/30/2025	91282CFL0	USA TREASURY 3.875% 30SEP2029	BOND INTEREST	9/30/2025	9/30/2025	1,100,000.00	3.875%	9/30/2029	-	-	21,312.50	21,312.50

TOWN OF LOS GATOS, CA

Insight ESG ratings as of September 30, 2025

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
02665WEY3	AMERICAN HONDA FINANCE 4.95% 09JAN2026	1/9/2026	1,000,000	1,013,039	A-	A3	3	3	4	3
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	613,541	A-	A3	3	3	4	3
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,282,094	AA+	Aaa	5	2	5	5
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	1,030,713	AA-	A1	2	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,289,274	A+	Aa3	3	1	2	4
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	510,719	A+	Aa3	3	3	3	3
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,051,201	A	A2	3	3	3	2
437076BM3	HOME DEPOT INC 3% 01APR2026 (CALLABLE 01JAN26)	4/1/2026	1,000,000	1,009,759	A	A2	3	3	3	2
46625HRS1	JPMORGAN CHASE & CO 3.2% 15JUN2026 (CALLABLE 15MAR26)	6/15/2026	500,000	501,787	A	A1	3	2	3	4
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,430,772	A	A1	3	2	3	4
713448DF2	PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	1,000,000	998,181	A+	A1	3	2	2	4
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	990,572	A	A2	3	3	3	3
857477CD3	STATE STREET CORP 5.272% 03AUG2026 (CALLABLE 03JUL26)	8/3/2026	800,000	814,258	A	Aa3	2	1	2	2
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,682,755	A+	A1	3	1	2	5
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,016,162	A	A3	3	3	4	3
Total Corporate / weighted average			**14,950,000**	**15,234,828**			**3**	**2**	**3**	**3**

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-August	September 2025				Estimated Fund Balance 9/30/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,000,000	-	-	-	-	-	1,000,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,340,098	-	-	-	-	-	1,340,098
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	10,372,775	(2,787,310)	2,258,639	(3,436,384)	-	-	6,407,720
	General Fund Total	35,763,316	(2,787,310)	2,258,639	(3,436,384)	-	-	31,798,261

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-August	September 2025				Estimated Fund Balance 9/30/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	664,168	10,117	13,641	(9,962)	-	-	677,964
231-236	Landscape & Lighting Districts	193,606	(1,149)	-	(3,063)	-	-	189,394
251	Los Gatos Theatre	381,120	22,805	15,070	(4,381)	-	-	414,614
261-264,269	Library Trusts	559,745	57,863	-	(3,325)	-	-	614,283
	Special Revenue Total	1,965,292	89,636	28,711	(20,731)	-	-	2,062,908
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,974,946	(49,736)	94,879	(864,698)	-	-	16,155,391
412	Community Center Development	819,604	-	-	-	-	-	819,604
421	Grant Funded Projects	(1,577,430)	(292,361)	1,181,467	(171,679)	-	-	(860,003)
461-463	Storm Basin Projects	2,825,234	37,721	15,414	(8,966)	-	-	2,869,403
471	Traffic Mitigation Projects	676,482	-	-	-	-	-	676,482
472	Utility Undergrounding Projects	3,763,913	-	-	-	-	-	3,763,913
481	Gas Tax Projects	2,130,548	323,648	154,785	(692,443)	-	-	1,916,538
	Capital Projects Total	25,613,297	19,272	1,446,545	(1,737,786)	-	-	25,341,328
	INTERNAL SERVICE FUNDS							
611	Town General Liability	208,746	(1,469,385)	-	(13,056)	-	-	(1,273,695)
612	Workers Compensation	1,259,972	(503,258)	32,659	(60,177)	-	-	729,196
621	Information Technology	2,585,103	(336,982)	9,140	(13,867)	-	-	2,243,394
631	Vehicle & Equipment Replacement	3,890,428	-	-	(81,556)	-	-	3,808,872
633	Facility Maintenance	820,099	(148,124)	24,334	(107,571)	-	-	588,738
	Internal Service Funds Total	8,764,348	(2,457,749)	66,133	(276,227)	-	-	6,096,505
	Trust/Agency							
942	RDA Successor Agency	(2,916,323)	(1,742,853)	-	(132)	-	-	(4,659,308)
	Trust/Agency Fund Total	(2,916,323)	(1,742,853)	-	(132)	-	-	(4,659,308)
	Total Town	**69,189,930**	**(6,879,004)**	**3,800,028**	**(5,471,260)**	**-**	**-**	**60,639,694**

* 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 $482,196.38

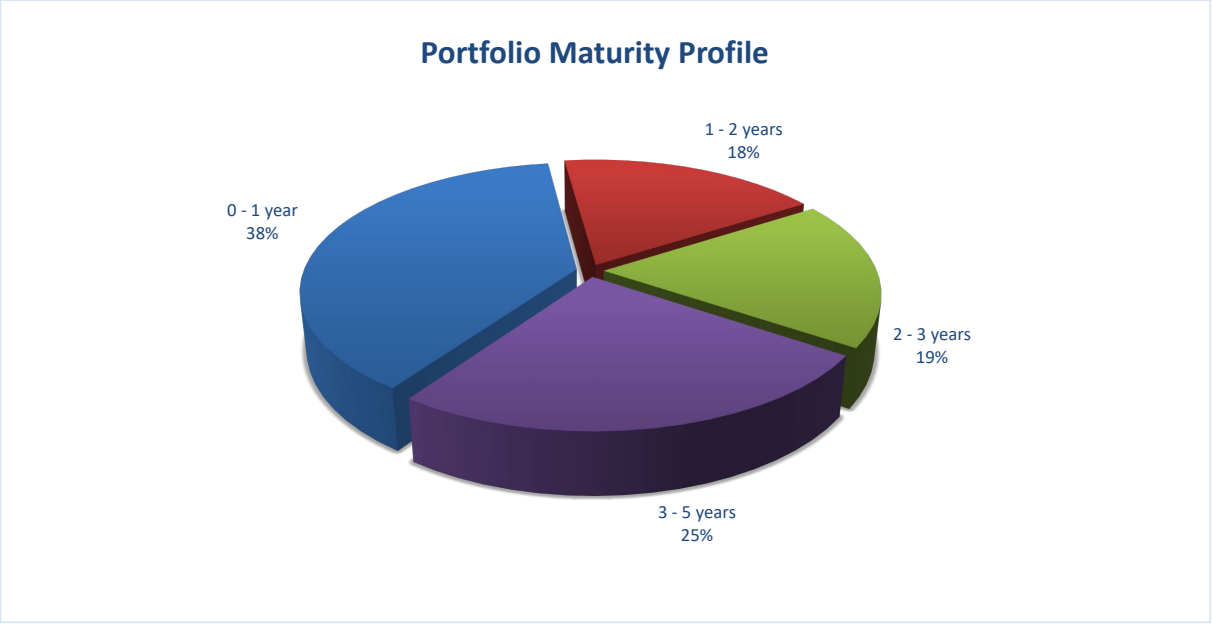
111-23521 BMP Housing deposit account balance $3,723,190.79

Town of Los Gatos
Summary Investment Information
October 31, 2025

Weighted Average YTM Portfolio Yield on Investments under Management **4.28%**

Weighted Average Maturity (days) **642**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$66,741,033	$69,933,610	$68,118,481
Managed Investments	$52,439,010		
Local Agency Investment Fund	$9,497,276		
Reconciled Demand Deposit Balances	$4,804,747		
Portfolio Allocation & Treasurer's Cash Balances	$66,741,033		
Benchmarks/ References:			
Town's Average Yield	4.28%	4.31%	4.45%
LAIF Yield for month	4.15%	4.21%	4.52%
3 mo. Treasury	3.80%	3.93%	4.54%
6 mo. Treasury	3.80%	3.84%	4.46%
2 yr. Treasury	3.57%	3.61%	4.17%
5 yr. Treasury	3.69%	3.74%	4.16%
10 Yr. Treasury	4.08%	4.15%	4.28%

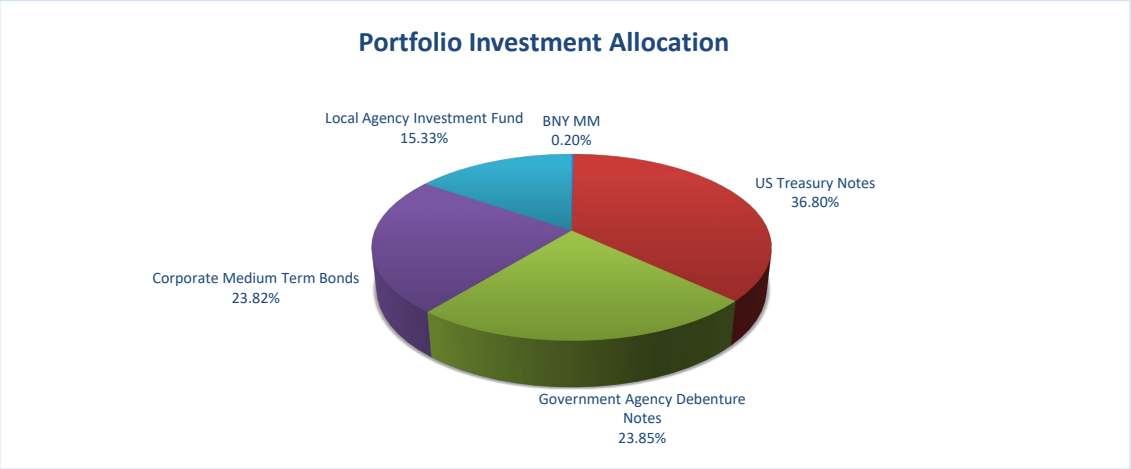


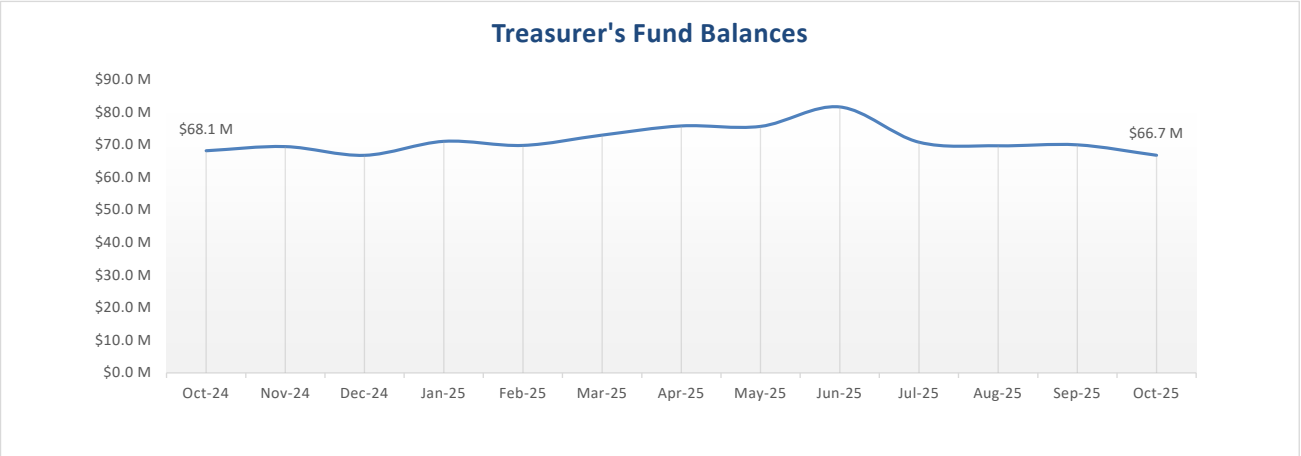
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for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

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
October 31, 2025

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 69,933,610.19	$ 81,558,113.19
Receipts	7,062,764.84	27,089,718.07
Disbursements	(10,255,342.50)	(41,906,798.73)
Cash & Investi Cash & Investment Balances - End of Month/Period	$66,741,032.53	$66,741,032.53

Portfolio Allocation	Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM	$122,936.07	0.20%	20% of Town Portfolio
US Treasury Notes	$22,792,656.94	36.80%	No Max. on US Treasuries
Government Agency Debenture Notes	$14,771,932.31	23.85%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	$14,751,484.50	23.82%	30% of Town Portfolio
Local Agency Investment Fund	$9,497,275.92	15.33%	$75 M per State Law
Subtotal - Investments	61,936,285.74	100.00%	
Reconciled Demand Deposit Balances	4,804,746.79		
Total Portfolio Allocation & Treasurer's Cash Balances	$66,741,032.53		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
October 31, 2025

	Beginning Balance	October 2025 Deposits Realized Gain/Adj.	October 2025 Interest/ Earnings	October 2025 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 690,701.45	$ -	$ 2,087.51	$ -	$ 692,788.96	**Note 1**
Cert. of Participation 2010 Ser Lease Payment Fund	2,624.45	-	8.69	-	2,633.14	**Note 2**
Cert. of Participation 2002 Ser A Lease Payment Fund	14,340.14	-	43.38	-	14,383.52	**Note 1**
Cert. of Participation 2010 Ser Reserve Fund	1,290,698.70	-	4,275.12	-	1,294,973.82	**Note 2**
Total Restricted Funds:	$ 1,998,364.74	$ -	$ 6,414.70	$ -	$ 2,004,779.44	
CEPPT IRS Section 115 Trust	3,196,227.83	-	21,926.15	-	$ 3,218,153.98	**Note 3**
Grand Total COP's and CEPPT Trust	$ 5,194,592.57	$ -	$ 28,340.85	$ -	$ 5,222,933.42	

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, 2025

July 2025	$	238,713.97
August 2025	$	238,367.28
September 2025	$	259,685.13
October 2025	$	228,769.00
November 2025	$	-
December 2025	$	-
January 2026	$	-
February 2026	$	-
March 2026	$	-
April 2026	$	-
May 2026	$	-
June 2026	$	-
	$	965,535.38

Town of Los Gatos
Investment Schedule
October 31, 2025

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,279,434.00	50,843.00		6/21/2027	4.19%	$ 102,837.22	$ 135,426.07	$ 18,047.03	598
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)	996,910.00	4,950.00		1/1/2026	3.04%	$ 94,750.00	$ 94,051.74	$ 10,903.26	62
FFCB	3133EN5V8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	236,920.40	(2,253.80)		1/11/2027	3.76%	$ 24,175.25	$ 21,918.24	$ 3,012.23	437
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	790,160.00	77,594.82		3/31/2026	4.14%	$ 18,000.00	$ 85,193.12	$ 10,437.01	151
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	497,545.00	22,885.00		3/15/2026	4.70%	$ 43,644.44	$ 64,505.94	$ 7,847.90	135
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,265,797.00	105,237.60		12/21/2026	4.15%	$ 41,572.92	$ 130,709.25	$ 17,049.03	416
FHLB	3130APJH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	985,480.00	78,470.00		10/28/2026	4.17%	$ 28,354.17	$ 84,829.28	$ 11,658.10	362
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,708,109.00	1,377.00		1/6/2028	3.91%	$ 163,955.56	$ 159,363.33	$ 22,453.25	797
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	607,746.00	(1,110.00)		1/12/2028	4.34%	$ 61,178.33	$ 56,288.41	$ 8,864.88	803
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,476,030.00	59,403.88		3/31/2027	4.09%	$ 86,577.87	$ 122,333.72	$ 20,009.37	516
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,100,042.00	19,483.41		12/15/2025	4.40%	$ 166,852.46	$ 186,379.78	$ 30,937.54	45
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	508,305.00	3,650.00		2/1/2028	4.37%	$ 49,002.79	$ 43,173.83	$ 7,406.39	823
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)	499,795.00	44,638.00		11/7/2025	4.63%	$ 4,534.72	$ 42,871.33	$ 7,354.50	7
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	502,895.00	937.50		7/17/2026	4.48%	$ 46,250.00	$ 43,961.07	$ 7,573.13	259
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	604,956.00	8,736.00		8/23/2027	4.29%	$ 52,181.25	$ 50,424.13	$ 8,650.16	661
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	987,330.00	65,840.00		12/23/2027	5.23%	$ 64,729.17	$ 97,247.67	$ 16,942.58	783
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,312,844.00	22,183.40		10/31/2027	4.31%	$ 120,656.25	$ 107,052.11	$ 18,810.59	730
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,645,344.00	28,176.00		11/10/2027	5.16%	$ 148,966.67	$ 153,725.55	$ 28,012.21	740
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,260,792.00	22,584.86		8/15/2028	4.76%	$ 123,211.96	$ 101,335.84	$ 19,597.97	1019
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	995,870.00	48,300.00		11/24/2025	5.24%	$ 52,883.33	$ 91,065.84	$ 17,979.29	24
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,008,100.00	13,762.00		9/1/2026	4.96%	$ 89,458.33	$ 84,828.57	$ 16,667.60	305
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	993,950.00	43,910.94		6/30/2027	4.73%	$ 55,461.96	$ 78,477.53	$ 15,493.96	607
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,283,139.00	68,802.61		4/30/2027	4.82%	$ 71,500.00	$ 100,336.49	$ 20,298.34	546
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	846,594.00	47,946.45		6/30/2028	3.99%	$ 17,180.71	$ 51,319.84	$ 11,332.75	973
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	885,015.00	39,339.00		9/24/2026	4.22%	$ 29,671.88	$ 55,770.03	$ 12,315.47	328
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	985,200.00	24,845.09		7/31/2027	3.95%	$ 43,417.12	$ 57,605.73	$ 13,000.93	638
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,800,918.00	25,732.28		5/31/2028	3.97%	$ 89,317.63	$ 102,986.91	$ 23,900.73	943
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,417,528.00	21,000.00		7/25/2027	4.93%	$ 100,739.10	$ 97,231.80	$ 23,222.35	632
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	1,006,360.00	17,160.00		7/22/2027	4.89%	$ 66,577.67	$ 68,041.60	$ 16,377.92	629
Treasury	91282CHB0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,173,801.50	21,838.58		5/15/2026	4.56%	$ 52,189.05	$ 71,517.53	$ 17,843.12	196
FHLB	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00	1,003,780.00	720.00		3/13/2026	4.72%	$ 76,104.17	$ 63,303.13	$ 15,922.87	133
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,724,361.00	36,380.00		3/20/2029	4.28%	$ 103,629.17	$ 91,219.09	$ 24,444.33	1236
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,183,176.00	59,343.86		11/15/2028	4.69%	$ 39,045.34	$ 63,313.82	$ 18,280.75	1111
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,024,720.00	25,590.00		1/26/2029	4.87%	$ 62,106.94	$ 54,820.58	$ 16,406.16	1183
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,029,420.00	27,630.00		4/15/2029	4.86%	$ 69,144.44	$ 54,498.76	$ 16,389.60	1262
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,204,308.00	49,678.98		12/31/2028	4.68%	$ 48,708.79	$ 59,398.06	$ 18,496.10	1157
American Honda	02665WEY3	Corporate Bond	4.95%	6/27/2024	1,000,000.00	995,640.00	(4,360.00)	1,001,000.00	5,360.00		1/9/2026	5.25%	$ 51,287.50	$ 52,766.88	$ 17,636.76	70
FHLB	3130B1BT3	Gov. Agency Debenture	4.88%	7/2/2024	1,150,000.00	1,150,966.00	966.00	1,158,487.00	7,521.00		6/12/2026	4.82%	$ 47,341.67	$ 55,261.42	$ 18,724.95	224
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,279,100.00	16,037.50		7/6/2029	4.60%	$ 58,963.12	$ 50,520.38	$ 19,479.65	1344
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,040,754.00	30,030.00		10/8/2027	3.56%	$ 8,891.67	$ 29,915.45	$ 12,558.36	707
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,108,118.00	19,973.69		9/30/2029	4.12%	$ 35,130.49	$ 25,813.46	$ 15,191.65	1430
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	518,837.00	10,583.79		12/14/2029	4.35%	$ 7,701.25	$ 8,337.70	$ 7,431.43	1505
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	1,003,670.00	5,190.00		3/7/2028	3.93%	$ 18,836.81	$ 11,831.34	$ 13,229.58	858
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,138,797.00	8,629.25		10/31/2028	4.04%	$ 31,256.56	$ 11,273.90	$ 15,238.35	1096
State Street Corp	857477CD3	Corporate Bond	5.27%	4/30/2025	800,000.00	811,184.00	11,184.00	806,456.00	(4,728.00)		8/3/2026	4.04%	$ 10,895.47	$ 5,565.50	$ 11,222.23	276
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%	4/30/2025	1,000,000.00	1,005,644.00	5,644.00	1,005,810.00	166.00		12/18/2029	4.23%	$ 6,993.07	$ 7,735.00	$ 15,596.80	1509
US Treasury	91282CNG2	US Treasury Note	4.00%	6/30/2025	660,000.00	665,184.24	5,184.24	668,329.20	3,144.96	2,163.92	5/31/2030	3.82%	$ (2,163.92)	$ -	$ 8,541.39	1673
US Treasury	91282CMG3	US Treasury Note	4.25%	8/4/2025	825,000.00	842,308.43	17,308.43	843,018.00	709.57	381.11	1/31/2030	3.74%	$ (381.11)	$ -	$ 7,525.25	1553
US Treasury	91282CMA6	US Treasury Note	4.13%	8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,220,016.00	1,168.23	11,631.14	11/30/2029	3.72%	$ (11,631.14)	$ -	$ 8,275.77	1491
US Treasury	91282CHR5	US Treasury Note	4.00%	9/23/2025	950,000.00	967,036.38	17,036.38	961,580.50	(5,455.88)	5,576.08	7/31/2030	3.59%	$ (5,576.08)	$ -	$ 3,590.82	1734
US Treasury	91282CGQ8	US Treasury Note	4.00%	10/3/2025	1,000,000.00	1,013,362.72	13,362.72	1,012,310.00	(1,052.72)	3,646.41	2/28/2030	3.67%	$ (3,646.41)	$ -	$ 2,835.95	1581
Subtotal					$ 53,451,000.00	$ 52,316,073.75	$ (1,134,926.25)	$ 53,598,957.60	$ 1,282,883.85	$ 23,398.66			$ 2,762,465.61	$ 3,285,546.75	$ 751,018.34	
BNY MM		Money Market				122,936.07		122,936.07	0.00			0.00%				1
LAIF		State Investment Pool				9,497,275.92		9,515,601.68	18,325.76			4.15%			190,374.64	1
						61,936,285.74		**$63,237,495.35**	**$1,301,209.61**	**$23,398.66**			$ 2,762,465.61	$ 3,285,546.75	$ 941,392.98	
Matured Assets																
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,900.39	(51,099.61)				7/31/2025	4.92%	$ 2,884.34	$ 51,302.62	$ 2,681.92	
FHLB	3135G05X7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	(97,047.60)				8/25/2025	3.04%	$ 14,437.50	$ 106,169.42	$ 5,327.50	
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60				9/30/2025	4.14%	$ 114,750.00	$ 104,352.97	$ 9,562.22	
Freddie Mac	3137EAEX3	Gov. Agency Debenture	0.38%	5/1/2023	750,000.00	689,032.50	(60,967.50)				9/23/2025	3.97%	$ 6,734.37	$ 61,146.74	$ 6,570.76	
Total Investments "Matured"															$ 24,142.41	
Total Interest FY 24_25 Matured and Current															$ 965,535.38	

Maturity Profile	Amount	Percent
0-1 year	$ 23,644,477.18	38%
1-2 years	$11,162,353.08	18%
2-3 years	$11,460,082.01	19%
3-5 years	$ 15,669,373.47	25%
	$61,936,285.74	100%

Town of Los Gatos
Investment Transaction Detail
October 31, 2025

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
10/1/2025	437076BM3	HOME DEPOT INC 3% 01APR2026 (CALLABLE 01JAN26)	BOND INTEREST	10/1/2025	10/1/2025	1,000,000.00	3.000%	4/1/2026	-	-	15,000.00	15,000.00
10/3/2025	91282CGQ8	USA TREASURY 4% 28FEB2030	PURCHASE	10/2/2025	10/3/2025	1,000,000.00	4.000%	2/28/2030	101.34	1,013,362.73	3,646.41	1,017,009.14
10/2/2025	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	10/2/2025	10/2/2025	637.85	0.000%		100.00	-	-	637.85
10/8/2025	3135G05Y5	FANNIE MAE 0.75% 08OCT2027	BOND INTEREST	10/8/2025	10/8/2025	1,100,000.00	0.750%	10/8/2027	-	-	4,125.00	4,125.00
10/15/2025	437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	BOND INTEREST	10/15/2025	10/15/2025	1,000,000.00	4.900%	4/15/2029	-	-	24,500.00	24,500.00
10/28/2025	3130APJH9	FEDERAL HOME LOAN BANK 2% 28OCT2026 (CALLABLE 28JAN26) #0006	BOND INTEREST	10/28/2025	10/28/2025	1,000,000.00	2.000%	10/28/2026	-	-	8,750.00	8,750.00
10/31/2025	91282CEN7	USA TREASURY 2.75% 30APR2027	BOND INTEREST	10/31/2025	10/31/2025	1,300,000.00	2.750%	4/30/2027	-	-	17,875.00	17,875.00
10/31/2025	91282CJF9	USA TREASURY 4.875% 31OCT2028	BOND INTEREST	10/31/2025	10/31/2025	1,100,000.00	4.875%	10/31/2028	-	-	26,812.50	26,812.50
10/31/2025	91282CFU0	USA TREASURY 4.125% 31OCT2027	BOND INTEREST	10/31/2025	10/31/2025	1,300,000.00	4.125%	10/31/2027	-	-	26,812.50	26,812.50

TOWN OF LOS GATOS, CA

Insight ESG ratings as of October 31, 2025

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
02665WEY3	AMERICAN HONDA FINANCE 4.95% 09JAN2026	1/9/2026	1,000,000	1,016,423	A-	A3	3	3	3	3
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	616,382	A-	A3	3	3	3	3
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,284,761	AA+	Aaa	5	2	5	5
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	1,033,624	AA-	A1	2	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,294,755	A+	Aa3	3	1	2	4
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	512,217	A+	Aa3	3	3	3	2
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,031,518	A	A2	3	3	3	3
437076BM3	HOME DEPOT INC 3% 01APR2026 (CALLABLE 01JAN26)	4/1/2026	1,000,000	999,385	A	A2	3	3	3	3
46625HRS1	JPMORGAN CHASE & CO 3.2% 15JUN2026 (CALLABLE 15MAR26)	6/15/2026	500,000	503,606	A	A1	3	2	3	4
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,435,911	A	A1	3	2	3	4
713448DF2	PEPSICO INC 2.85% 24FEB2026 (CALLABLE 30NOV25)	2/24/2026	1,000,000	1,001,215	A+	A1	3	2	2	4
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	996,404	A	A2	3	3	4	2
857477CD3	STATE STREET CORP 5.272% 03AUG2026 (CALLABLE 03JUL26)	8/3/2026	800,000	816,779	A	Aa3	2	1	2	2
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,687,035	A+	A1	3	1	2	4
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,019,149	A	A3	3	3	3	3
Total Corporate / weighted average			**14,950,000**	**15,249,162**			**3**	**2**	**3**	**3**

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-September	October 2025				Estimated Fund Balance 10/31/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,000,000	-	-	-	-	-	1,000,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,201,824	-	-	-	-	-	1,201,824
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	10,511,049	(1,057,947)	3,184,209	(5,083,693)	-	-	7,553,618
	General Fund Total	35,763,316	(1,057,947)	3,184,209	(5,083,693)	-	-	32,805,885

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-September	October 2025				Estimated Fund Balance 10/31/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	664,168	13,796	13,641	(14,376)	-	-	677,229
231-236	Landscape & Lighting Districts	193,606	(4,212)	-	(2,063)	-	-	187,331
251	Los Gatos Theatre	381,120	33,494	15,070	(6,506)	-	-	423,178
261-264,269	Library Trusts	559,745	54,538	-	(3,470)	-	-	610,813
	Special Revenue Total	1,965,292	97,616	28,711	(26,415)	-	-	2,065,204
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,974,946	(981,855)	1,989,550	(134,741)	-	-	17,847,900
412	Community Center Development	819,604	-	-	-	-	-	819,604
421	Grant Funded Projects	(1,577,430)	717,426	194,136	(39,541)	-	-	(705,409)
461-463	Storm Basin Projects	2,825,234	44,169	15,190	(2,727)	-	-	2,881,866
471	Traffic Mitigation Projects	676,482	-	-	-	-	-	676,482
472	Utility Undergrounding Projects	3,763,913	-	-	-	-	-	3,763,913
481	Gas Tax Projects	2,130,548	(214,010)	171,070	(238,208)	-	-	1,849,400
	Capital Projects Total	25,613,297	(434,270)	2,369,946	(415,217)	-	-	27,133,756
	INTERNAL SERVICE FUNDS							
611	Town General Liability	208,746	(1,482,441)	-	(22,367)	-	-	(1,296,062)
612	Workers Compensation	1,259,972	(530,776)	15,851	(7,231)	-	-	737,816
621	Information Technology	2,585,103	(343,148)	7,197	(124,431)	-	-	2,124,721
631	Vehicle & Equipment Replacement	3,890,428	(81,556)	-	-	-	-	3,808,872
633	Facility Maintenance	820,099	(231,362)	25,864	(158,805)	-	-	455,796
	Internal Service Funds Total	8,764,348	(2,669,283)	48,912	(312,834)	-	-	5,831,143
	Trust/Agency							
942	RDA Successor Agency	(3,037,146)	(1,742,985)	-	(190)	-	-	(4,780,321)
	Trust/Agency Fund Total	(3,037,146)	(1,742,985)	-	(190)	-	-	(4,780,321)
	Total Town	**69,069,107**	**(5,806,869)**	**5,631,778**	**(5,838,349)**	**-**	**-**	**63,055,667**

* 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 $482,196.38

111-23521 BMP Housing deposit account balance $3,723,190.79

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 6

DATE: December 1, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: Adopt Council Committee Appointments Effective January 1, 2026

RECOMMENDATION: Adopt Council Committee Appointments effective January 1, 2026.

FISCAL IMPACT:

There is no fiscal impact associated with adopting the Council Committee Appointments.

STRATEGIC PRIORITY:

Not applicable.

DISCUSSION:

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 2026 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.

PREPARED BY: Janette Judd
Executive Assistant to the Town Manager and Town Council

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

SUBJECT: Council Committee Appointments Effective January 1, 2026
DATE: December 16, 2025

Attachments:
1. 2026 Council Committee Appointment Roster

Draft 2026 COUNCIL COMMITTEE APPOINTMENTS

Rev.Dec.2025

Council Consideration for Adoption December 16, 2025 - - *Effective January 1, 2026*

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Community Health and Senior Services Committee (CHSSC)	*Appointee serves as Council liaison to the Commission and not a voting member.*	Matthew Hudes	N.A.		Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	
Conceptual Development Advisory Committee	*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.*	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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Council Policy Committee	*The Town Council Policy Committee reviews and recommends changes to Town Council Policies, ordinances, and other documents.*	Two Appointees: Rob Moore and Mary Badame	N.A.	*(prior schedule: Monthly 4th Tuesday, 5:00 p.m.)* *2026 Meeting schedule anticipated to continue Monthly, 4th Tuesday, 5:00 p.m.)*	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Chris Constantin, Town Manager (408) 354-6832
Finance Commission	*Established December 2020, the Finance Commission advises the Town Council on budgetary and fiscal matters.* *Resident appointments established January 19, 2021.*	Two Appointees *(one of whom needs to be Mayor or Vice Mayor)* Matthew Hudes and Maria Ristow	N.A.	*(prior schedule: Monthly 2nd Monday, 5:30 p.m.)* *2026 Schedule anticipated to continue Monthly, 2nd Monday, 5:30 p.m.*	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Gitta Ungvari, Finance Director (408) 354-6805

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
			OUTSIDE AGENCIES' COMMITTEES			
Association of Bay Area Governments (ABAG) General Assembly	*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.*	Rob Rennie	Maria Ristow	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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
League of California Cities (Peninsula Division)	*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.*	Rob Moore	Matthew Hudes	Quarterly Meeting: January March May September *Other:* 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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Santa Clara County Housing and Community Development Advisory Committee	*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.*	Maria Ristow	Rob Moore	Scheduled as needed. *Typically:* February March October	2310 N. 1st Street (at Charcot) Charcot Training Center, Suite 100 San Jose	Housing and Community Development Offices of Santa Clara County – Office of Affordable Housing 70 West Hedding Street, 7th Floor San Jose, CA 95110 Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Santa Clara County Cities Association (CASCC) Board of Directors	*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.*	Rob Moore	Maria Ristow	Monthly - 2nd Thursday 7:00-9:00 p.m. Note: April TBD *(General Membership Meeting with City Managers)* December TBD *(General Membership – Holiday Party)*	TBD	Shali Sirkay (Acting) Executive Director Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@citiesassociation.org (408) 730-7770 Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Santa Clara County Cities Association (CASCC) Legislative Action Committee	*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.* *Historically, the same appointee serves on the Cities Assoc. Board, as the meetings occur back-to-back.*	Maria Ristow	Rob Moore	*Meets as needed (2nd Thursday of each month prior to SCCCA Board Meeting (See SCCCA Board of Directors meeting dates on page 6)*	TBD	Shali Sirkay (Acting) Executive Director Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@citiesassociation.org (408) 730-7770 Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Santa Clara County Cities Association (CASCC) City Selection Committee	*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.* *Historically, the same appointee serves on the Cities Assoc. Board, as the meetings occur back-to-back.*	Rob Moore	Maria Ristow	*Meets as needed* (2nd Thursday of each month *prior to* SCCCA Board Meeting – 6:00 or 6:15 p.m.) (See SCCCA Board of Directors meeting dates on page 6)	TBD	Shali Sirkay (Acting) Executive Director Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@citiesassociation.org (408) 730-7770 Town Staff Contact: Chris Constantin, Town Manager (408) 354-6832

Name of Committee	Purpose	*2026 Appointee*	*2026 Alternate*	*2026 Meeting Schedule *Tentative* based on 2025*	Location	Contact Person(s)
Santa Clara Valley Water District (Valley Water) Commission	*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.*	Rob Rennie	Maria Ristow	Quarterly 4th Wednesday 12:00 p.m. to 2:00 p.m. *Typically:* January April July October	Santa Clara Valley Water District, Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California 95118	Glenna Branbill 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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Santa Clara Valley Transportation Authority (VTA) Policy Advisory Committee (PAC)	*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.*	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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Santa Clara Valley Transportation Authority (VTA) State Route 85 Corridor Policy Advisory Board (SR85 PAB)	*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.*	Maria Ristow	Rob Rennie	Quarterly, Mondays, 10:00 a.m. to 12:00 p.m. *Typically:* 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** **New appointment with the Town joining the JPA in 2024*		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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Silicon Valley Clean Energy (SVCE)	*Formed March 2016, Silicon Valley Clean Energy is a local, public non-profit that purchases 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.*	Rob Rennie	Maria Ristow	Monthly 2nd Wednesday 7:00 p.m. *(or as needed)*	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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
Solid Waste Management Joint Powers Agency (JPA) Board of Directors	*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.*	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

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
West Valley Stornwater Authority (WVSA) Board of Directors (formerly West Valley Clean Water Program Authority or WVCW)	*The West Valley Stormwater Joint Powers Authority (the Authority) manages stormwater and pollution prevention programs for its member agencies. The Authority coordinates compliance with state and federal stormwater regulations and administers programs required to manage stormwater runoff and reduce pollutants discharged to locato waterways. it is governed by a four-member Board of Directors, with one Council Member representing each member agency.* *Member Agencies:* *City of Campbell, Town of Los Gatos, City of Monte Sereno, City of Saratoga*	Mary Badame	Maria Ristow	first Thursday of February, May, September, November 4:00 p.m.	Monte Sereno City Hall 18041 Saratoga-Los Gatos Road Monte Sereno	Sheila Tucker, Executive Director 1 West Campbell Avenue, #H73, Campbell, CA 95008 Phone (925) 977-6967 Fax (925) 977-6955 Email: sholt@hfh-consultants.com Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770

Name of Committee	Purpose	2026 Appointee	2026 Alternate	2026 Meeting Schedule *Tentative* based on 2025	Location	Contact Person(s)
West Valley Sanitation District Board of Directors	*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.* ..... *Board of Directors receive $210 stipend per meeting.*	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	Lesha Luu West Valley Sanitation District 100 E. Sunnyoaks Avenue Campbell, CA 95008 lluu@westvalleysan.org (408) 378-2407 Town Staff Contact: Nicolle Burnham, Director of Parks & Public Works (408) 399-5770

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 7

DATE: December 9, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, and Adopt a Resolution Confirming June 30, 2025 Fund Balances in Accordance With Fiscal Year 2024-25 Final Audit and Town Council General Fund Reserve Policy**

RECOMMENDATION: Receive the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2025, as recommended by the Finance Commission, and adopt a Resolution Confirming June 30, 2025, Fund Balances in Accordance with Fiscal Year 2024-25 Final Audit and Town Council General Fund Reserve Policy.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority.

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 2024-25 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.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Town Attorney

The information contained in the ACFR provides detailed financial information that the Los Gatos community and others can use to better understand the Town's fiscal standing. In addition, the financial information contained in the document is one element that the credit rating agencies review annually to affix a credit rating to the Town's outstanding debt obligations.

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 state 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, 2025, the Draft FY 2024-25 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 1, 2025, were compiled into Desk Items for the December 1 Special Finance Commission meeting.

At the Finance Commission meetings on December 1, 2025, and December 8, 2025, 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, 2025, with recommended modifications (see Attachment 3 for redlined version).

Additionally, staff thoroughly reviewed all financial and statistical schedules to ensure that data and footnotes are accurately displayed throughout the current document across fiscal years and prior ACFRs.

Independent Auditor's Report

The auditor has given the Town's financial statements a "clean" audit opinion for the year ended June 30, 2025, 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 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 2025-26 budget projections are based on economic trends and forecasts specific to the Town's geographic area. These estimates, informed by local data from the County of Santa Clara and consultants such as Avenu Insights & Analytics and HdL Coren & Cone, 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 2024-25 fiscal year, the Town-wide Statement of Activities reported an increase in net position of $7.3 million, a measure of the change in the value of assets impacted by Town operations during the year. This net position includes $3.8 million from investment earnings, driven by higher than usual interest rates. It also includes $1.2 million unrealized gains, which are not available to spend, due to the requirement to value current investments at market value as of June 30. Additionally, conservative budgeting and operations resulted in revenue exceeding budget estimates and expenditures coming in below projections, which contributed to this positive change.

This increase in net position reflects a broader trend, with seven 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, as well as needs to address wildfire risk, will substantially impact future financial performance. Further, the potential consolidation of

the police department's separate buildings is also not considered in the standards or the Town's Capital Improvement Program. Rising costs in key Town operations and contracted services also pose challenges that could outpace revenue growth. Despite our stable current 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 this year, 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 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. Further, the Town does not have identified resources to address a recommended police station consolidation, Town Hall replacement/rehabilitation, or to fully implement its various plans, such as the Bicycle and Pedestrian Master Plan or Senior Roadmap.

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. While the Town is benefiting today, an economic reversal can have the same negative impact.

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 good 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, as well as address future capital, wildfire, and other capital needs not currently scheduled in a five-year Capital Improvement Program. Our goal is to preserve the exceptional quality of life in our community through prudent and strategic financial management. To strengthen the Town's long-term financial sustainability and provide strategic insights to the Council, the Town is collaborating with an independent consultant to perform a Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset-Liability Management Studies.

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. In considering the capital intensive needs of buildings, infrastructure, and disaster mitigation, a longer view of financial condition and outlook is necessary.

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.

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, 2025, Fund Balances in accordance with the FY 2024-25 Final Audit as listed in Attachment 2.

COORDINATION:

This report has been prepared in coordination with the Town Manager's Office and the Town Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENTS:

1. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2025
2. Fund Balance Resolution Establishing June 30, 2025 Fund Balances
3. Redlined Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2025
4. Town Manager's Responses to Commissioners' Questions and Comments

TOWN OF LOS GATOS CALIFORNIA













ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

ATTACHMENT 1

Cover Photos: Ken Benjamin, Scott Anderson, and Evie Julian

TOWN OF LOS GATOS
CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 33,355. 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 VISON 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.*

TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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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 24, 2025

I am pleased to submit the Town's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2025. 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, 2025, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the Town's financial activities. Operating revenues remained stable, while development activity and investment performance provided additional funding capacity.

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, 2024, was awarded a Certificate of Achievement for Excellence in Financial Reporting by the national Government Finance Officers Association. This is the 30th 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 33,355 (California Department of Finance, January 2025). 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 in economically sensitive revenues. The Town General Fund closed FY 2024-25 with $5.7 million in revenue over expenditure before transfers. The excess revenue includes $1.2 million unrealized gain in the Town investment portfolio. The General Fund Balance increased $4.7 million.

General Fund revenues (not including transfers in other financing sources) increased 7.7% from the prior year. Property tax revenues remain the largest and most consistent source of support for General Fund operations, comprising approximately 43.8% of General Fund revenues in FY 2024-25 For FY 2024-25, property tax receipts of $25.3 million were $1.0 million higher than the prior year's collection, reflecting the continued desirability of the Town, its environment, culture, and educational opportunities

The Town also depends on sales tax revenues to fund General Fund operations, which made up about 14.4% of total General Fund revenues in FY 2024–25. Sales tax receipts for the year reached $8.3 million, a $0.3 million increase from the previous year, indicating modest growth.

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 for three fiscal years. Salaries increased $0.8 million from the prior year. In addition, non-pension benefits increased by $0.7 million, primarily due to rising costs associated with health insurance, and related employee benefit programs. These increases are reflected in the overall personnel expenditures and contribute to the year-over-year variance.

The Town also continues to adjust and prepare for pension employer costs to continue to be a primary expense in conjunction with salaries. Pension-related benefits increased by $0.8 million compared to the previous year. For the year ended June 30, 2025, the Town recognized a pension expense of $12 million compared to $11.2 million in the prior fiscal year. 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 2024 CalPERS actuarial valuations, the unfunded actuarial liability for pensions was $ 62.2 million and $7.5 million for OPEB, as determined by an actuarial valuation as of June 30, 2023.

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 FY 2020-21 and decreasing to $27.48 million in FY 2021-22. The NPO reported in this year's financial statements (ACFR 2024-25) has decreased 2.5% from $63.0 million to the current NPO of $61.4 million. Due to CalPERS preliminary returns of 11.6% for FY 2024-25, 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

During FY 2024-25, the Town continued its focus on long-term infrastructure renewal. Approximately $16.5 million was invested in capital projects, including $8.5 million in construction in progress, $4.2 million in street improvements, $2.5 million in other infrastructure, and $1.3 million in facility and equipment upgrades. These investments reflect the Town's strategy of translating accumulated reserves and grant funding into tangible 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, Division Manager; Melissa Ynegas, Senior Administrative 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.

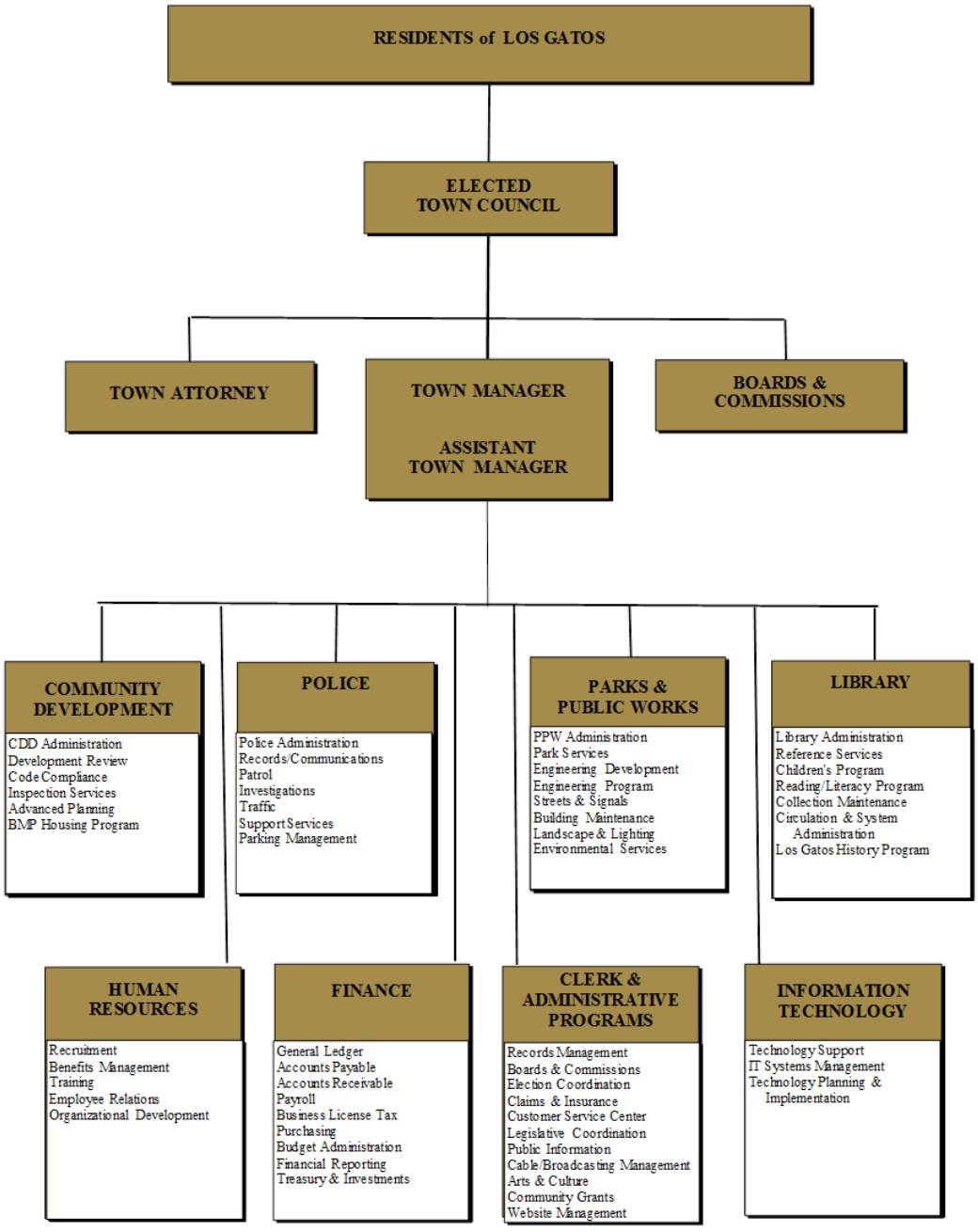
Respectfully submitted,

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, 2025

TOWN COUNCIL

Mayor	Mathew Hudes
Vice Mayor	Rob Moore
Council Member	Maria Ristow
Council Member	Mary Badame
Council Member	Rob Rennie

COUNCIL APPOINTEES

Town Manager	Chris Constantin
Town Attorney	Gabrielle Whelan

APPOINTED OFFICIALS

Assistant Town Manager	Katy Nomura
Chief of Police	Jamie Field
Community Development Director	Joel Paulson
Parks and Public Works Director	Nicolle Burnham
Library Director	Ryan Baker
Finance Director	Gitta Ungvari
Human Resources Director	Cheryl Parkman

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, 2024

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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Chavan and Associates, llp
Certified Public Accountants

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, 2025, 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, 2025, 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

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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.

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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 19, 2025 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 19, 2025
Morgan Hill, California

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Management's Discussion and Analysis

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, 2025. 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) 2024-25 by $166.7 million (net position). The unrestricted net position, which represents the amounts available to meet the Town ongoing obligations to citizens and creditors, is $8.7 million.

- The Town's total net position increased by $7.3 million in FY 2024-25. The overall increase of $7.3 million is primarily due to the combined effects of the $7.5 million increase in Capital Assets, $7.8 million decrease in Deferred Outflows, and $1.8 million decrease in Deferred Inflows related to Pension and OPEB expenses; and $5.3 million decrease in liabilities. These combined changes reflect the Town's continued investment in infrastructure and the impact of variability in net pension and OPEB obligations. This variability is influenced by the difference between the plans' actual investment earnings and the assumed rate of return during the measurement period.

- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of $63.3 million, an increase of $2.3 million in comparison with the prior year. Of this amount, $10.4 million, is available for spending at the Government's discretion (unassigned fund balance).

- During FY 2024-25, the General Fund had an excess of revenues over expenditures of $5.7 million, excluding transfers. Transfers out exceeded transfers in by $1.0 million. The principal purpose of the Town's interfund transfers was contributions toward capital projects ($1.8 million) and general liability ($0.1 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, assigned, and unassigned components of the fund balance) for the general fund was $32.5 million, or approximately 63% 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 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 Town's financial statements as a whole, using data from throughout the ACFR to describe changes between 2024 and 2025.

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 $166.7 million, reflecting an increase of approximately $7.3 million to the prior year's net position of $159.4 million.

Town of Los Gatos
Net Position
Governmental Activites
For the Year Ended June 30, 2025

	2025	2024
Current and other Assets	$ 94,529,842	$ 93,959,415
Capital Assets	146,834,839	139,376,963
Total Assets	$ 241,364,681	$ 233,336,378
Deferred Outflows - Pension/OPEB	21,188,217	28,973,675
Current Liabilities	19,655,539	21,254,648
Long-Term Liabilities Outstanding	73,597,018	77,271,453
Total Liabilities	$ 93,252,557	$ 98,526,101
Deferred Inflows - Pension/OPEB	2,611,631	4,377,735
Net Position		
Net Investment in Capital Assets	145,079,170	137,253,582
Restricted	12,933,419	13,015,461
Unrestricted	8,676,121	9,137,174
Total Net Position	$ 166,688,710	$ 159,406,217

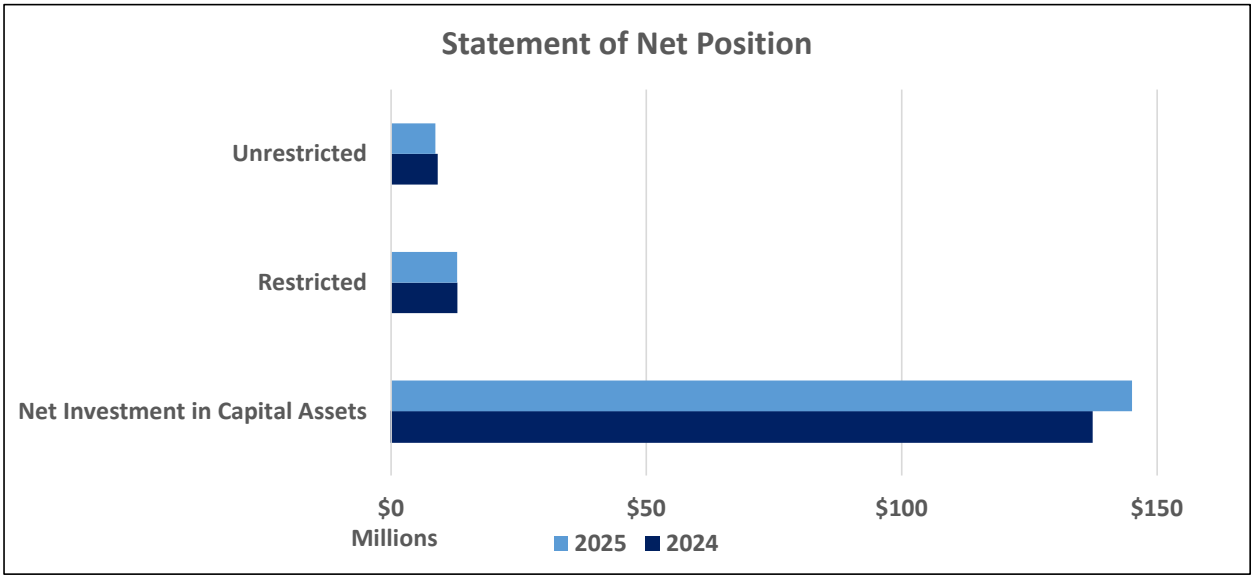
Capital assets increased $7.5 million to $146.8 million for the year, reflecting the current year's capital asset additions/retirements less the annual depreciation/amortization expense.

Deferred Outflows for Pension and Other Post-Employment Benefits (OPEB) decreased by $7.8 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 decreased by $3.7 million. The overall change is mainly due to a net pension liability decrease of $1.6 million and a reduction in net OPEB liabilities of $1.5 million, driven by higher current investment earnings for CalPERS than the 6.9% discount rate. See Note 11 and Note 12 in the Notes to the Financial Statements for more details on the Town's pension and OPEB plans.
Deferred Inflows decreased by $1.8 million, mainly due to the difference between projected investment returns and actual investment earnings on pension and OPEB investments. The decreases consisted of pension inflows of $0.9 million, the OPEB plan of $0.6 million, and leases of $0.3 million.

The largest segment of the Town's net position, representing $145.1 million, reflects the net investment in capital assets (e.g., land, buildings, infrastructure, subscriptions, 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 to fund current obligations.

The chart below shows the Town's net position for the fiscal year ended June 30, 2024 and 2025.



Restricted net position totaled approximately $12.9 million, representing approximately $9.0 million for capital projects and maintenance, $3.1 million for restricted pension trust, $0.6 million placed in a special revenue trust account for Library services, and $0.2 million for Lighting and Landscaping Assessment Districts.

As of June 30, 2025, the unrestricted net position, the amounts available to meet the Town's ongoing obligations to citizens and creditors, reports an approximate $0.5 million decrease from the prior year to an ending balance of $8.7 million.

The Town's overall net position increased $7.3 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

Governmental Activities

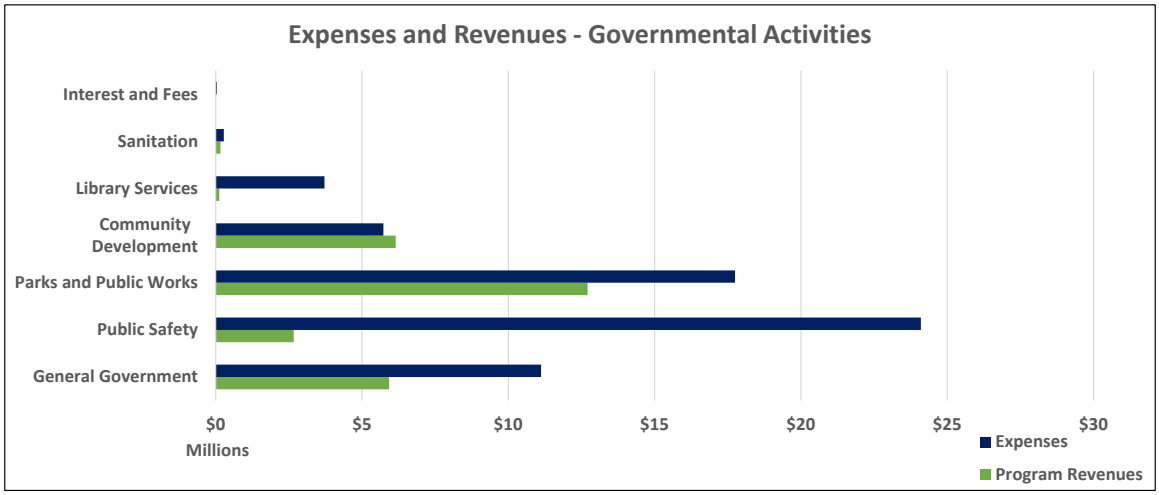
Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Statement of Activities is intended to illustrate how the cost of governmental activities is financed and determine the annual change in net position.

Town of Los Gatos
Statement of Activities
For the Year Ended June 30, 2025

	2025	2024
Revenues:		
Program revenues:		
Charges for Services	$ 17,919,376	$ 13,495,756
Operating Grants and Contributions	3,098,154	3,667,909
Capital Grants and Contributions	6,710,310	5,668,252
General Revenues:		
Property Taxes	25,252,782	24,224,142
Sales Taxes	8,330,978	8,071,735
Franchise Taxes	1,057,483	2,547,011
Transient Occupancy Taxes	2,417,630	2,367,653
Other Taxes	50,036	55,196
Motor Vehicle in Lieu	52,733	41,461
Developer Assessment		12,880
Investment Earnings	2,581,393	1,417,370
Unrealized gains (losses)	1,201,824	1,712,246
Miscellaneous	1,341,229	1,199,422
Total Revenues	70,013,928	64,481,033
Expenses:		
Police Department	24,095,151	23,783,313
Parks and Public Works	17,745,141	14,075,171
General Government	11,122,319	11,113,238
Community Development	5,734,087	5,481,765
Library Services	3,716,806	3,853,748
Sanitation	276,528	263,706
Interest and Fees	41,403	26,137
Total Expenses	62,731,435	58,597,078
Change in Net Position	7,282,493	5,883,955
Net Position - Beginning	159,406,217	153,522,262
Net Position, Ending	$ 166,688,710	$ 159,406,217

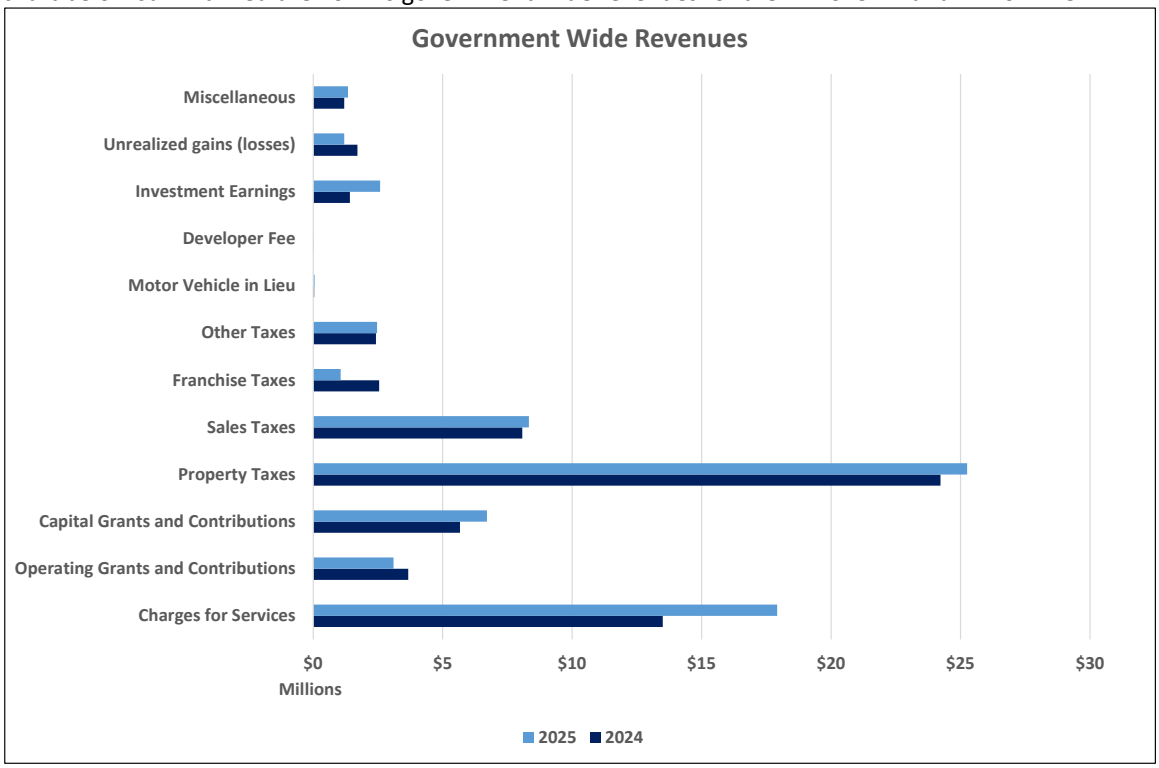
The Statement of Activities shown above details how the $70 million in Governmental Activities revenues and contributions were derived. Approximately $17.9 million or 25.6% of the revenues were recorded from fees paid by residents/businesses who directly benefited from the respective program or service. Another $9.8 million or 14.0% of the revenues were sourced from operating/capital grants and contributions. The remaining $42.3 million or 60.4% 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 2023-24 and FY 2024-25.



Total Government-Wide Revenues increased by $5.5 million.

Program revenues increased by approximately $4.9 million compared to the prior fiscal year. A key component of this increase—$1.5 million—is due to a reclassification of fees collected from the garbage hauler company. In FY 2023–24, these fees were reclassified from franchise fees to license and permit fees as a result of changes in the JPA agreement, and are now reported under the Charges for Services category in the Statement of Activities. This reclassification resulted in a $1.5 million decrease in franchise fees and a corresponding $1.5 million increase in

Charges for Services, with no net change in total collections from the garbage hauler company; however, it does affect year-over-year comparability. The remaining $2.9 million increase in program revenues is primarily attributable to a $1.5 million increase in business license tax collections, due to timing differences in license payments crossing fiscal years, and a $1.7 million increase from increased development activity, partially offset by a $0.3 million decrease in revenues from street sweeping and crossing guard services, which were contracted out in FY 2024–25.

Additionally, the Town received an additional $1.0 million in capital grants, including funding for the Los Gatos Creek Trail to Highway 9 Trailhead Connector project. These gains were partially offset by a $0.6 million decrease in operating grants and contributions, reflecting reduced availability of operating grant funding in the current year.

The Town's general revenues related to governmental activities increased by approximately $0.6 million compared to the prior year. This increase was primarily driven by a $1.0 million rise in property tax revenues, a $0.7 million increase in investment earnings, including mark-to-market adjustments on the Town's investment portfolio—and a $0.3 million increase in sales tax collections. These gains were partially offset by a $1.5 million decrease in franchise fee collections. The total amount of the Encroachment Fee was $2.3 million in FY 2024-25 and $0.8 million in FY 2023-24.

Property tax is the Town's largest individual revenue source, and collections for the year were $1.0 million more than the previous year. This increase was primarily due to a $0.8 million rise in general property tax collection and a $0.2 million increase in the Vehicle License Fee (VLF) Property Tax In-Lieu fee. It is important to note that assessed valuations for FY 2024-25 were established on the tax roll in January 2024 and collected during FY 2024-25.

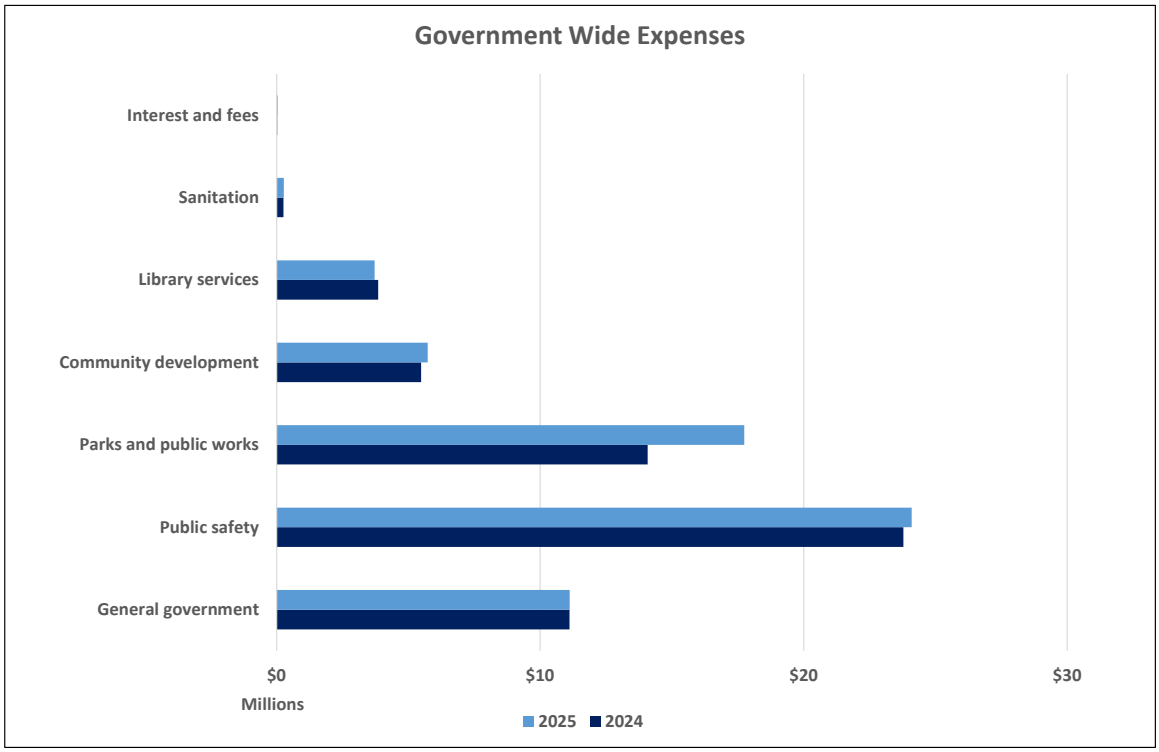
Sales taxes totaled $8.3 million for the fiscal year, making them the second-largest individual General Fund revenue source for the Town. This represents an increase of $0.3 million from the prior year. The modest growth reflects stable sales tax collections from business-to-business transactions.

Investment earnings for the fiscal year ended June 30, 2025, totaled $2.6 million, representing an increase of $1.2 million from the prior year. This growth reflects improved interest income from the Town's investment portfolio, due to a higher interest rate environment. Additionally, the Town recorded $1.2 million in unrealized gains from mark-to-market adjustments, which, while positive, were $0.5 million lower than the prior year's unrealized gains of $1.7 million. The $1.2 million unrealized gain is an increase in the value of the asset that has not been sold and is not available for spending.

Miscellaneous Revenue increased by $0.1 million from the prior year. This category includes many different items, primarily $0.5 million in revenue recognized for Capital Projects, received through developer contributions and cost-sharing agreements with local governments and utility companies. Additionally, the Town received $0.4 million in insurance reimbursements related to property damage and workers' compensation claims. Another $0.2 million was contributed by nonprofit organizations, including the Friends of the Library and the Police Foundation.

Governmental Activities Expenses Discussion

The chart below summarizes the Town's government-wide expenses for the FY 2023-24 and FY 2024-25.



The Town provides residents, businesses, and visitors with an array of high-quality municipal services. General government strategic support comprises seven Departments (Town Council, Town Clerk, Town Manager, Town Attorney, Human Resources, Information Technology, and Finance) that provide information technology, executive management, economic vitality, legal services, 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. The Parks and Public Works Department 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 for the year, as reported in the Statement of Activities, were $62.7 million, an increase of $4.1 million from the prior year's total of $58.6 million. The primary driver of this increase was in $3.5 million expenses in the capital program that is not capitalizable and reported under Parks and Public Works expenses in the Statement of Activities. These expenditures included costs related to vegetation management, implementation of the parking program, and the creation of storm drain system maps.

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:

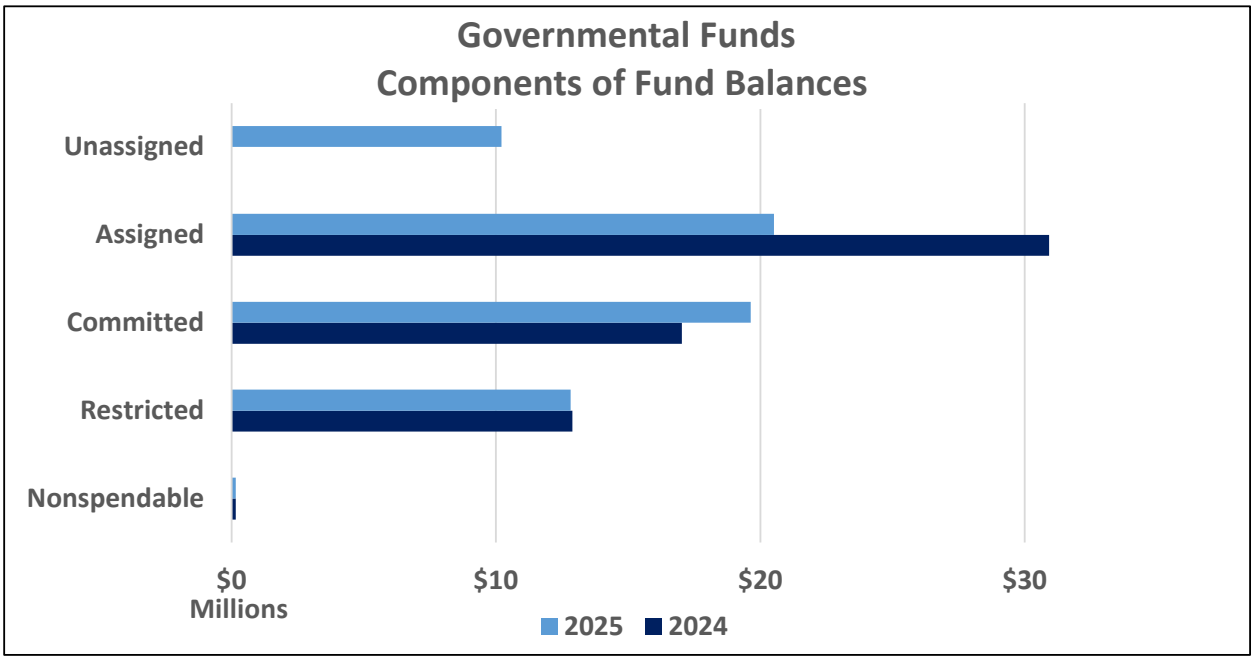
Restricted Fund Balance – The Town has $12.8 million in fund balance classified as restricted to indicate that it has an externally imposed restrictions on how the money may be spent. Of the $12.8 million restricted fund balance, $9.0 million is restricted for capital projects, $3.1 million for pension, $0.6 million for Library special revenue trust accounts, and $0.2 million for maintenance and repairs.

Committed Fund Balance – The Town has $19.6 million in fund balance classified as committed to indicate that the Town Council previously committed how the money will be spent. Of the $19.3 million, $15.8 million is for budget stabilization ($7.9 million) and catastrophe response ($7.9 million).

Assigned Fund Balance – The Town has $20.5 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 $2.0 million and the Capital Projects Reserve of $16.7 million which are the primary funding sources for the Town's five-year capital improvement plan and special projects as budgeted by the Town.

Unassigned Fund Balance – The Town has $10.2 million in fund balance is available for spending at the Government's discretion.

The chart below shows the Town's governmental fund balances for the fiscal year ended June 30, 2024 and 2025.



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, 2025

REVENUES	**2025**	**2024**
Property Taxes	$ 25,305,515	$ 24,265,603
Sales Taxes	8,330,978	8,071,735
Transient Occupancy Taxes	2,417,630	2,367,653
Other Taxes	27,520	30,358
Licenses & Permits (1)	10,077,688	6,227,298
Intergovernmental	11,038,323	6,317,644
Charges for Services	6,648,503	7,051,179
Fines and Forfeitures	420,127	480,634
Franchise Fees (1)	1,057,483	2,547,011
Developer Assessment	-	12,880
Interest	3,783,218	3,108,100
Use of Property	442,078	297,501
Other	748,259	604,493
Total Revenues	$ 70,297,322	$ 61,382,089
EXPENDITURES		
Current:		
Public Safety	$ 20,827,888	$ 20,718,781
General Government	10,884,414	9,573,022
Parks and Public Works	10,828,974	9,899,083
Community Development	5,637,742	5,246,729
Library Services	3,651,358	3,335,389
Sanitation and Other	274,188	252,605
Capital Outlay	15,545,674	12,366,255
Debt Service		
Principal	206,380	225,370
Interest and Fees	41,403	3,716
Total Expenditures	$ 67,898,021	$ 61,620,950
Excess Revenues over Expenditures	$ 2,399,301	$ (238,861)
Subscriptions	-	706,713
Proceeds from sales of assets	-	223
Transfers in	2,595,491	3,666,235
Tranfers out	(2,655,491)	(4,317,235)
Total Other Financing Sources (Uses)	$ (60,000)	$ 55,936
Net Changes in Fund Balances	2,339,301	(182,925)
Beginning/Ending Fund Balances	$ 61,002,603	$ 61,185,528
Ending Fund Balances	$ 63,341,904	$ 61,002,603

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses and Permits. The total amount of the Encroachment Fee was $2.3 million in FY 2024-25 and $0.8 million in FY 2023-24

Total Governmental Funds revenues increased by $8.9 million, or 14.5%, compared to the prior year, primarily due to higher capital grant activity and increased collections from property taxes, interest income, sales taxes, and business license taxes. On the expenditure side, total spending rose by $6.3 million, or 10.2%, mainly driven by a $3.2 million increase in capital outlay, a $2.3 million rise in salaries ($0.8 million) and benefits ($1.5 million) costs, and $0.9 million in additional internal service charges combined with operational changes.

General Fund revenues totaled $57.7 million, or nearly 82.1% of the total $70.3 million in Total Governmental Fund revenues, compared to $53.5 million of General Fund revenues and total Governmental Funds revenues of $61.3 million in the prior year.

General Fund expenditures represent approximately $51.9 million or 76.5% of the Total Governmental Fund expenditures of $67.9 million compared to $49.5 million of General Fund expenditures and total Governmental Funds expenditures of $61.6 million in the prior year.

Public Safety expenditures increased by approximately $0.1 million compared to the prior year. The net increase is the result of a $0.6 million decrease in salaries, offset by a $0.4 million increase in pension costs and a $0.3 million increase in non-pension benefits, such as health insurance.

General Government, Public Works, Community Development, and Library services expenditures increased by $2.9 million compared to the prior year, primarily due to higher personnel and operational costs. This included $0.8 million in salaries and $1.5 million in benefits increases, $0.3 million in legal service expenses, and $0.3 million in post-retirement benefit obligations.

Appropriated Reserves Fund capital projects fund balances decreased $2.2 million from the prior year to $16.9 million, reflecting increased capital activity during the fiscal year. The $3.3 million general government and capital outlay expenditures above operating revenues was offset by $1.1 million from other financing sources.

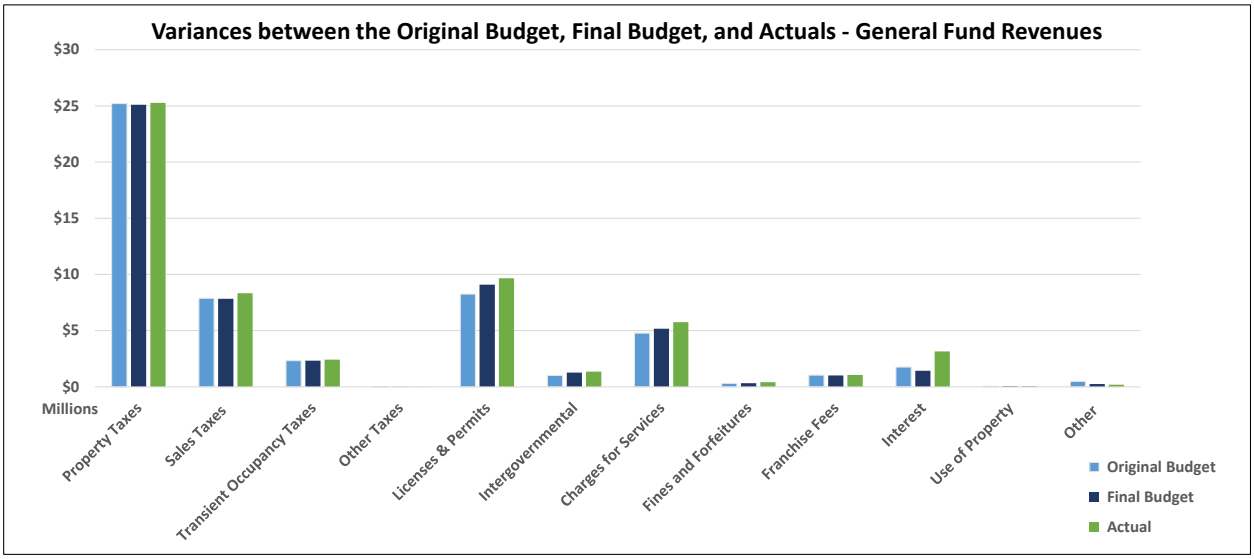
Proprietary Funds

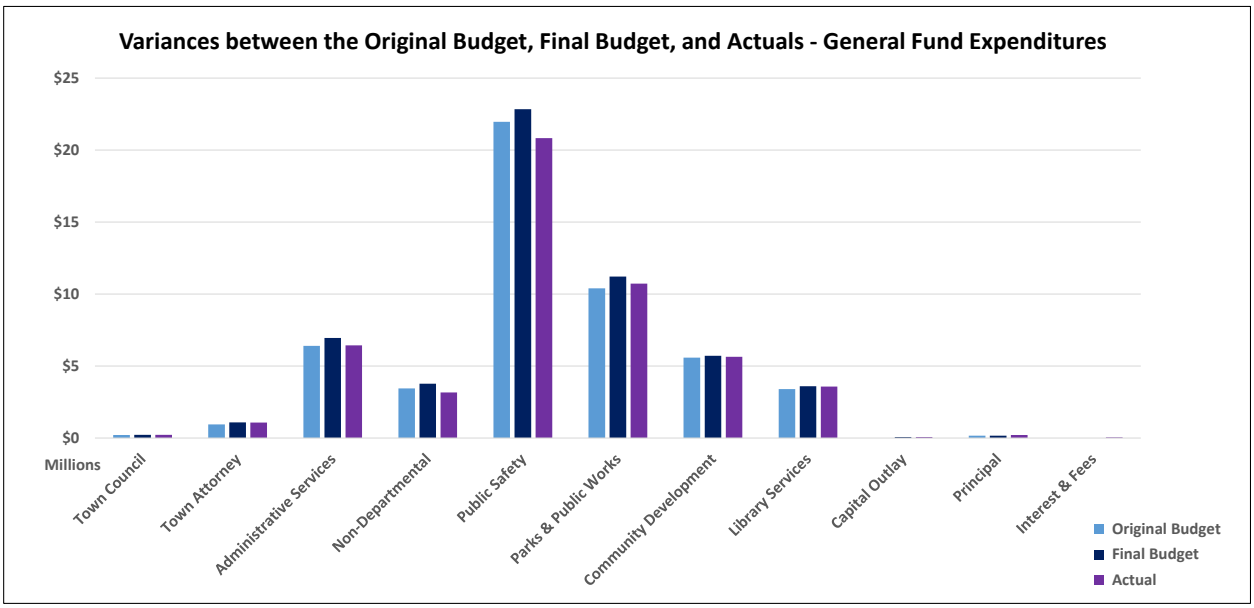
The Town's Proprietary Funds (Internal Service Funds) presented in the Fund Financial Statements section provide similar information to the Government-Wide Financial Statements and include individual segment information.

Total net position in the Internal Service Funds increased by $1.2 million due to increases in general fund support and program charges for services to cover workers' compensation, information technology, and general liability costs including administration, insurance premiums, and claims expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

The graphs below 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 2024-25 original budget (i.e., the Adopted Budget) General Fund revenues of $53.1 million to the final adjusted budget of $53.9 million indicates a net increase of approximately $0.8 million or 1.4%. 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:

- $0.4 million revenue increases for charges for services including $0.3 million for plan check fees;

- $0.8 million revenue budget for licenses & permits including $0.4 million for business license taxes and $0.3 million for planning permit fees;
- $0.3 million revenue budget for grant receipts with matching expenditures.

As shown in the chart on the previous page, comparing the FY 2024-25 original budget (i.e. the Adopted Budget) General Fund expenditures of $52.5 million (excluding budgeted transfers-out and debt payments that are reimbursed) to the final adjusted budget of $55.6 million indicates a net increase of approximately $3.1 million or 6.0%. 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.

- $1.0 million increase in expenditure budget 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;
- $1.9 million expenditure increase for salaries and benefits related charges including budget restoration of $0.3 million for individual departments that were fully staffed and did not experience the full preplanned 4.6% salary savings factor and $1.6 million for negotiated salaries and benefits and temporary staff augmentation, since agreements were finalized after the budget adoption; and
- $0.3 million 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, 2025, reports an approximate favorable variance overall with the final budget of approximately $7.4 million. During FY 2024-25, the General Fund had an excess of revenues over expenditures of $5.7 million, excluding transfers. This favorable variance was created largely by the net effect of the following factors:

- Actual revenues for the fiscal year ended June 30, 2025, exceeded final budgeted projections by $3.8 million. This favorable variance was primarily driven by high interest rates and unrealized gains resulting from the requirement to value current investments at market value as of June 30, as well as stronger-than-anticipated sales tax and business license collections reflecting increased consumer spending. Additionally, the Town experienced higher revenues from licenses, permits, and related service charges, largely due to a surge in development-related activity and an increase in engineering, building, and planning permit submittals.

- On the expenditure side, actual spending was $3.6 million below the final budgeted amounts, mainly due to $1.8 million in Town-wide savings on salaries and benefits resulting from short-term vacancies, especially in the Police ($1.5 million) and Parks and Public Works ($0.2 million), and Administrative Services ($0.1 million) Departments. Additional savings of $1.8 million were achieved across various expenditure categories town-wide, reflecting ongoing fiscal discipline and effective budget management.

CAPITAL ASSETS

As of June 30, 2025, the Town's investment in capital assets for its governmental activity is recorded at $146.8 million(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. Net capital assets increased by $7.5 million, reflecting $16.5 million in capital additions which were offset by $5.3 million in net depreciation and $3.7 million in deletions for the year.

Notable additions include:

- $8.5 million addition to construction in progress
- $4.2 million in street repair and resurfacing, and curb and gutter work; and

- $2.5 million in other infrastructure, including $2.3 million in traffic signal work; and
- $1.3 million in land, building improvements, and equipment acquisitions.

The $8.5 million addition to construction in progress is comprised of $4.7 million for pathways projects, $2.2 million for streets and curbs improvements, $0.6 million for land and building improvements, $0.6 million for bridges, $0.4 million for equipment, retaining walls, traffic signals, parking lots, and park improvements.

Capital Assets
Town of Los Gatos
For the Year Ended June 30, 2025

	Capital Assets	Accumulated Depreciation	Capital Asstes, Net
Infrastructure - Streets	$ 89,745,124	$ 43,187,417	$ 46,557,707
Infrastructure - All Other	31,619,016	11,431,646	20,187,370
Subscription Right of Use Assets	1,622,573	695,605	926,968
Buildings	43,021,401	13,259,105	29,762,296
Land	26,105,392	-	26,105,392
Equipment	13,515,875	11,078,952	2,436,923
Construction in Progress	20,858,183	-	20,858,183
	$226,487,564	$ 79,652,725	$146,834,839

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 $0.9 million at 6/30/2025. The long-term debt in the Successor Agency Trust Fund is related to the 2002 COP and 2010 COP, totaling $8.5 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

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 2025-26 budget projections are based on economic trends and forecasts specific to the Town Geographic area. These estimates, informed by local data from the County of Santa Clara and consultants such as Avenu Insights & Analytics and HdL Coren & Cone 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 2024-25 fiscal year, the Town-wide Statement of Activities reported an increase in net position of $7.3 million, a measure of the change in the value of assets impacted by Town operations during the year. This net position includes $3.8 million from investment earnings, driven by higher than usual interest rates and including $1.2 million unrealized gains, which are not available to spend, due to the requirement to value current investments at market value as of June 30. Additionally, conservative budgeting and operations resulted in revenue exceeding budget estimates and expenditures coming in below projections contributing to this positive change.

This increase in net position reflects a broader trend, with seven 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 as well as needs to address wildfire risk will substantially impact future financial performance. Further, the potential consolidation of the police department is also not considered in standards or the Town's Capital Improvement Program. Rising costs in key Town operations and contracted services also pose challenges that could outpace revenue growth. Despite our stable current 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 this year, 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 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. Further, the Town does not have identified resources to address a recommended police station consolidation, Town Hall replacement/rehabilitation, or to fully implement its various plans, such as the Bicycle and Pedestrian Master Plan or Senior Roadmap.

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. While the Town is benefiting today, an economic reversal can have the same negative impact.

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 good 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 as well as address future capital, wildfire, and other capital needs not currently scheduled in a five-year Capital Improvement Program. Our goal is to preserve the exceptional quality of life in our community through prudent and strategic financial management. To strengthen the Town's long-term financial sustainability and provide strategic insights to the Council, the Town is collaborating with an independent consultant to perform a Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset-Liability Management Studies."

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. In considering the capital intensive needs of buildings, infrastructure, and disaster mitigation, a longer view of financial condition and outlook is necessary.
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

TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 80,767,941
Restricted cash and investments	3,255,657
Receivables:	
Accounts	2,572,019
Interest	608,320
Intergovernmental	4,528,496
Other assets	160,769
Long-term leases receivable	1,498,888
Long-term notes receivables	1,137,752
Capital Assets:	
Nondepreciable	46,963,575
Depreciable, net of accumulated depreciation	99,871,264
Total Assets	$ 241,364,681
DEFERRED OUTFLOWS OF RESOURCES	
Pension adjustments	$ 16,912,258
OPEB adjustments	4,275,959
Total Deferred Outflows of Resources	$ 21,188,217
LIABILITIES	
Accounts payable	$ 3,931,301
Accrued payroll and benefits	915,225
Interest payable	12,795
Due to other governments	94,423
Unearned Revenue	7,764,914
Deposits	5,568,952
Claims payable	1,367,929
Long-term liabilities:	
Due within one year	
Compensated absences	484,551
Subscription liabilities	226,457
Loans payable	156,034
Due in more than one year	
Net OPEB liability	7,489,653
Net pension liabilities	61,403,352
Compensated absences	2,463,793
Subscription liabilities	645,022
Loans payable	728,156
Total Liabilities	$ 93,252,557
DEFERRED INFLOWS OF RESOURCES	
Leases	880,290
Pension adjustments	809,411
OPEB adjustments	921,930
Total Deferred Inflows of Resources	$ 2,611,631
NET POSITION	
Net investment in capital assets	$ 145,079,170
Restricted for:	
Library	559,744
Capital projects	8,719,695
Lighting and landscape repairs and maintenance	193,606
Pensions	3,090,731
VTA	263,061
Worker's compensation claims	106,582
Total Restricted Net Position	12,933,419
Unrestricted	8,676,121
Total Net Position	$ 166,688,710

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, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:						
General government	$ 11,122,319	$ 5,809,508	$ 112,216	$ -	$ 5,921,724	$ (5,200,595)
Public safety	24,095,151	1,793,058	869,926	-	2,662,984	(21,432,167)
Parks and public works	17,745,141	4,095,474	1,902,414	6,710,310	12,708,198	(5,036,943)
Community development	5,734,087	6,055,131	95,126	-	6,150,257	416,170
Library services	3,716,806	2,515	118,472	-	120,987	(3,595,819)
Sanitation	276,528	163,690	-	-	163,690	(112,838)
Interest	41,403	-	-	-	-	(41,403)
Total Governmental Activities	$ 62,731,435	$ 17,919,376	$ 3,098,154	$ 6,710,310	$ 27,727,840	(35,003,595)
General revenues:						
Taxes:						
Property taxes						25,252,782
Sales taxes						8,330,978
Franchise taxes						1,057,483
Transient occupancy taxes						2,417,630
Other taxes						50,036
Motor vehicle in lieu						52,733
Investment earnings:						
Investment earnings						2,581,393
Unrealized gains (losses)						1,201,824
Miscellaneous						1,341,229
Total general revenues						42,286,088
Change in Net Position						7,282,493
Net Position - Beginning						159,406,217
Net Position - Ending						$ 166,688,710

The notes to the financial statements are an integral part of this statement.

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, 2025. 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, 2025

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash & investments	$ 38,724,248	$ 21,849,987	$ 10,521,798	$ 71,096,033
Restricted cash & investments	3,090,731	-	58,344	3,149,075
Receivables:				
Accounts	1,842,977	423,390	211,164	2,477,531
Interest	608,320	-	-	608,320
Intergovernmental	2,162,657	2,281,498	84,341	4,528,496
Other assets	160,769	-	-	160,769
Leases receivable	-	55,629	225,652	281,281
Long term note receivable	1,059,000	-	78,752	1,137,752
Total Assets	$ 47,648,702	$ 24,610,504	$ 11,180,051	$ 83,439,257
LIABILITIES				
Accounts payable	$ 1,280,057	$ 2,080,943	$ 292,940	$ 3,653,940
Accrued payroll and benefits	912,732	-	2,493	915,225
Due to other governments	94,337	-	-	94,337
Unearned revenue	4,029,308	3,670,811	64,795	7,764,914
Deposits	5,568,952	-	-	5,568,952
Total Liabilities	11,885,386	5,751,754	360,228	17,997,368
DEFERRED INFLOWS OF RESOURCES				
Leases	-	53,248	134,835	188,083
Total Deferred Inflows of Resources	-	1,965,150	134,835	2,099,985
FUND BALANCE				
Nonspendable:				
Loans receivable	159,000	-	-	159,000
Restricted for:				
Library	-	-	559,744	559,744
Capital projects	-	-	8,719,695	8,719,695
Repairs and maintenance	-	-	193,606	193,606
Pensions	3,090,731	-	-	3,090,731
VTA	-	263,061	-	263,061
Committed to:				
Budget stabilization	7,870,639	-	-	7,870,639
Catastrophic	7,870,639	-	-	7,870,639
Pensions/OPEB	1,300,000	-	-	1,300,000
Measure G 2018 district sales tax	-	1,376,181	-	1,376,181
Special revenue funds	-	-	1,211,943	1,211,943
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	292,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital improvements	1,983,271	14,760,358	-	16,743,629
Carryover encumbrances	6,367	-	-	6,367
Comcast PEG	-	50,000	-	50,000
Compensated absences	1,519,243	-	-	1,519,243
Market fluctuations	1,201,824	-	-	1,201,824
Unassigned	10,211,049	-	-	10,211,049
Total Fund Balances	35,763,316	16,893,600	10,684,988	63,341,904
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 47,648,702	$ 24,610,504	$ 11,180,051	$ 83,439,257

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, 2025

Fund Balance - Total Governmental Funds		$ 63,341,904
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.		146,526,246
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.		8,764,351
DEFERED 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	$ 7,066,321	
PERS Safety Plan adjustments	9,845,937	
OPEB plan adjustments	4,275,959	21,188,217
Deferred Inflows of resources:		
PERS Safety Plan adjustments	$ (809,411)	
OPEB plan adjustments	(921,930)	(1,731,341)
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 deferreed inflows of resources in the governmental funds.		1,911,902
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	$ (587,030)	
Loans payable	(884,190)	
Net Pension Liabilities	(61,403,352)	
Net OPEB Liability	(7,489,653)	
Compensated absences	(2,948,344)	(73,312,569)
Net Position - Governmental Activities		$ 166,688,710

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, 2025

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	$ 25,266,865	$ -	$ 38,650	$ 25,305,515
Sales Taxes	8,330,978	-	-	8,330,978
Transient Occupancy Taxes	2,417,630	-	-	2,417,630
Other Taxes	5,004	-	22,516	27,520
Licenses & Permits	9,657,327	158,732	261,629	10,077,688
Intergovernmental	1,357,594	7,830,241	1,850,488	11,038,323
Charges for Services	5,749,950	898,553	-	6,648,503
Fines and Forfeitures	420,127	-	-	420,127
Franchise Fees	1,057,483	-	-	1,057,483
Interest	3,151,243	200,349	431,626	3,783,218
Use of Property	76,161	91,284	274,633	442,078
Other	190,105	477,300	80,854	748,259
Total Revenues	57,680,467	9,656,459	2,960,396	70,297,322
EXPENDITURES				
Current:				
General Government	10,884,414	-	-	10,884,414
Public Safety	20,827,888	-	-	20,827,888
Parks and Public Works	10,717,231	-	111,743	10,828,974
Community Development	5,637,742	-	-	5,637,742
Library Services	3,568,496	-	82,862	3,651,358
Sanitation and Other	-	-	274,188	274,188
Capital Outlay	65,000	12,910,018	2,570,656	15,545,674
Debt service:				
Principal	206,380	-	-	206,380
Interest	41,403	-	-	41,403
Total Expenditures	51,948,554	12,910,018	3,039,449	67,898,021
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,731,913	(3,253,559)	(79,053)	2,399,301
OTHER FINANCING SOURCES (USES)				
Transfers in	812,411	1,783,080	-	2,595,491
Transfers (out)	(1,843,080)	(701,491)	(110,920)	(2,655,491)
Total Other Financing Sources (Uses)	(1,030,669)	1,081,589	(110,920)	(60,000)
NET CHANGES IN FUND BALANCES	4,701,244	(2,171,970)	(189,973)	2,339,301
BEGINNING FUND BALANCES	31,062,072	19,065,570	10,874,961	61,002,603
ENDING FUND BALANCES	$ 35,763,316	$ 16,893,600	$ 10,684,988	$ 63,341,904

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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 2,339,301
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)	$ 13,404,632	
Current year depreciation	(5,743,441)	7,661,191
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.		(892)
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 Principal Payments		50,347
PG&E Loan		156,033
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.		(1,152,891)
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.		162,613
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.		582,395
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.		(3,745,405)
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.		1,229,801
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 7,282,493

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, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	$ 25,204,691	$ 25,102,070	$ 25,266,865	$ 164,795
Sales Taxes	7,885,517	7,841,645	8,330,978	489,333
Transient Occupancy Taxes	2,332,419	2,332,419	2,417,630	85,211
Other Taxes	7,000	7,000	5,004	(1,996)
Licenses & Permits	8,253,715	9,087,746	9,657,327	569,581
Intergovernmental	1,015,439	1,265,444	1,357,594	92,150
Charges for Services	4,786,513	5,168,358	5,749,950	581,592
Fines and Forfeitures	315,200	325,200	420,127	94,927
Franchise Fees	1,041,330	1,013,330	1,057,483	44,153
Interest	1,764,425	1,427,333	3,151,243	1,723,910
Use of Property	55,143	55,143	76,161	21,018
Other	485,273	248,413	190,105	(58,308)
Total Revenues	53,146,665	53,874,101	57,680,467	3,806,366
EXPENDITURES				
Current:				
General Government:				
Town Council	206,235	219,813	222,953	(3,140)
Town Attorney	943,589	1,085,157	1,076,252	8,905
Administrative Services	6,397,313	6,942,452	6,428,015	514,437
Non-Departmental	3,440,213	3,773,154	3,157,194	615,960
Total General Government	10,987,350	12,020,576	10,884,414	1,136,162
Public Safety	21,956,480	22,832,439	20,827,888	2,004,551
Parks & Public Works	10,394,397	11,210,625	10,717,231	493,394
Community Development	5,577,310	5,706,062	5,637,742	68,320
Library Services	3,398,711	3,591,990	3,568,496	23,494
Capital Outlay	-	65,000	65,000	-
Debt Service:				
Principal	156,034	156,034	206,380	(50,346)
Interest	-	-	41,403	(41,403)
Total Expenditures	52,470,282	55,582,726	51,948,554	3,634,172
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	676,383	(1,708,625)	5,731,913	7,440,538
OTHER FINANCING SOURCES (USES)				
Transfers In	595,411	812,411	812,411	-
Transfers Out	(1,754,083)	(1,782,575)	(1,843,080)	(60,505)
Total Other Financing Sources (Uses)	(1,158,672)	(970,164)	(1,030,669)	(60,505)
NET CHANGES IN FUND BALANCE	$ (482,289)	$ (2,678,789)	4,701,244	$ 7,380,033
BEGINNING FUND BALANCE			31,062,072	
ENDING FUND BALANCE			$ 35,763,316	

The notes to the financial statements are an integral part of this statement.

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, 2025

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets:	
Cash & investments	$ 9,671,908
Restricted cash & investments	106,582
Accounts Receivable	94,488
Total current assets	9,872,978
Noncurrent Assets:	
Leases receivable	1,217,607
Subscription assets, net	308,593
Total noncurrent assets	1,526,200
Total Assets	$ 11,399,178
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 277,361
Due to other governments	86
Interest payable	12,795
Subscription liabilities - Current	172,839
Total current liabilities	463,081
Noncurrent liabilities:	
Claims payable	1,367,929
Subscription liabilities	111,610
Total noncurrent liabilities	1,479,539
Total Liabilities	$ 1,942,620
DEFERRED INFLOWS OF RESOURCES	
Leases	$ 692,207
NET POSITION	
Net Investment in capital assets	$ 24,144
Restricted for workers compensation claims	106,582
Unrestricted	8,633,625
Total Net Position	$ 8,764,351

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, 2025

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for services	$ 5,891,269
Use of money and property	137,633
Other local taxes	22,516
Other revenue and reimbursements	374,198
Total Operating Revenues	6,425,616
OPERATING EXPENSES	
Insurance expenses	1,846,975
Services and Supplies	2,918,143
Insurance claims	373,944
Depreciation/amortization	202,422
Total Operating Expenses	5,341,484
Operating Income (Loss)	1,084,132
NONOPERATING REVENUE (EXPENSES)	
Investment earnings	85,669
Income (loss) before transfers	1,169,801
Transfers in	60,000
Change in Net Position	1,229,801
BEGINNING NET POSITION	7,534,550
ENDING NET POSITION	$ 8,764,351

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, 2025

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 6,100,761
Payments to suppliers	(5,089,089)
Insurance reimbursements	330,789
Claims paid	(512,165)
Net cash provided (used) by operating activities	830,296
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In	60,000
Net cash provided (used) by noncapital financing activities	60,000
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Interest paid	(7,148)
Principal paid	(161,332)
Net cash provided (used) by capital related financing activities	(168,480)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash collected from investment eanings	85,669
Net cash provided (used) Investing Activities	85,669
Net Increase(Decrease) in Cash and Investments	807,485
Cash and investments - beginning of year	8,971,005
Cash and investments - end of year	$ 9,778,490
Reconciliation of Operating Income to Cash Flows from Operating Activities:	
Operating Income	$ 1,084,132
Adjustments to reconcile operating income to cash flows from operating activities:	
Depreciation/amortization	202,422
Change in assets and liabilities:	
Accounts receivables	(55,077)
Leases receivable	190,076
Deferred inflows of resources	(129,065)
Accounts payable	59,844
Claims payable	(522,063)
Cash Flows From Operating Activities	$ 830,296
Cash and cash equivalents:	
Cash and investments	$ 9,671,908
Restricted cash and investments	106,582
Total cash and cash equivalents	$ 9,778,490

The notes to the financial statements are an integral part of this statement.

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, 2025

	RDA Successor Agency
ASSETS	
Cash and investments	$ 2,132,669
Restricted cash and investments	2,167,505
Loans receivable	645,410
Capital assets:	
Depreciable, net of accumulated depreciation	896,107
Total Assets	$ 5,841,691
LIABILITIES	
Accounts payable	$ 36
Interest payable	160,530
Long-term debt:	
Due within one year	1,550,000
Due in more than one year	7,168,270
Total Liabilities	$ 8,878,836
NET POSITION	
Restricted for RDA	$ (3,037,145)
Total Net Position	$ (3,037,145)

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, 2025

	RDA Successor Agency
ADDITIONS	
Property taxes	$ 1,951,721
Investment earnings	130,367
Total Additions	2,082,088
DEDUCTIONS	
Program expenses of former RDA	1,718
Payments to other governments	5,394
Interest and fiscal agency expenses of RDA	359,258
Depreciation expense	120,823
Total Deductions	487,193
CHANGE IN NET POSITION	1,594,895
NET POSITION - BEGINNING OF YEAR	(4,632,040)
NET POSITION - END OF YEAR	$ (3,037,145)

The notes to the financial statements are an integral part of this statement.

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Notes to Basic Financial Statements

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, 2025, was 33,355.

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*.

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.

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" using the accrual basis of accounting.

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 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

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.

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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.

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

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 - The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related taxes and benefits, where applicable.

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; the long-term portion is recorded in the Statement of Net Position. The changes of the compensated absences were as follows:

Beginning Balance	$ 3,110,957
Net change	(72,470)
Ending Balance	$ 3,038,487
Compensated Absences Current Portion	$ 484,551

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.

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 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 19, 2025, 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:

	Secured	Unsecured
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:

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, 2025.

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.

G. Accounting and Reporting Changes

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 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 implementation of this standard did not have a material impact on the Town's financial statements and management determined there were no were concentrations or constraints that make the Town vulnerable to the risk of substantial impact.

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. 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.

The bank balance of the Town's cash deposits was $8,687,744 and the carrying amount was $9,807,078 as of June 30, 2025. 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, 2025, 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 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, 2025.

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%

The following is a summary of the Town's Cash and Investments (stated at fair value) as of June 30, 2025:

Description	Available for Operations	Restricted	Total	Concentration of Credit Risk	Rating	Input Level	Time to Mature (Years)	Weighted Average Maturity
Government Bonds	$ 19,937,294	-	$ 19,937,294	27.28%	AA+	2	.08-4.92	2.39
Government Agencies	17,930,643	-	17,930,643	24.53%	AA+	2	.15-4.47	1.72
Corporate Bonds	15,039,365	-	15,039,365	20.58%	A- to AA+	2	.53-4.10	2.27
Mutual Funds	15,229	-	15,229	0.02%	Not Rated	2	n/a	n/a
LAIF	20,168,601	-	20,168,601	27.59%	Not Rated	n/a	n/a	n/a
Total Investments	73,091,132	-	73,091,132	100.00%				
Cash Deposits with Banks	9,789,372	2,332,431	12,121,803					
Money Market Accounts	17,706	-	17,706					
Pension Trust	-	3,090,731	3,090,731					
Cash on Hand at Town	2,400	-	2,400					
Total Cash and Investments	$ 82,900,610	$ 5,423,162	$ 88,323,772					

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	Total Town	Fiduciary Funds	Totals
Cash and Investments Available for Operations	$ 80,767,941	$ 2,132,669	$ 82,900,610
Restricted Cash and Investments	3,255,657	2,167,505	5,423,162
Total Cash and Investments	$ 84,023,598	$ 4,300,174	$ 88,323,772

NOTE 3 - LONG-TERM NOTES RECEIVABLE

The Town had the following long-term notes receivable as of June 30, 2025:

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	645,410
Total Long-Term Notes Receivable			$ 1,783,162

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, 2025, 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 Threatre 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%.

The following summarizes the lease balances as of June 30, 2025:

Lease Receivable	Beginning	Additions	Deletions	Ending
Tesla	$ 149,496	$ -	$ (93,867)	$ 55,629
LGS 123 E. Main St	131,006	-	(19,623)	111,383
LGS 208 E. Main St	1,055,502	-	(158,086)	897,416
NUMU	221,175	-	(12,368)	208,807
Los Gatos Threatre	304,129	-	(78,477)	225,652
	$ 1,861,308	$ -	$ (362,420)	$ 1,498,888

Deferred Inflows of Resources	Beginning	Additions	Deletions	Ending
Tesla	$ 144,532	$ -	$ (91,284)	$ 53,248
LGS 123 E. Main St	70,402	-	(12,997)	57,405
LGS 208 E. Main St	535,276	-	(98,820)	436,456
NUMU	215,594	-	(17,247)	198,347
Los Gatos Threatre	202,252	-	(67,418)	134,834
	$ 1,168,056	$ -	$ (287,766)	$ 880,290

The following summarizes the future lease collections as of June 30, 2025:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 363,791	$ 82,970	$ 446,761
2027	352,973	64,266	417,239
2028	248,138	45,815	293,953
2029	270,392	30,536	300,928
2030	128,730	16,319	145,049
2031-2035	99,049	25,952	125,001
2036-2037	35,815	1,685	37,500
Total Future Collections	$ 1,498,888	$ 267,543	$ 1,766,431

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.

Transfers between funds during the fiscal year ended June 30, 2025 were as follows:

Transfers Out			Transfers In		
Opinion Unit	**Program Title**	**Amount**	**Opinion Unit**	**Program Title**	**Description**
General Fund	Non-Departmental	$ 1,110,000	Appropriated Reserves	GFAR	Adopted Budget Support
General Fund	Non-Departmental	60,000	Internal Service	Liability Program	Internal Service Fund
General Fund	Non-Departmental	20,684	Appropriated Reserves	ARC Interim Community Center	Capital Project
General Fund	Measure G Program	652,396	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	Non-Departmental	102,000	General Fund	Non-Departmental	Vehicle Impact Fees
Appropriated Reserves	Non-Departmental	250,000	General Fund	Non-Departmental	Community Grants
Appropriated Reserves	GFAR	217,808	General Fund	PPW Admin	Engineering Support
Appropriated Reserves	GFAR	121,683	General Fund	Town Engineering	Engineering Support
Appropriated Reserves	Traffic Mitigation	10,000	General Fund	Non-Departmental	Admin Support
Nonmajor	Gas Tax	106,000	General Fund	Non-Departmental	Admin Support
	Total Transfers	**$ 2,655,491**			

NOTE 6 - CAPITAL ASSETS

Changes in the Town's capital assets during the fiscal year are shown as follows:

	Beginning	Additions	Deletions	Ending
Nondepreciable/Amortizable Capital Assets:				
Land	$ 26,064,735	$ 40,657	$ -	$ 26,105,392
Construction in Progress	15,491,043	8,464,443	(3,097,303)	20,858,183
Total Nondepreciable/Amortizable	33,579,251	8,505,100	(3,097,303)	46,963,575
Depreciable/Amortizable Capital Assets:				
Subscription Right of Use Assets	1,622,573	-	-	1,622,573
Buildings and Improvements	42,862,716	158,685	-	43,021,401
Equipment & Vehicle	12,893,445	1,153,864	(531,434)	13,515,875
Infrastructure - All Other	28,491,627	3,127,389	-	31,619,016
Infrastructure - Streets	86,301,911	3,556,897	(113,684)	89,745,124
Total Depreciable/Amortizable	172,172,272	7,996,835	(645,118)	179,523,989
Less Accumulated Depreciation/Amortization for:				
Subscription Right of Use Assets	422,512	273,093	-	695,605
Buildings and Improvements	11,995,280	1,263,825	-	13,259,105
Equipment & Vehicle	10,870,937	738,557	(530,542)	11,078,952
Infrastructure - All Other	10,552,383	879,263	-	11,431,646
Infrastructure - Streets	40,509,975	2,791,126	(113,684)	43,187,417
Total Acccumulated Depreciation/Amortization	74,351,087	5,945,864	(644,226)	79,652,725
Net Depreciable/Amortizable Capital Assets	97,821,185	2,050,971	(892)	99,871,264
Capital Assets, Net	$ 139,376,963	$ 10,556,071	$ (3,098,195)	$ 146,834,839

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	$ 485,905
Public Safety	503,948
Parks & Public Works	4,864,643
Community Development	53,448
Library	37,665
Sanitation	255
Total Governmental Activities	$ 5,945,864

Changes in the RDA Successor Agency trust fund capital assets during the fiscal year are shown as follows:

	Beginning	Additions	Deletions	Ending
Depreciable/Amortizable Capital Assets:				
Buildings and Improvements	$ 4,067,708	$ -	$ -	$ 4,067,708
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	3,050,778	120,823	-	3,171,601
Net Depreciable/Amortizable Capital Assets	1,016,930	(120,823)	-	896,107
Capital Assets, Net	$ 1,016,930	$ (120,823)	$ -	$ 896,107

NOTE 7 - 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 following summarizes the changes in long-term debt in the Town during the fiscal year ended June 30, 2025:

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	$ 1,040,223	$ -	$ 156,034	$ 884,189
Due Within One Year							156,034
Due in More Than One Year							$ 728,155

Future debt service requirements of the PG&E loan were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 156,034	$ -	$ 156,034
2027	156,034	-	156,034
2028	156,034	-	156,034
2029	156,034	-	156,034
2030	156,034	-	156,034
2031-2035	104,019	-	104,019
Total Debt Service	$ 884,189	$ -	$ 884,189

The following summarizes the changes in long-term debt in the Successor Agency trust fund during the fiscal year ended June 30, 2025:

Long-Term Debt	Interest Rate	Maturity Date	Original Issue	Beginning Balance	Deletions	Ending Balance
2002 COP	2.5-5%	2031	$ 10,725,000	$ 4,420,000	$ 465,000	$ 3,955,000
2010 COP	2.5-4.25%	2028	15,675,000	5,595,000	1,020,000	4,575,000
Subtotal COP's			26,400,000	10,015,000	1,485,000	8,530,000
Premiums			753,095	225,926	37,655	188,271
Total Long-Term Debt			$ 27,153,095	$ 10,240,926	$ 1,522,655	$ 8,718,271
Due Within One Year						1,550,000
Due in More Than One Year						$ 7,168,271

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.

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
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	590,000	78,250	668,250
2031-2035	1,270,000	64,250	1,334,250
Total Debt Service	$ 8,530,000	$ 1,121,700	$ 9,651,700

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 $2,167,505 as of June 30, 2025. The California Government Code requires these funds to be invested in accordance with Town ordinance, bond indentures or State statues. 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, 2025:

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	$ 111,986	$ 49,344	$ 50,347
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, 2025:

Subscription Right of Use Assets	Accela	Microsoft	Axon	Total
Beginning	$ 597,350	$ 318,510	$ 706,713	$ 1,622,573
Additions	-	-	-	-
Deletions	-	-	-	-
Ending	597,350	318,510	706,713	1,622,573
Accumulated Amortization	(448,011)	(159,255)	(88,339)	(695,605)
Subscription ROA, Net	$ 149,339	$ 159,255	$ 618,374	$ 926,968

The following summarizes the Town's subscription liabilities as of June 30, 2025:

Subscription Liabilities	Accela	Microsoft	Axon	Total
Beginning	$ 232,997	$ 212,784	$ 637,377	$ 1,083,158
Additions	-	-	-	-
Deletions	(111,986)	(49,344)	(50,349)	(211,679)
Ending	121,011	163,440	587,028	871,479
Due Within One Year	121,011	51,828	53,618	226,457
Due in More Than One Year	$ -	$ 111,612	$ 533,410	$ 645,022

The following summarizes the Town's future payments for subscription liabilities as of June 30, 2025:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 226,456	$ 52,120	$ 278,576
2027	111,536	40,265	151,801
2028	117,985	33,817	151,802
2029	67,512	26,990	94,502
2030	74,733	22,604	97,337
2030-2034	273,257	36,628	309,885
Total Debt Service	$ 871,479	$ 212,424	$ 1,083,903

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, 2025.

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, 2025, fund balances were classified as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nonspendable				
Loans Receivable	$ 159,000	$ -	$ -	$ 159,000
Total Nonspendable	159,000	-	-	159,000
Restricted:				
Library	556,848	85,760	(82,864)	559,744
Capital projects	9,043,666	2,352,685	(2,676,656)	8,719,695
Land held for resale	344,338	-	(344,338)	-
Repairs and maintenance	182,625	46,575	(35,594)	193,606
Pensions	2,188,659	905,776	(3,704)	3,090,731
VTA	577,887	1,973,860	(2,288,686)	263,061
Total Restricted	12,894,023	5,364,656	(5,431,842)	12,826,837
Committed:				
Budget stabilization and catastrophes	6,736,781	1,133,858	-	7,870,639
Catastrophic	6,736,781	1,133,858	-	7,870,639
Pension/OPEB Reserve	300,000	1,300,000	(300,000)	1,300,000
Measure G 2018 District Sales Tax - Residual	590,581	-	(590,581)	-
Measure G 2018 District Sales Tax - Capital	1,572,619	-	(196,438)	1,376,181
Special revenue funds	1,091,822	2,960,396	(2,840,275)	1,211,943
Total Committed	17,028,584	6,528,112	(3,927,294)	19,629,402
Assigned:				
Open Space	562,000	-	-	562,000
Parking	292,000	-	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	25,072,120	10,738,047	(19,066,538)	16,743,629
Carryover encumbrances	85,861	-	(79,494)	6,367
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	-	(36,235)	1,519,243
Market fluctuations	1,712,246	-	(510,422)	1,201,824
Total Assigned	30,920,996	10,738,047	(21,143,427)	20,515,616
Unassigned	-	10,211,049	-	10,211,049
Total Fund Balance - Gov't Funds	$ 61,002,603	$ 32,841,864	$ (30,502,563)	$ 63,341,904

Nonspendable

Loans receivable nonspendable fund balance reflects long-term loans 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.

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.

Measure G 2018 District Sales Tax committed 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.

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.

Compensated Absences assigned fund balance will be used for vacation and sick-pay benefits owed to employees as of June 30, 2025 that were not a liability of the General Fund because of their long-term nature.

Market Fluctuations assigned fund balance will be used for fair value adjustments that are not immediately realizable but included in investment earnings.

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	$ 7,066,321	$ 9,822,629	$ 16,888,950
Deferred inflows of resources	$ -	$ 809,446	$ 809,446
Net pension liabilities	$ 27,934,019	$ 33,469,333	$ 61,403,352
Pension expense (credit)	$ 5,488,565	$ 6,534,580	$ 12,023,145

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, 2025, 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%	7.75%	9%	14.5%
Required employer contribution rates	11.15%	11.15%	11.15%	29.30%	14.72%

Employees Covered

At June 30, 2025, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	123	48
Transferred	107	19
Separated	106	9
Retired	264	91
Total	600	167

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, 2025, pension contributions for each Plan was as follows:

	Employer Contributions
Miscellaneous	$ 4,348,001
Safety	3,929,739
Total Employer Contributions	$ 8,277,740

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions Pension Liability

As of June 30, 2025, the Town reported net pension liabilities for each plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	$ 27,934,019
Safety	33,469,333
Total	**$ 61,403,352**

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, 2024, 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, 2023. The Town's proportion of the net pension 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, 2024 and 2025 was as follows:

	Safety
Proportion - June 30, 2024	0.45458%
Proportion - June 30, 2025	0.45906%
Change - Increase/(Decrease)	0.00448%

For the year ended June 30, 2025, the Town recognized a pension expense of $12,023,145.

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, 2025:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning Balance	$ 128,233,325	$ 99,184,743	$ 29,048,582
Service Costs	2,365,384	-	2,365,384
Interest on Total Pension Liability	8,809,282	-	8,809,282
Changes of Assumptions	-	-	-
Difference Actual and Expected Experience	1,923,906	-	1,923,906
Employer Contributions	-	3,876,932	(3,876,932)
Employee Contributions	-	996,934	(996,934)
Net Investment Income	-	9,419,976	(9,419,976)
Benefit Payments	(7,338,359)	(7,338,359)	-
Administrative Expenses	-	(80,707)	80,707
Net Changes	5,760,213	6,874,776	(1,114,563)
Ending Balance	$ 133,993,538	$ 106,059,519	$ 27,934,019

At June 30, 2025, 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	$ -	$ -	$ 824,616	$ -
Differences between Expected and Actual Experience	1,079,463	-	2,731,395	88,809
Differences between Projected and Actual Investment Earnings	1,638,857	-	1,617,755	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	-	401,233	415,900
Change in Employer's Proportion	-	-	341,199	304,702
Pension Contributions Made Subsequent to Measurement Date	4,348,001	-	3,929,739	-
Total	$ 7,066,321	$ -	$ 9,845,937	$ 809,411

The Town reported $8,277,740 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, 2026.

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 June 30:	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
2026	$ 837,457	$ 1,924,705	$ 2,762,162
2027	2,817,540	3,747,701	6,565,241
2028	(403,583)	(12,128)	(415,711)
2029	(533,094)	(553,491)	(1,086,585)
2030	-	-	-
Thereafter	-	-	-
Total	$ 2,718,320	$ 5,106,787	$ 7,825,107

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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, 2023 valuation are based on CalPERS experience studies which can found on the CalPERS website.

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.

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	$ 45,258,401	49,708,639
Current	6.90%	6.90%
Net Pension Liability	$ 27,934,019	33,469,333
1% Increase	7.90%	7.90%
Net Pension Liability	$ 13,675,961	20,187,864

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, 2025, 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 2025, the Town reported $3,090,731 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.

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, 2025 (the measurement date), the benefit terms covered the following employees:

Active employees	158
Inactive employees - receiving benefits	145
Inactive employees - not receiving benefits	36
Total employees	339

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, 2025, the Town contributed $2,081,717 from the General Fund. During the measurement period ended June 30, 2024, the Town contributed $1,818,298 to the Plan and benefit payments were $1,801,144. Plan members receiving benefits contributed did not make any contributions.

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, 2024
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%

Assumption Changes:

None

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.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2024 (measurement date) and was determined by an actuarial valuation as of June 30, 2024 (valuation date) for the fiscal year ended June 30, 2025 (reporting date).

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2025:

Fiscal Year Ended June 30, 2025 (Measurement Date June 30, 2024)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024	$ 33,331,226	$ 24,321,780	$ 9,009,446
Service cost	865,285	-	865,285
Interest in Total OPEB Liability	2,080,996	-	2,080,996
Employer contributions	-	1,818,298	(1,818,298)
Net investment income	-	2,672,858	(2,672,858)
Administrative expenses	-	(25,082)	25,082
Benefit payments	(1,801,144)	(1,801,144)	-
Net changes	1,145,137	2,664,930	(1,519,793)
Balance at June 30, 2025	$ 34,476,363	$ 26,986,710	$ 7,489,653

Covered Employee Payroll	$ 20,375,284
Total OPEB Liability as a % of Covered Employee Payroll	169.21%
Plan Fid. Net Position as a % of Total OPEB Liability	78.28%
Service Cost as a % of Covered Employee Payroll	4.25%
Net OPEB Liability as a % of Covered Employee Payroll	36.76%
Contributions as a % of Cov. Emp. Payroll	8.92%

Deferred Inflows and Outflows of Resources

At June 30, 2025, 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	$ 102,621	$ 840,500
Difference between actual and expected earnings	279,365	-
Change in assumptions	1,812,256	81,430
OPEB contribution subsequent to measurement date	2,081,717	-
Totals	$ 4,275,959	$ 921,930

Of the total amount reported as deferred outflows of resources related to OPEB, $2,081,717 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,		
2026	$	21,973
2027		937,782
2028		152,324
2029		160,233
2030		-
Thereafter		-
Total	$	1,272,312

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%	

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2025:

Service cost	$ 865,285
Interest in TOL	2,080,996
Expected investment income	(1,519,863)
Difference between actual and expected experience	(417,366)
Difference between actual and expected earnings	74,618
Change in assumptions	390,570
Administrative expenses	25,082
OPEB Expense	**$ 1,499,322**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025:

Net OPEB liability ending	$ 7,489,653
Net OPEB liability beginning	(9,009,446)
Change in net OPEB liability	(1,519,793)
Changes in deferred outflows	1,794,219
Changes in deferred inflows	(593,402)
Employer contributions and implicit subsidy	1,818,298
OPEB Expense	**$ 1,499,322**

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)	$ 11,538,514	$ 7,489,653	$ 4,106,816

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)	$ 3,561,702	$ 7,489,653	$ 12,266,003

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, 2025:

	Workers' Compensation Internal Service Fund	Self-Insurance Internal Service Fund	Total
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
Claims incurred	-	-	-
Claims paid	(429,543)	(92,520)	(522,063)
Claims payable balance - June 30, 2025	$ 1,286,054	$ 81,875	$ 1,367,929

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, 2025, the Successor Agency trust fund reported a net deficit of $3,037,145.

Encumbrances - As of June 30, 2025, the town had the following encumbered balances that were carried into the next fiscal year:

General Fund	$	1,600,572
Appropriated Reserves Fund		4,149,910
Internal Service Fund		178,927
Total Encumbrances	$	5,929,410

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.

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.

NOTE 16 – JOINT POWERS AGREEMENT

The Town participates in one joint power agreements (JPA), with The Silicon Valley animal Control Authority. The relationship between the Town and the JPA is such that the JPA is not a component unit of the Town for financial reporting purposes. The JPA arranges for and/ or provides animal control services for its members. The JPA is governed by a board consisting of a representative from each member town/city. The board controls the operations of its JPA, including selection of management and approval of operating budgets independent of any influence by the member town/city beyond their representation on the Board. Each member town/city pays the JPA Authority its allocated proportional share of the total estimated annual costs and expenses.

NOTE 17 – DEFINED CONTRIBUTION PLAN

The Town offers its Town Manager a deferred compensation plan in accordance with Internal Revenue Code Section 401a. The deferred compensation plan is available only to the Town Manager of the Town. Under the plan, the employee may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, death, or unforeseeable emergency. The Town contributes to the plan an amount equal to the participants' 457(b) plan deferrals. In fiscal year 2024-25, the Town paid $11,750 to the plan.

Required Supplementary Information

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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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SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Miscellaneous Plan					
Plan Measurement Date	**2015**	**2016**	**2017**	**2018**	**2019**
Fiscal Year Ended	**2016**	**2017**	**2018**	**2019**	**2020**
Contractually Required Contributions	$ 2,223,782	$ 2,407,496	$ 2,669,133	$ 3,049,748	$ 3,366,304
Contributions in Relation to Contractually Required Contributions	2,223,782	2,407,496	2,669,133	3,049,748	8,146,791
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ (4,780,487)
Covered Payroll	**$ 9,198,318**	**$ 9,024,370**	**$ 9,576,157**	**$ 10,211,967**	**$ 11,188,927**
Contributions as a % of Covered Payroll	**24.18%**	**26.68%**	**27.87%**	**29.86%**	**72.81%**

Miscellaneous Plan					
Plan Measurement Date	**2020**	**2021**	**2022**	**2023**	**2024**
Fiscal Year Ended	**2021**	**2022**	**2023**	**2024**	**2025**
Contractually Required Contributions	$ 3,529,373	$ 3,472,727	$ 2,687,213	$ 3,878,991	$ 4,348,001
Contributions in Relation to Contractually Required Contributions	9,160,680	3,472,727	2,687,213	3,878,991	4,348,001
Contribution Deficiency (Excess)	$ (5,631,307)	$ -	$ -	$ -	$ -
Covered Payroll	**$ 12,082,520**	**$ 12,305,265**	**$ 11,094,190**	**$ 13,817,826**	**$ 15,008,562**
Contributions as a % of Covered Payroll	**75.82%**	**28.22%**	**24.22%**	**28.07%**	**28.97%**

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SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contributions	$ 1,586,129	$ 1,738,150	$ 1,951,711	$ 2,325,357	$ 2,565,205
Contributions in Relation to Contractually Required Contributions	1,586,129	1,738,150	1,951,711	2,325,357	2,565,205
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 5,022,498**	**$ 4,941,138**	**$ 5,079,440**	**$ 4,445,061**	**$ 4,928,821**
Contributions as a % of Covered Payroll	**31.58%**	**35.18%**	**38.42%**	**52.31%**	**52.05%**

Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contributions	$ 2,853,764	$ 3,072,032	$ 3,409,275	$ 3,554,897	$ 3,929,739
Contributions in Relation to Contractually Required Contributions	2,853,764	3,072,032	3,409,275	3,554,897	3,929,739
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 5,178,418**	**$ 5,603,211**	**$ 5,863,101**	**$ 6,557,458**	**$ 6,180,009**
Contributions as a % of Covered Payroll	**55.11%**	**54.83%**	**58.15%**	**54.21%**	**63.59%**

Notes to Schedule:

Valuation Date: June 30, 2023

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 26 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 6.90% in FY2022.
The CalPERS mortality assumptions was adjusted in fiscal year 2021.

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SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS SAFETY COST SHARING PLAN

Safety Plan					
Plan Measurement Date	**2015**	**2016**	**2017**	**2018**	**2019**
Fiscal Year Ended	**2016**	**2017**	**2018**	**2019**	**2020**
Proportion of Net Pension Liability (Safety)	0.14860%	0.22394%	0.22603%	0.23583%	0.24100%
Proportionate Share of Net Pension Liability	$ 10,199,904	$ 19,377,843	$ 22,415,954	$ 22,725,267	$ 24,695,687
Covered Payroll	$ 4,897,104	$ 5,022,498	$ 4,941,138	$ 5,079,440	$ 4,445,061
Proportionate Share of NPL as a % of Covered Payroll	208.28%	385.82%	453.66%	447.40%	555.58%
Plan's Fiduciary Net Position as a % of the TPL	74.89%	74.89%	73.87%	74.52%	73.61%

Safety Plan					
Plan Measurement Date	**2020**	**2021**	**2022**	**2023**	**2024**
Fiscal Year Ended	**2021**	**2022**	**2023**	**2024**	**2025**
Proportion of Net Pension Liability (Safety)	0.24953%	0.30994%	0.27474%	0.27237%	0.27598%
Proportionate Share of Net Pension Liability	$ 27,149,916	$ 16,762,598	$ 31,734,686	$ 33,979,087	$ 33,469,333
Covered Payroll	$ 4,928,821	$ 5,178,418	$ 5,603,211	$ 5,863,101	$ 6,557,458
Proportionate Share of NPL as a % of Covered Payroll	550.84%	323.70%	566.37%	579.54%	510.40%
Plan's Fiduciary Net Position as a % of the TPL	72.46%	83.55%	71.34%	70.17%	71.85%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.
The CalPERS mortality assumptions was adjusted in fiscal year 2021.

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SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTPLE EMPLOYER PLAN

Measurement Date	2015	2016	2017	2018	2019
Total Pension liability					
Service cost	$ 1,491,925	$ 1,560,679	$ 1,651,550	$ 1,700,438	$ 1,771,368
Interest	6,483,032	6,697,247	6,820,536	7,073,843	7,381,846
Diff. between expected and actual exp.	(623,495)	(357,870)	(892,479)	994,994	1,082,289
Changes of assumptions	(1,513,132)	-	5,481,432	(655,541)	-
Changes of benefits	-	-	-	-	-
Benefit payments (including refunds)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)	(5,720,232)
Net change in Total Pension Liability	1,089,544	2,946,300	7,922,956	3,665,360	4,515,271
Total Pension Liability - beginning	88,510,577	89,600,121	92,546,421	100,469,377	104,134,737
Total Pension Liability - ending	$ 89,600,121	$ 92,546,421	$ 100,469,377	$ 104,134,737	$ 108,650,008
Plan fiduciary net position					
Employer contributions	$ 1,941,765	$ 2,223,782	$ 2,407,496	$ 2,669,104	$ 3,049,748
Employee contributions	679,796	691,770	682,891	761,705	846,125
Plan to plan resource movement	22,561	(28,866)	-	(170)	-
Net investment income	1,470,873	369,185	7,171,443	5,883,868	4,759,034
Benefit payments (including refunds)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)	(5,720,232)
Administrative expense	(74,706)	(40,462)	(95,455)	(108,582)	(52,260)
Adjsutments	-	-	-	(206,199)	170
Net change in plan fiduciary net position	(708,497)	(1,738,347)	5,028,292	3,551,352	2,882,585
Plan fiduciary net position - beginning	67,099,375	66,390,878	64,652,531	69,680,823	73,232,175
Plan fiduciary net position - ending	$ 66,390,878	$ 64,652,531	$ 69,680,823	$ 73,232,175	$ 76,114,760
Net Pension liability (asset)	$ 23,209,243	$ 27,893,890	$ 30,788,554	$ 30,902,562	$ 32,535,248
Plan fiduciary net position as a percentage of the total Pension liability	74.10%	69.86%	69.36%	70.32%	70.05%
Covered Payroll	$ 8,487,940	$ 9,198,318	$ 9,024,370	$ 9,576,157	$ 10,211,967
Net Pension liability % of covered payroll	273.44%	303.25%	341.17%	322.70%	318.60%

Continued

TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTPLE EMPLOYER PLAN

Measurement Date	2020	2021	2022	2023	2024
Total Pension liability					
Service cost	$ 1,930,090	$ 2,062,486	$ 2,264,169	$ 2,092,786	$ 2,365,384
Interest	7,729,269	7,943,404	8,142,881	8,437,589	8,809,282
Diff. between expected and actual exp.	1,465,653	(581,801)	(108,166)	631,264	1,923,906
Changes of assumptions	-	-	3,399,004	-	-
Changes of benefits	-	-	-	164,628	-
Benefit payments (including refunds)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)	(7,338,359)
Net change in Total Pension Liability	5,166,911	3,084,474	7,074,774	4,257,158	5,760,213
Total Pension Liability - beginning	108,650,008	113,816,919	116,901,393	123,976,167	128,233,325
Total Pension Liability - ending	$ 113,816,919	$ 116,901,393	$ 123,976,167	$ 128,233,325	$ 133,993,538
Plan fiduciary net position					
Employer contributions	$ 8,146,791	$ 9,160,680	$ 3,472,727	$ 3,687,226	$ 3,876,932
Employee contributions	834,145	889,649	871,063	916,606	996,934
Plan to plan resource movement	-	-	-	-	-
Net investment income	3,913,294	19,606,360	(7,988,150)	5,876,311	9,419,976
Benefit payments (including refunds)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)	(7,338,359)
Administrative expense	(107,303)	(82,856)	(66,142)	(70,479)	(80,707)
Adjsutments	-	-	-	-	-
Net change in plan fiduciary net position	6,828,826	23,234,218	(10,333,616)	3,340,555	6,874,776
Plan fiduciary net position - beginning	76,114,760	82,943,586	106,177,804	95,844,188	99,184,743
Plan fiduciary net position - ending	$ 82,943,586	$ 106,177,804	$ 95,844,188	$ 99,184,743	$ 106,059,519
Net Pension liability (asset)	$ 30,873,333	$ 10,723,589	$ 28,131,979	$ 29,048,582	$ 27,934,019
Plan fiduciary net position as a percentage of the total Pension liability	72.87%	90.83%	77.31%	77.35%	79.15%
Covered Payroll	$ 11,188,927	$ 12,082,520	$ 12,305,265	$ 11,404,827	$ 13,817,826
Net Pension liability % of covered payroll	275.93%	88.75%	228.62%	254.70%	202.16%

Concluded

TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULE OF OPEB CONTRIBUTIONS

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
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	$ 1,579,000
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)	(2,081,717)	(2,081,717)
Contribution deficiency (excess)	$ (806,000)	$ (298,636)	$ (336,306)	$ (237,847)	$ 105,078	$ (361,337)	$ (654,717)	$ (502,717)
Covered payroll	$ 16,192,060	$ 17,338,201	$ 17,406,541	$ 17,982,237	$ 16,987,042	$ 17,809,965	$ 18,225,114	$ 20,512,356
Contrib. as a % of covered employee payroll	18.13%	13.88%	14.41%	11.66%	10.33%	9.73%	11.42%	10.15%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2024
Measurement Date:	June 30, 2024
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 2076
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

TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN NET OPEB LIABILITY

Measurement Date	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability								
Service cost	$ 1,134,000	$ 1,168,227	$ 1,203,274	$ 1,159,152	$ 1,115,309	$ 955,115	$ 940,674	$ 865,285
Interest	1,607,000	1,706,270	1,814,072	1,887,105	1,956,034	1,804,972	1,873,207	2,080,996
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)	(1,801,144)
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	1,145,137
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	33,331,226
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	$ 34,476,363
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	$ 1,818,298
Net investment income	1,049,000	1,082,977	1,009,315	652,656	5,529,824	(3,510,434)	1,468,115	2,672,858
Benefit payments	(1,269,000)	(1,326,313)	(1,298,623)	(1,399,933)	(1,494,906)	(1,591,150)	(1,716,592)	(1,801,144)
Administrative expense	(14,000)	(34,261)	(11,502)	(17,357)	(18,556)	(21,454)	(23,387)	(25,082)
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	2,664,930
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	24,321,780
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	$ 26,986,710
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	$ 7,489,653
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%	78.28%
Covered payroll	$ 14,985,716	$ 16,192,060	$ 17,338,201	$ 17,406,541	$ 17,982,237	$ 16,987,042	$ 17,809,965	$ 18,225,114
NOL as a % of cov. emp. payroll	74.50%	62.10%	52.64%	48.80%	13.86%	41.38%	50.59%	41.10%

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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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, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Licenses & permits	$ 120,000	$ 120,000	$ 158,732	$ 38,732
Intergovernmental	1,701,196	8,003,839	7,830,241	(173,598)
Charges for services	958,381	898,553	898,553	-
Interest	-	-	200,349	200,349
Use of Property	96,000	96,000	91,284	(4,716)
Other	50,000	722,581	477,300	(245,281)
Total Revenues	2,925,577	9,840,973	9,656,459	(184,514)
EXPENDITURES				
Capital outlay	4,883,046	19,161,577	12,910,018	6,251,559
Total Expenditures	4,883,046	19,161,577	12,910,018	6,251,559
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,957,469)	(9,320,604)	(3,253,559)	6,067,045
OTHER FINANCING SOURCES (USES)				
Transfers in	1,765,416	1,765,416	1,783,080	17,664
Transfers (out)	(451,491)	(673,356)	(701,491)	(28,135)
Total Other Financing Sources (Uses)	1,313,925	1,092,060	1,081,589	(10,471)
CHANGE IN FUND BALANCE	$ (643,544)	$ (8,228,544)	(2,171,970)	$ 6,056,574
BEGINNING FUND BALANCE			19,065,570	
ENDING FUND BALANCE			$ 16,893,600	

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	CAPITAL PROJECTS FUNDS			
	Storm Drains	Construction Tax	Gas Tax	Total Capital Projects Funds
ASSETS				
Cash & investments	$ 3,105,895	$ 3,763,913	$ 2,046,207	$ 8,916,015
Restricted cash & investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental receivable	-	-	84,341	84,341
Leases receivable	-	-	-	-
Long term notes receivable	-	-	-	-
Total Assets	$ 3,105,895	$ 3,763,913	$ 2,130,548	$ 9,000,356
LIABILITIES				
Accounts payable	$ 280,661	$ -	$ -	$ 280,661
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	280,661	-	-	280,661
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCE				
Restricted for:				
Library	-	-	-	-
Repairs and maintenance	-	-	-	-
Capital projects	2,825,234	3,763,913	2,130,548	8,719,695
Committed to:				
Special revenue funds	-	-	-	-
Total Fund Balances	2,825,234	3,763,913	2,130,548	8,719,695
Total Liabilities and Fund Balances	$ 3,105,895	$ 3,763,913	$ 2,130,548	$ 9,000,356

(Continued)

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	SPECIAL REVENUE FUNDS		
	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
ASSETS			
Cash & investments	$ 94,352	$ 634,028	$ 196,901
Restricted cash & investments	58,344	-	-
Receivables:			
Accounts	-	34,173	-
Intergovernmental receivable	-	-	-
Leases receivable	-	-	-
Long term notes receivable	78,752	-	-
Total Assets	$ 231,448	$ 668,201	$ 196,901
LIABILITIES			
Accounts payable	$ -	$ 1,540	$ 3,295
Accrued payroll and benefits	-	2,493	-
Unearned revenue	64,795	-	-
Total Liabilities	64,795	4,033	3,295
DEFERRED INFLOWS OF RESOURCES			
Leases	-	-	-
FUND BALANCE			
Restricted for:			
Library	-	-	-
Repairs and maintenance	-	-	193,606
Capital projects	-	-	-
Committed to:			
Special revenue funds	166,653	664,168	-
Total Fund Balances	166,653	664,168	193,606
Total Liabilities and Fund Balances	$ 231,448	$ 668,201	$ 196,901

(Continued)

TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	SPECIAL REVENUE FUNDS			
	LG Theatre	Library Trust	Total Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash & investments	$ 119,336	$ 561,166	$ 1,605,783	$ 10,521,798
Restricted cash & investments	-	-	58,344	58,344
Receivables:				
Accounts	176,991	-	211,164	211,164
Intergovernmental receivable	-	-	-	84,341
Leases receivable	225,652	-	225,652	225,652
Long term notes receivable	-	-	78,752	78,752
Total Assets	$ 521,979	$ 561,166	$ 2,179,695	$ 11,180,051
LIABILITIES				
Accounts payable	$ 6,022	$ 1,422	$ 12,279	$ 292,940
Accrued payroll and benefits	-	-	2,493	2,493
Unearned revenue	-	-	64,795	64,795
Total Liabilities	6,022	1,422	79,567	360,228
DEFERRED INFLOWS OF RESOURCES				
Leases	134,835	-	134,835	134,835
FUND BALANCE				
Restricted for:				
Library	-	559,744	559,744	559,744
Repairs and maintenance	-	-	193,606	193,606
Capital projects	-	-	-	8,719,695
Committed to:				
Special revenue funds	381,122	-	1,211,943	1,211,943
Total Fund Balances	381,122	559,744	1,965,293	10,684,988
Total Liabilities and Fund Balances	$ 521,979	$ 561,166	$ 2,179,695	$ 11,180,051

(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, 2025

	CAPITAL PROJECTS FUNDS			
	Storm Drain	Construction Tax	Gas Tax	Total Capital Projects Funds
REVENUES				
Property Taxes	$ -	$ -	$ -	$ -
Other Taxes	-	22,516	-	22,516
License and permits	97,939	-	-	97,939
Intergovernmental	-	-	1,850,488	1,850,488
Interest	146,669	157,146	77,927	381,742
Use of property	-	-	-	-
Other	-	-	-	-
Total Revenues	244,608	179,662	1,928,415	2,352,685
EXPENDITURES				
Current:				
Parks and public works	-	-	-	-
Library services	-	-	-	-
Sanitation and other	-	-	-	-
Capital Outlay	950,622	-	1,620,034	2,570,656
Total Expenditures	950,622	-	1,620,034	2,570,656
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(706,014)	179,662	308,381	(217,971)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(106,000)	(106,000)
Total Other Financing Sources (Uses)	-	-	(106,000)	(106,000)
Changes in Fund Balances	(706,014)	179,662	202,381	(323,971)
Fund Balances - Beginning of year	3,531,248	3,584,251	1,928,167	9,043,666
Fund Balances - End of year	$ 2,825,234	$ 3,763,913	$ 2,130,548	$ 8,719,695

(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, 2025

	SPECIAL REVENUE FUNDS		
	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
REVENUES			
Property Taxes	$ -	$ -	$ 38,650
Other Taxes	-	-	-
License and permits	-	163,690	-
Intergovernmental	-	-	-
Interest	-	-	7,926
Use of property	-	-	-
Other	-	20,532	-
Total Revenues	-	184,222	46,576
EXPENDITURES			
Current:			
Parks and public works	-	-	30,675
Library services	-	-	-
Sanitation and other	-	274,188	-
Capital Outlay	-	-	-
Total Expenditures	-	274,188	30,675
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(89,966)	15,901
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	-	(4,920)
Total Other Financing Sources (Uses)	-	-	(4,920)
Changes in Fund Balances	-	(89,966)	10,981
Fund Balances - Beginning of year	166,653	754,134	182,625
Fund Balances - End of year	$ 166,653	$ 664,168	$ 193,606

(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, 2025

	SPECIAL REVENUE FUNDS			
	LG Theatre	Library Trust	Total Special Revenue Funds	Total
REVENUES				
Property Taxes	$ -	$ -	$ 38,650	$ 38,650
Other Taxes	-	-	-	22,516
License and permits	-	-	163,690	261,629
Intergovernmental	-	-	-	1,850,488
Interest	16,522	25,436	49,884	431,626
Use of property	274,633	-	274,633	274,633
Other	-	60,322	80,854	80,854
Total Revenues	291,155	85,758	607,711	2,960,396
EXPENDITURES				
Current:				
Parks and public works	81,068	-	111,743	111,743
Library services	-	82,862	82,862	82,862
Sanitation and other	-	-	274,188	274,188
Capital Outlay	-	-	-	2,570,656
Total Expenditures	81,068	82,862	468,793	3,039,449
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	210,087	2,896	138,918	(79,053)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(4,920)	(110,920)
Total Other Financing Sources (Uses)	-	-	(4,920)	(110,920)
Changes in Fund Balances	210,087	2,896	133,998	(189,973)
Fund Balances - Beginning of year	171,035	556,848	1,831,295	10,874,961
Fund Balances - End of year	$ 381,122	$ 559,744	$ 1,965,293	$ 10,684,988

(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, 2025

	STORM DRAIN			CONSTRUCTION TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	30,000	22,516	(7,484)
License and permits	94,350	97,939	3,589	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	12,480	146,669	134,189	15,590	157,146	141,556
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	106,830	244,608	137,778	45,590	179,662	134,072
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	1,100,623	950,622	150,001	299,573	-	299,573
Total Expenditures	1,100,623	950,622	150,001	299,573	-	299,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(993,793)	(706,014)	287,779	(253,983)	179,662	433,645
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	$ (993,793)	(706,014)	$ 287,779	$ (253,983)	179,662	$ 433,645
BEGINNING FUND BALANCE		3,531,248			3,584,251	
ENDING FUND BALANCE		$ 2,825,234			$ 3,763,913	

(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, 2025

	GAS TAX			COMMUNITY DEVELOPMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	1,783,113	1,850,488	67,375	-	-	-
Interest	1,472	77,927	76,455	-	-	-
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	1,784,585	1,928,415	143,830	-	-	-
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	1,620,034	1,620,034	-	-	-	-
Total Expenditures	1,620,034	1,620,034	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	164,551	308,381	143,830	-	-	-
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	$ 58,551	202,381	$ 143,830	$ -	-	$ -
BEGINNING FUND BALANCE		1,928,167			166,653	
ENDING FUND BALANCE		$ 2,130,548			$ 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, 2025

	NON-POINT SOURCE MAINTENANCE			LIGHTING AND LANDSCAPING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ 38,220	$ 38,650	$ 430
Other taxes	-	-	-	-	-	-
License and permits	163,690	163,690	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	1,010	7,926	6,916
Use of property	-	-	-	-	-	-
Other	-	20,532	20,532	-	-	-
Total Revenues	163,690	184,222	20,532	39,230	46,576	7,346
EXPENDITURES						
Current:						
Parks and public works	-	-	-	35,480	30,675	4,805
Library services	-	-	-	-	-	-
Sanitation and other	294,706	274,188	20,518	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	294,706	274,188	20,518	35,480	30,675	4,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(131,016)	(89,966)	41,050	3,750	15,901	12,151
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	$ (131,016)	(89,966)	$ 41,050	$ (1,170)	10,981	$ 12,151
BEGINNING FUND BALANCE		754,134			182,625	
ENDING FUND BALANCE		$ 664,168			$ 193,606	

(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, 2025

	LG Theatre			Library Trust		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	16,522	16,522	5,900	25,436	19,536
Use of property	117,960	274,633	156,673	-	-	-
Other	-	-	-	60,500	60,322	(178)
Total Revenues	117,960	291,155	173,195	66,400	85,758	19,358
EXPENDITURES						
Current:						
Parks and public works	119,685	81,068	38,617	-	-	-
Library services	-	-	-	118,002	82,862	35,140
Sanitation and other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	119,685	81,068	38,617	118,002	82,862	35,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,725)	210,087	211,812	(51,602)	2,896	54,498
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	$ (1,725)	210,087	$ 211,812	$ (51,602)	2,896	$ 54,498
BEGINNING FUND BALANCE		171,035			556,848	
ENDING FUND BALANCE		$ 381,122			$ 559,744	

(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, 2025

	TOTALS		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	$ 38,220	$ 38,650	$ 430
Other taxes	30,000	22,516	(7,484)
License and permits	258,040	261,629	3,589
Intergovernmental	1,783,113	1,850,488	67,375
Interest	36,452	431,626	395,174
Use of property	117,960	274,633	156,673
Other	60,500	80,854	20,354
Total Revenues	2,324,285	2,960,396	636,111
EXPENDITURES			
Current:			
Parks and public works	155,165	111,743	43,422
Library services	118,002	82,862	-
Sanitation and other	294,706	274,188	20,518
Capital outlay	3,020,230	2,570,656	449,574
Total Expenditures	3,588,103	3,039,449	513,514
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,263,818)	(79,053)	1,184,765
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	$ (1,374,738)	(189,973)	$ 1,184,765
BEGINNING FUND BALANCE		10,874,961	
ENDING FUND BALANCE		$ 10,684,988	

(Concluded)

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, 2025

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
ASSETS						
Cash & Investments	$ 3,893,502	$ 2,443,408	$ 313,777	$ 2,620,971	$ 400,250	$ 9,671,908
Restricted Cash & Investments	-	106,582	-	-	-	106,582
Accounts receivable	4,553	-	-	3,365	86,570	94,488
Leases receivable	-	-	-	-	1,217,607	1,217,607
Subscription assets, net	-	-	-	308,593	-	308,593
Total Assets	$ 3,898,055	$ 2,549,990	$ 313,777	$ 2,932,929	$ 1,704,427	$ 11,399,178
LIABILITIES						
Accounts Payable	$ 7,626	$ 3,964	$ 23,155	$ 50,581	$ 192,035	$ 277,361
Due to Other Governments	-	-	-	-	86	86
Interest payable	-	-	-	12,795	-	12,795
Claims Payable	-	1,286,054	81,875	-	-	1,367,929
Subscription liabilities	-	-	-	284,449	-	284,449
Total Liabilities	$ 7,626	$ 1,290,018	$ 105,030	$ 347,825	$ 192,121	$ 1,942,620
Deferred Inflows of Resources						
Leases	$ -	$ -	$ -	$ -	$ 692,207	$ 692,207
NET POSITION						
Net investment in capital assets	$ -	$ -	$ -	$ 24,144	$ -	$ 24,144
Restricted for:						
Wokers compensation claims	-	106,582	-	-	-	106,582
Unrestricted	3,890,429	1,153,390	208,747	2,560,960	820,099	8,633,625
Total Net Position	$ 3,890,429	$ 1,259,972	$ 208,747	$ 2,585,104	$ 820,099	$ 8,764,351

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services	$ 1,123,659	$ 1,474,500	$ 1,291,328	$ 948,821	$ 1,052,961	$ 5,891,269
Use of money and property	-	-	-	-	137,633	137,633
Other local taxes	-	-	-	-	22,516	22,516
Other revenue & reimbursements	43,409	330,789	-	-	-	374,198
Total Operating Revenues	1,167,068	1,805,289	1,291,328	948,821	1,213,110	6,425,616
OPERATING EXPENSES						
Insurance expenses	-	526,517	1,320,458	-	-	1,846,975
Services and supplies	563,191	231,103	-	684,644	1,439,205	2,918,143
Insurance claims	-	373,944	-	-	-	373,944
Depreciation/amortization expense	-	-	-	202,422	-	202,422
Total Operating Expenses	563,191	1,131,564	1,320,458	887,066	1,439,205	5,341,484
Operating Income (loss)	603,877	673,725	(29,130)	61,755	(226,095)	1,084,132
NONOPERATING REVENUE (EXPENSES)						
Investment earnings	-	-	-	-	85,669	85,669
Income (loss) before transfers	603,877	673,725	(29,130)	61,755	(140,426)	1,169,801
TRANSFERS						
Transfers in	-	-	60,000	-	-	60,000
Change in Net Position	603,877	673,725	30,870	61,755	(140,426)	1,229,801
BEGINNING NET POSITION	3,286,552	586,247	177,877	2,523,349	960,525	7,534,550
ENDING NET POSITION	$ 3,890,429	$ 1,259,972	$ 208,747	$ 2,585,104	$ 820,099	$ 8,764,351

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 1,167,068	$ 1,474,500	$ 1,291,328	$ 949,860	$ 1,218,005	$ 6,100,761
Payments to suppliers and providers	(556,540)	(1,144,331)	(1,329,462)	(656,659)	(1,402,097)	(5,089,089)
Insurance reimbursements	-	330,789	-	-	-	330,789
Claims paid	-	(429,543)	(82,622)	-	-	(512,165)
Net Cash Provided (Used) by Operating Activities	610,528	231,415	(120,756)	293,201	(184,092)	830,296
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	60,000	-	-	60,000
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	60,000	-	-	60,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest paid	-	-	-	(7,148)	-	(7,148)
Principal paid	-	-	-	(161,332)	-	(161,332)
Net Cash Used by Capital and Related Financing Activities	-	-	-	(168,480)	-	(168,480)
CASH FLOWS FROM INVESTING ACTIVITIES						
Collections from investment earnings	-	-	-	-	85,669	85,669
Net Cash Provided by Investing Activities	-	-	-	-	85,669	85,669
Net Increase(Decrease) in Cash and Investments	610,528	231,415	(60,756)	124,721	(98,423)	807,485
Cash and investments - beginning of year	3,282,974	2,318,575	374,533	2,496,250	498,673	8,971,005
Cash and investments - end of year	$ 3,893,502	$ 2,549,990	$ 313,777	$ 2,620,971	$ 400,250	$ 9,778,490
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income	$ 603,877	$ 673,725	$ (29,130)	$ 61,755	$ (226,095)	$ 1,084,132
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation/amortization	-	-	-	202,422	-	202,422
Change in assets and liabilities:						
Accounts receivable	-	-	-	1,039	(56,116)	(55,077)
Leases receivable	-	-	-	-	190,076	190,076
Deferred inflows of resources	-	-	-	-	(129,065)	(129,065)
Accounts payable	6,651	(12,767)	894	27,985	37,081	59,844
Claims payable	-	(429,543)	(92,520)	-	-	(522,063)
Cash Flows From Operating Activities	$ 610,528	$ 231,415	$ (120,756)	$ 293,201	$ (184,092)	$ 830,296

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

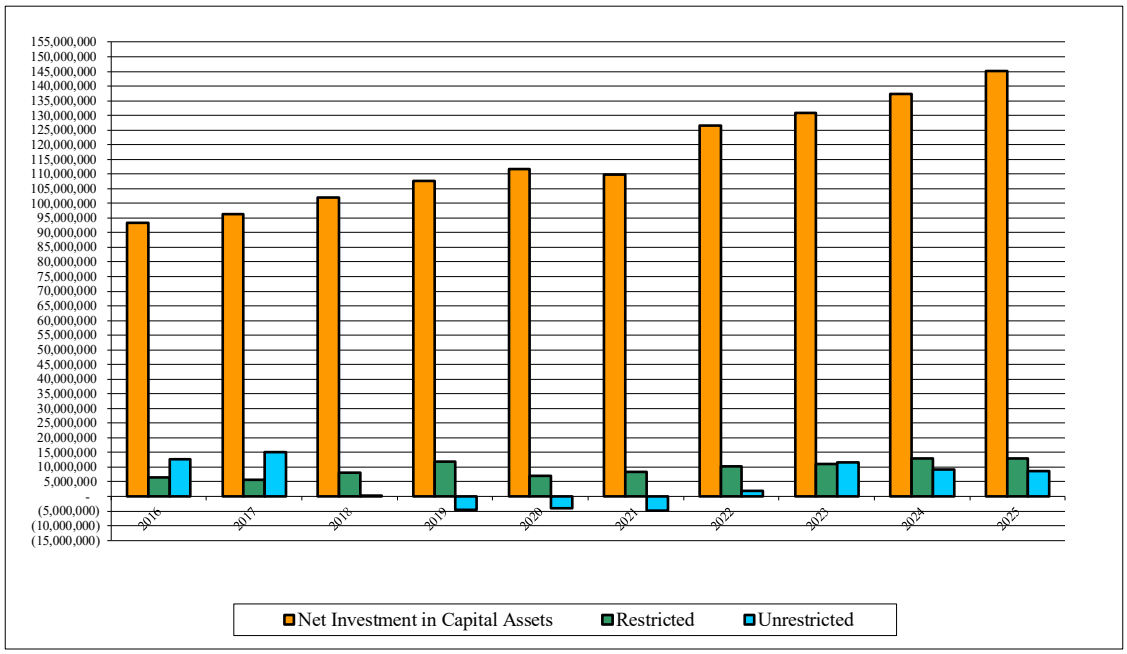
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place (Schedule 12, Schedule 13, and schedule 14).

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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Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
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
2025	145,079,170	12,933,419	8,676,121	166,688,710

(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				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Expenses					
Governmental Activities:					
General Government	$ 6,993,661	$ 6,771,628	$ 7,948,918	$ 8,163,991	$ 7,405,368
Public Safety	12,825,688	14,587,597	15,545,521	16,635,726	20,446,188
Parks and Public Works	8,320,623	9,502,707	10,047,003	10,627,716	11,803,005
Community Development	3,227,224	5,093,459	4,667,609	5,064,637	5,001,958
Library Services	2,522,142	2,868,748	3,087,684	3,059,294	3,347,523
Sanitation	528,580	466,762	536,296	684,673	3,041
Interest	-	-	-	-	-
Total Governmental Activities	34,417,918	39,290,901	41,833,031	44,236,037	48,007,083
Program Revenues					
Charges for Services:					
General Government	1,517,012	1,669,020	1,701,146	1,562,683	1,470,324
Public Safety	3,278,585	2,076,688	1,888,359	1,745,889	1,549,207
Parks and Public Works	1,516,108	2,155,841	4,150,068	2,910,936	3,674,222
Community Development	4,359,146	3,803,626	3,456,390	4,155,231	3,351,753
Library Services	46,192	46,746	14,702	9,476	11,522
Sanitation	368,813	410,626	771,442	966,130	231,323
Operating Grants and Contributions:					
General Government	15,291	-	-	-	12,290
Public Safety	98,138	837,329	895,730	826,643	952,045
Parks and Public Works	749,300	665,779	953,294	1,301,152	2,824,638
Community Development	-	-	-	-	15,864
Library Services	12,228	-	57,200	47,482	49,351
Capital Grants and Contributions:					
General Government	-	-	-	-	8,258
Public Safety	-	-	-	-	9,100
Parks and Public Works	1,610,657	770,600	348,437	146,792	832,755
Community Development	-	9,280	-	-	-
Total Program Revenues	13,571,470	12,445,535	14,236,768	13,672,414	14,992,652
General Revenues and Special Items:					
Property Taxes	13,763,458	14,756,214	15,958,406	17,321,347	18,330,426
Sales Taxes	7,501,175	8,925,276	7,466,253	8,158,152	7,531,425
Franchise Taxes	2,258,892	2,366,908	2,474,814	2,475,916	2,495,792
Other Taxes	1,997,497	2,351,223	2,667,840	2,726,743	1,911,774
Motor Vehicle in Lieu	12,308	14,056	16,483	14,689	24,526
Developer Assessments	-	-	-	-	-
Investment Earnings	698,324	192,260	333,120	1,809,128	2,428,470
Miscellaneous	598,170	528,946	622,105	2,407,840	323,940
Insurance recoveries	-	-	-	-	-
Total General Revenues and Special Items	26,829,824	29,134,883	29,539,021	34,913,815	33,046,353
Change in Net Position	$ 5,983,376	$ 2,289,517	$ 1,942,758	$ 4,350,192	$ 31,922

Continued

Town of Los Gatos
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Expenses					
Governmental Activities:					
General Government	$ 7,086,377	$ 15,681,345	$ 10,522,568	$ 11,113,238	$ 11,122,319
Public Safety	19,808,230	15,093,308	17,428,923	23,783,313	24,095,151
Parks and Public Works	13,141,034	12,969,615	12,258,626	14,075,171	17,745,141
Community Development	6,846,834	5,827,001	5,215,961	5,481,765	5,734,087
Library Services	3,496,153	2,969,954	3,653,642	3,853,748	3,716,806
Sanitation	185,981	178,575	208,262	263,706	276,528
Interest	-	-	29,221	26,137	41,403
Total Governmental Activities	50,564,609	52,719,798	49,317,203	58,597,078	62,731,435
Program Revenues					
Charges for Services:					
General Government	1,894,080	1,725,857	2,635,527	2,694,162	5,809,508
Public Safety	1,288,358	1,596,313	1,846,312	1,980,431	1,793,058
Parks and Public Works	4,209,048	5,090,014	3,590,936	4,211,420	4,095,474
Community Development	4,063,776	4,129,718	3,971,336	4,247,279	6,055,131
Library Services	-	521	2,039	2,514	2,515
Sanitation	299,478	231,323	359,950	359,950	163,690
Operating Grants and Contributions:					
General Government	-	2,766,833	-	63,088	112,216
Public Safety	1,061,344	1,144,226	4,622,373	917,317	869,926
Parks and Public Works	1,547,102	1,482,896	1,735,608	1,828,050	1,902,414
Community Development	223,129	670,929	616,937	692,151	95,126
Library Services	55,181	114,958	174,663	167,303	118,472
Capital Grants and Contributions:					
General Government	2,365	12,205,050	-	-	-
Public Safety	-	-	-	-	-
Parks and Public Works	843,980	10,021,156	3,915,175	5,668,252	6,710,310
Community Development	-	-	-	-	-
Total Program Revenues	15,487,841	41,179,794	23,470,856	22,831,917	27,727,840
General Revenues and Special Items:					
Property Taxes	19,878,835	21,132,098	22,746,842	24,224,142	25,252,782
Sales Taxes	7,933,604	8,483,673	8,806,477	8,071,735	8,330,978
Franchise Taxes	2,499,463	2,822,515	3,074,624	2,547,011	1,057,483
Other Taxes	1,126,887	2,042,580	2,292,008	2,422,849	2,417,630
Motor Vehicle in Lieu	23,058	35,624	34,406	41,461	50,036
Developer Assessments	-	1,735,571	614,820	12,880	52,733
Investment Earnings	227,136	(1,278,978)	797,587	3,129,616	3,783,217
Miscellaneous	1,528,039	755,400	1,029,864	1,199,422	1,341,229
Insurance recoveries	-	-	1,565,000	-	-
Total General Revenues and Special Items	33,217,022	35,728,483	40,961,628	41,649,116	42,286,088
Change in Net Position	$ (1,859,746)	$ 24,188,479	$ 15,115,281	$ 5,883,955	$ 7,282,493

Concluded

Town of Los Gatos
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 3

	Fiscal Year				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	1,206,851	5,015,316	669,978
Committed	20,019,187	15,129,925	12,953,399	15,070,944	15,387,706
Assigned	9,555,085	14,050,699	17,475,285	18,256,895	13,277,813
Unassigned	-	-	-	-	-
Total General Fund	29,574,272	29,180,624	31,635,535	38,343,155	29,335,497
All Other Governmental Funds					
Restricted	6,386,014	5,627,707	6,992,747	6,903,372	6,448,006
Committed	3,696,000	10,354,584	5,571,087	2,579,997	-
Assigned	11,099,076	7,928,994	6,361,403	6,180,930	14,181,679
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	21,181,090	23,911,285	18,925,237	15,664,299	20,629,685
Total Fund Balances	$ 50,755,362	$ 53,091,909	$ 50,560,772	$ 54,007,454	$ 49,965,182

Continued

Town of Los Gatos
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 3

	Fiscal Year				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
General Fund					
Nonspendable	$ 159,000	$ 159,000	$ 159,000	$ 159,000	$ 159,000
Restricted	-	690,000	1,444,501	2,532,997	3,090,731
Committed	11,220,970	12,283,132	13,150,130	14,364,143	17,041,278
Assigned	12,534,648	13,764,657	14,774,673	14,005,932	5,261,258
Unassigned	-	-	-	-	10,211,049
Total General Fund	23,914,618	26,896,789	29,528,304	31,062,072	35,763,316
All Other Governmental Funds					
Restricted	8,562,653	9,383,483	9,530,538	10,361,026	9,736,106
Committed	-	637,711	2,590,257	2,664,441	2,588,124
Assigned	15,360,481	13,944,155	19,536,429	16,915,064	15,254,358
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	23,923,134	23,965,349	31,657,224	29,940,531	27,578,588
Total Fund Balances	$ 47,837,752	$ 50,862,138	$ 61,185,528	$ 61,002,603	$ 63,341,904

Concluded

Town of Los Gatos
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 4

	Fiscal Year				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Revenues:					
Taxes	$ 23,269,892	$ 25,945,129	$ 26,253,026	$ 28,244,329	$ 27,811,665
Licenses & Permits	5,442,133	5,075,503	5,937,044	5,173,876	4,818,671
Intergovernmental	2,573,475	1,715,580	2,124,903	2,310,655	4,498,153
Charges for Services	4,773,001	4,210,174	5,395,057	5,584,504	5,309,470
Fines and Forfeitures	879,277	917,105	676,212	510,266	271,117
Franchise Fees	2,258,892	2,366,908	2,474,814	2,475,916	2,495,792
Developer Fees	-	-	-	-	-
Investment Income	698,308	192,978	332,938	1,809,164	2,428,453
Use of Property	31,723	32,096	32,206	32,960	31,039
Other	2,396,992	1,011,939	640,844	579,755	376,922
Total Revenues	42,323,693	41,467,412	43,867,044	46,721,425	48,041,282
Expenditures:					
Current					
General Government	9,144,797	8,390,959	8,770,082	8,004,254	13,024,146
Public Safety	13,763,316	13,251,288	14,423,554	14,945,407	15,793,815
Parks and Public Works	6,307,266	6,633,748	7,125,686	7,962,135	8,168,599
Community Development	3,695,504	3,793,930	4,192,165	4,577,495	4,473,790
Library Services	2,332,268	2,508,677	2,529,017	2,493,617	2,700,802
Sanitation & Other	452,726	466,762	521,147	628,240	162,837
Capital Outlay	3,241,657	6,867,034	9,778,058	7,888,914	7,861,972
Debt Service					
Principal Repayment	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	38,937,534	41,912,398	47,339,709	46,500,062	52,185,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,386,159	(444,986)	(3,472,665)	221,363	(4,144,679)
Other Financing Sources(Uses):					
Transfers In	3,315,846	7,907,692	3,176,760	4,264,131	8,935,260
Transfers Out	(1,284,514)	(7,612,012)	(3,880,131)	(3,323,756)	(8,628,719)
Gain from Sale of Property	-	-	378,219	1,912,316	1,566
Insurance Recoveries	-	-	-	-	-
Issuance of Debt	-	4,435	-	-	-
Total Other Financing Sources(Uses)	2,031,332	300,115	(325,152)	2,852,691	308,107
Net Change in Fund Balances	$ 5,417,491	$ (144,871)	$ (3,797,817)	$ 3,074,054	$ (3,836,572)
Capitalized Capital Outlay	$ 3,241,657	$ 6,867,034	$ 9,778,058	$ 7,861,972	$ 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)

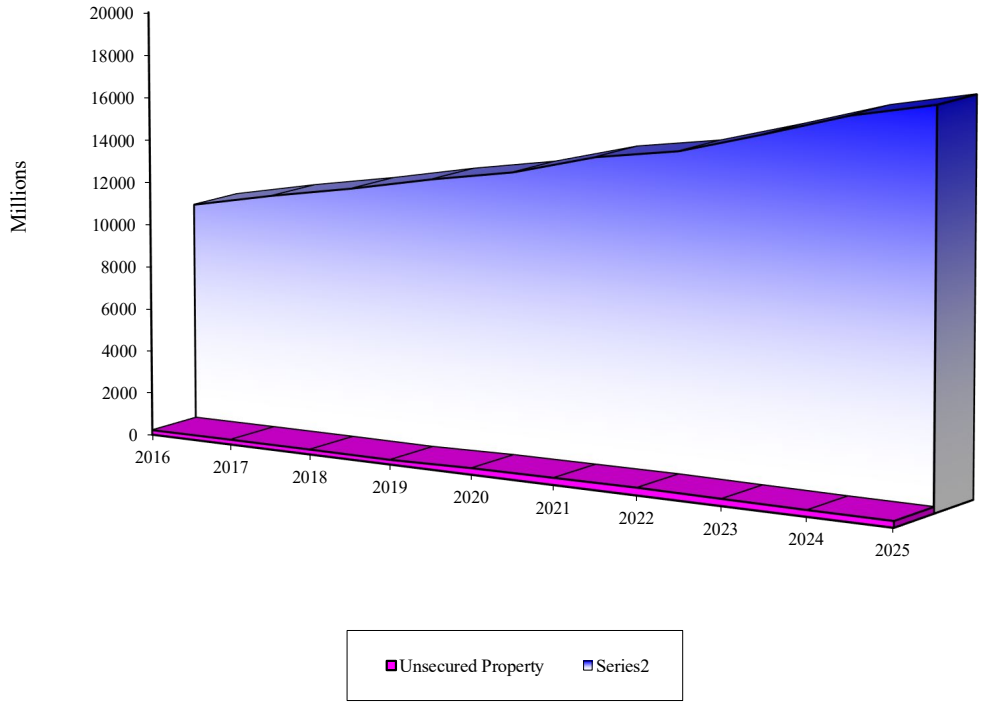
Schedule 4

	Fiscal Year				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Revenues:					
Taxes	$ 28,977,919	$ 31,627,593	$ 33,851,411	$ 34,735,349	$ 36,081,643
Licenses & Permits	5,212,831	6,055,040	6,333,675	6,227,298	10,077,688
Intergovernmental	3,746,587	15,492,982	10,145,820	6,317,644	11,038,323
Charges for Services	6,035,659	6,925,359	5,718,714	7,051,179	6,648,503
Fines and Forfeitures	103,468	319,170	416,950	480,634	420,127
Franchise Fees	2,499,463	2,822,515	3,074,624	2,547,011	1,057,483
Developer Fees	-	1,735,571	614,820	12,880	-
Investment Income	227,940	(1,278,983)	797,582	3,108,100	3,783,218
Use of Property	40,372	144,901	237,647	297,501	442,078
Other	423,115	349,145	985,188	604,493	748,259
Total Revenues	47,267,354	64,193,293	62,176,431	61,382,089	70,297,322
Expenditures:					
Current					
General Government	14,040,134	15,953,968	8,828,779	9,573,022	10,884,414
Public Safety	16,570,836	16,451,190	18,446,048	20,718,781	20,827,888
Parks and Public Works	8,229,944	8,639,128	9,084,406	9,899,083	10,828,974
Community Development	5,195,302	6,313,511	5,065,412	5,246,729	5,637,742
Library Services	2,847,988	2,827,210	3,208,027	3,335,389	3,651,358
Sanitation & Other	166,173	194,969	204,097	252,605	274,188
Capital Outlay	5,707,439	10,478,670	8,917,075	12,366,255	15,545,674
Debt Service					
Principal Repayment	39,008	156,034	156,034	225,370	206,380
Interest	-	-	-	3,716	41,403
Total Expenditures	52,796,824	61,014,680	53,909,878	61,620,950	67,898,021
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,529,470)	3,178,613	8,266,553	(238,861)	2,399,301
Other Financing Sources(Uses):					
Transfers In	4,053,535	8,154,307	11,886,022	3,666,235	2,595,491
Transfers Out	(3,940,015)	(8,310,685)	(11,396,347)	(4,317,235)	(2,655,491)
Gain from Sale of Property	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)	2,875,225	(154,227)	2,056,837	55,936	(60,000)
Net Change in Fund Balances	$ (2,654,245)	$ 3,024,386	$ 10,323,390	$ (182,925)	$ 2,339,301
Capitalized Capital Outlay	$ 5,707,439	$ 9,180,716	$ 8,598,811	$ 12,016,644	$ 13,404,632
Debt Service as a Percentage of Non Capital Expenditures	0.08%	0.30%	0.35%	0.46%	0.38%

Concluded

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
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	1.0614
2021	308,749,655	-6.87%	14,599,669,332	8.06%	14,908,418,987	58,398,677,328	1.0509
2022	304,460,199	-1.39%	15,255,884,284	4.49%	15,560,344,483	61,023,537,136	1.0642
2023	357,370,065	17.38%	16,404,930,826	7.53%	16,762,300,891	65,619,723,304	1.0616
2024	432,381,651	20.99%	17,623,641,576	7.43%	18,056,023,227	70,494,566,304	1.0591
2025	326,140,681	-24.57%	18,478,666,192	4.85%	18,804,806,873	73,914,664,768	1.0540

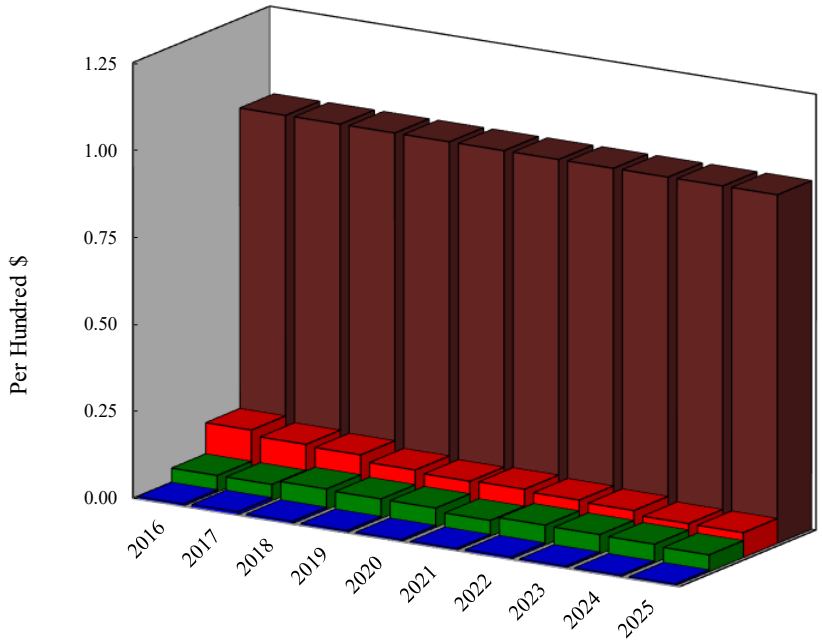
Source: Santa Clara County Assessed Value Report

Town of Los Gatos

Schedule 6

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years



Fiscal Year	Basic County Wide Levy	County Bonds and Levies	Santa Clara Special Districts	School District Bonds and Loans	Total
2016	1.0000	0.0476	0.0065	0.1373	1.1914
2017	1.0000	0.0474	0.0092	0.1217	1.1783
2018	1.0000	0.0597	0.0071	0.1168	1.1836
2019	1.0000	0.0565	0.0060	0.0988	1.1613
2020	1.0000	0.0557	0.0057	0.0919	1.1533
2021	1.0000	0.0457	0.0052	0.0944	1.1453
2022	1.0000	0.0576	0.0066	0.0887	1.1529
2023	1.0000	0.0559	0.0057	0.0841	1.1457
2024	1.0000	0.0538	0.0053	0.0720	1.1311
2025	1.0000	0.0486	0.0054	0.0716	1.1256

Source: Santa Clara County Book of Tax Rates

Town of Los Gatos
Principle Property Tax Payers
Last Ten Fiscal Years *

Schedule 7

ASSESSEE NAME	2015-16 Taxable Assessed Value	2015-16 Percentage of Total City Taxable Assessed Value	2016-17 Taxable Assessed Value	2016-17 Percentage of Total City Taxable Assessed Value	2017-18 Taxable Assessed Value	2017-18 Percentage of Total City Taxable Assessed Value	2018-19 Taxable Assessed Value	2018-19 Percentage of Total City Taxable Assessed Value	2019-20 Taxable Assessed Value	2019-20 Percentage of Total City Taxable Assessed Value
750 University LLC	$ 19,379,620	0.19%	$ 19,675,159	0.18%	$ 25,241,863	0.21%	$ 25,746,699	0.20%	$ 26,261,632	0.19%
980 JR LLC							$ 19,277,879	0.15%		
140 Toll House Hotel LLC										
17443 Farley Rd LLC										
Alberto Way Holdings LLC	24,188,966	0.23%	24,557,845	0.22%	25,048,998	0.21%	25,549,975	0.20%	24,158,350	0.18%
Ann R. Desantis										
A W Los Gatos LLC										
Boccardo Corporation	21,617,318	0.21%	21,918,921	0.20%	22,211,650	0.19%	22,651,732	0.18%	23,099,314	0.17%
CH Realty IV Downing LP										
CHL Ventures LP										
D&K Los Gatos LLC	16,293,163	0.16%								
David A. and Shari Flick Trustee										
Donahue Schriber Realty Group LP					53,872,083	0.45%	56,370,186	0.44%	57,497,587	0.43%
DS Downing Los Gatos LLC	21,980,568	0.21%	22,315,770	0.20%						
DS Village Square			22,799,599	0.20%						
El Camino Hospital	26,477,160	0.25%	26,880,933	0.24%	23,353,576	0.20%	28,596,104	0.22%	30,789,155	0.23%
EL Gato 15 LLC										
Equestrian 3 Investments LLC					29,584,251	0.25%	28,563,864	0.22%	25,525,880	0.19%
Fox Creek Fund LLC							21,558,664	0.17%		
Good Samaritan Hospital LP	19,880,366	0.19%	22,402,756	0.20%	22,516,823	0.19%	22,934,274	0.18%	23,391,289	0.17%
Grade Way Associations VI										
Green Eyes LLC										
Grosvenor USA Ltd.	23,449,975	0.23%								
Health Care REIT Inc,	20,089,903	0.19%	20,396,274	0.18%						
Hercules Holding II LLC										
International Hotel					30,144,617	0.25%	30,747,509	0.24%	31,362,458	0.23%
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%	28,864,942	0.21%
Knowles Los Gatos LLC	49,167,836	0.47%	49,917,644	0.44%	50,915,995	0.43%	51,934,313	0.41%	52,972,998	0.39%
KSL Capital Partners	30,134,614	0.29%	30,105,945	0.27%	25,893,946	0.22%	26,411,820	0.21%	33,069,058	0.24%
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	17,507,261	0.17%	31,070,572	0.28%						
LG Hotel LLC	15,497,395	0.15%								
Los Gatos Hotel Corp.	15,676,113	0.15%								
Lyon Baytree Apartments LLC										
Paul H. Roskoph										
Preylock Los Gatos LLC									89,141,472	0.66%
Safeway Inc.					24,394,468	0.20%			25,752,231	0.19%
San Jose Water Works	37,081,049	0.36%	38,710,728	0.34%	41,202,805	0.34%	46,150,577	0.36%	47,777,432	0.35%
Serramonte Corporate Center LLC							200,844,610	1.57%	204,861,501	1.52%
SF Los Gatos LLC										
SHP Newark LLC										
SI 32 LLC	141,348,894	1.36%	143,442,269	1.28%	146,317,944	1.22%	149,208,182	1.17%	152,166,578	1.13%
Sobrato Interests IV LLC	44,930,482	0.43%	42,240,994	0.38%	43,071,837	0.36%	43,919,879	0.34%	44,781,377	0.33%
SRI Old Town LLC	31,744,252	0.30%	32,228,351	0.29%	32,872,917	0.27%	33,530,374	0.26%	34,200,980	0.25%
Summerhill N40 LLC									56,244,782	0.42%
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%	115,777,792	0.86%
Wealthcap Los Gatos 31			84,000,000	0.75%	85,680,000	0.72%	87,393,600	0.68%		
Oaks at Los Gatos LP										
Total - Principal taxpayers	$ 1,296,723,012	6.37%	$ 814,164,568.00	7.24%	$ 916,633,381	7.66%	$ 1,061,033,843	8.29%	$ 1,127,696,808	8.35%
Total - All real properties assessed by the Town (1)	$10,416,786,877		$11,239,536,718		$11,968,031,792		$12,793,751,423		$13,509,034,656	

(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 *

Schedule 7

ASSESSEE NAME	2020-21 Taxable Assessed Value	2020-21 Percentage of Total City Taxable Assessed Value	2021-22 Taxable Assessed Value	2021-22 Percentage of Total City Taxable Assessed Value	2022-23 Taxable Assessed Value	2022-23 Percentage of Total City Taxable Assessed Value	2023-24 Taxable Assessed Value	2023-24 Percentage of Total City Taxable Assessed Value	2024-25 Taxable Assessed Value	2024-25 Percentage of Total City Taxable Assessed Value
750 University LLC	$ 26,786,863	0.18%	$ 27,064,374	0.19%	$ 27,605,660	0.17%	28,157,772	0.16%	28,720,926	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%	28,677,162	0.16%
17443 Farley Rd LLC							29,000,000	0.16%	29,580,000	0.16%
Alberto Way Holdings LLC	24,641,514	0.17%	24,896,799	0.17%						
Ann R. Desantis										
A W Los Gatos LLC					26,749,500	0.16%				
Boccardo Corporation					24,268,078	0.15%				
CH Realty IV Downing LP										
CHL Ventures LP										
D&K Los Gatos LLC										
David A. and Shari Flick Trustee										
Donahue Schriber Realty Group LP	58,647,535	0.40%	59,255,121	0.41%	60,440,222	0.37%	61,649,025	0.35%	62,882,002	0.34%
DS Downing Los Gatos LLC										
DS Village Square										
El Camino Hospital	42,611,768	0.29%	50,456,560	0.35%	43,379,731	0.26%	42,156,737	0.24%	75,699,788	0.41%
EL Gato 15 LLC							36,719,999	0.21%	37,454,398	0.20%
Equestrian 3 Investments LLC	26,036,395	0.18%	26,306,130	0.18%	26,832,251	0.16%	27,368,894	0.16%	27,916,270	0.15%
Fox Creek Fund LLC			27,231,335	0.19%	27,078,255	0.17%	28,331,465	0.16%		
Good Samaritan Hospital LP	23,846,402	0.16%	24,111,608	0.17%	24,569,780	0.15%				
Grade Way Associations VI										
Green Eyes LLC										
Grosvenor USA Ltd.										
Health Care REIT Inc,										
Hercules Holding II LLC										
International Hotel	31,989,706	0.22%								
Kay K. & Go Sasaki Sr., Trustee	27,190,951	0.19%	27,471,495	0.19%	28,020,326	0.17%	28,585,258	0.16%	29,151,822	0.16%
Knowles Los Gatos LLC	54,032,455	0.37%	54,592,229	0.37%	55,684,072	0.34%	56,797,751	0.32%	57,933,704	0.31%
KSL Capital Partners	33,118,759	0.23%	33,037,818	0.23%	32,098,542	0.20%	31,484,883	0.18%	34,126,554	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.										
Lyon Baytree Apartments LLC										
Paul H. Roskoph										
Preylock Los Gatos LLC	95,880,000	0.66%	96,873,316	0.66%	98,810,782	0.60%	96,498,189	0.55%	98,428,152	0.53%
Safeway Inc.	25,577,034	0.18%								
San Jose Water Works	49,649,154	0.34%	53,320,614	0.37%	51,657,625	0.31%	52,511,158	0.30%	66,462,434	0.36%
Serramonte Corporate Center LLC	208,958,729	1.43%	211,123,540	1.45%	215,346,008	1.31%	219,652,926	1.25%	224,045,983	1.21%
SF Los Gatos LLC			33,214,527	0.23%						
SHP Newark LLC					32,435,541		31,799,550	0.18%	32,435,541	0.18%
SI 32 LLC	155,181,793	1.06%	158,132,236	1.08%	159,929,209	0.97%	163,243,322	0.93%	166,484,193	0.90%
Sobrato Interests IV LLC	45,682,006	0.31%	46,155,127	0.32%	47,067,863	0.29%	48,004,098	0.27%	48,969,831	0.27%
SRI Old Town LLC	34,884,999	0.24%	35,246,406	0.24%	35,951,333	0.22%	36,670,359	0.21%	37,403,765	0.20%
Summerhill N40 LLC	57,369,661	0.39%	59,462,462	0.41%	71,006,795	0.43%	42,705,086	0.24%	28,816,212	0.16%
Summerhill Prospect Avenue LLC										
Wealthcap Los Gatos 121	118,093,347	0.81%	119,316,793	0.82%	121,703,128	0.74%	124,137,190	0.70%	126,619,932	0.69%
Wealthcap Los Gatos 31										
Oaks at Los Gatos LP									33,020,269	0.18%
Total - Principal taxpayers	$ 1,175,222,251	8.05%	$ 1,202,767,594	8.24%	$ 1,245,442,767	7.39%	$ 1,220,964,252	6.93%	$ 1,274,828,938	6.90%
Total - All real properties assessed by the Town (1)	$14,598,027,652		$15,254,242,604		$16,403,289,146		$17,621,748,976		$18,476,773,592	

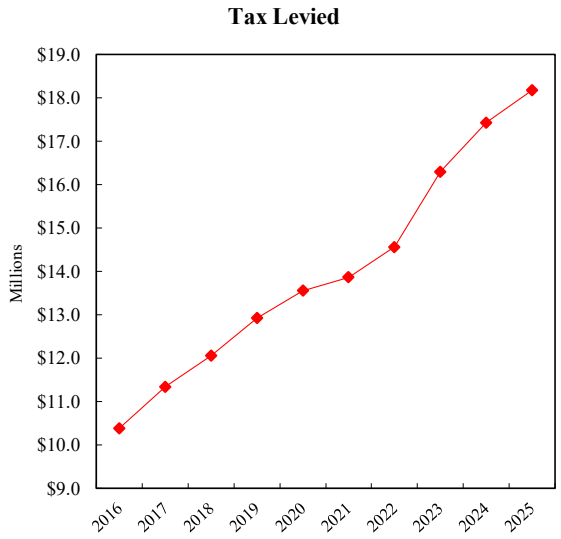
(1) Assessed value includes only net secured real properties.
(2) Excludes the value of tax-exempt properties

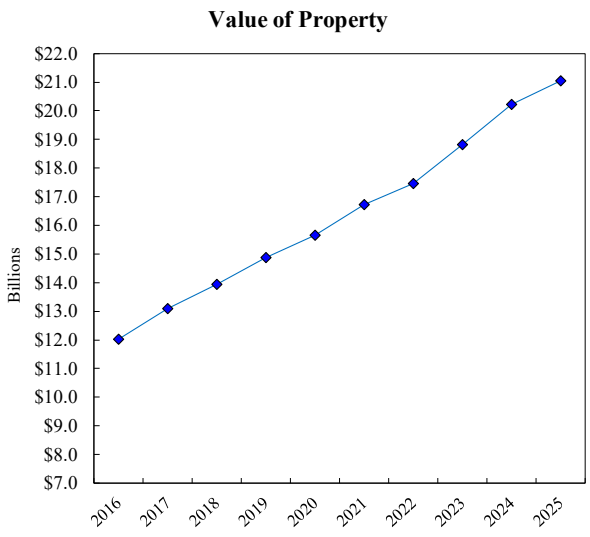
Source Data: California Municipal Statistics, Inc.

Concluded

Town of Los Gatos
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule 8





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
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
2025	18,178,096	-	18,178,096	18,804,806,873	2,238,952,783	21,043,759,656

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
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	56.2%	48.91
2022	$ 1,352,291	$ -	$ 1,352,291	$ 1,352,291	44.3%	40.90
2023	$ 1,196,257	$ 594,934	$ 1,791,191	$ 1,791,191	52.0%	54.11
2024	$ 1,040,223	$ 1,083,158	$ 2,123,381	$ 2,123,381	53.0%	63.90
2025	$ 884,190	$ 871,479	$ 1,755,669	$ 1,755,669	43.7%	52.64

Schedule 10

Town of Los Gatos
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

2024-25 Assessed Valuation:	$18,804,806,873			
DIRECT AND OVERLAPPING BONDED DEBT:	% Applicable (1)		Total Debt at June 30, 2025	Estimated Share of Direct and Overlapping Debt at June 30, 2025
Overlapping Tax & Assesment Debt				
Santa Clara County	2.704%	$	1,217,905,000	$ 32,932,151
West Valley-Mission Community College District	9.385%	$	631,255,000	$ 59,243,282
Campbell Union High School District	7.614%	$	318,105,000	$ 24,220,515
Los Gatos-Saratoga Joint Union High School District	36.825%	$	72,445,000	$ 26,677,871
Cambrian School District	0.464%	$	113,749,944	$ 527,800
Campbell Union School District	7.363%	$	240,714,324	$ 17,723,796
Los Gatos Union School District	74.199%	$	116,965,000	$ 86,786,860
Saratoga Union School District	0.048%	$	10,336,159	$ 4,961
Union School District	20.077%	$	134,454,631	$ 26,994,456
Midpeninsula Regional Open Space District	4.399%	$	114,920,000	$ 5,055,331
Santa Clara Valley Water District Benefit Assessment District	2.704%	$	24,940,000	$ 674,378
Total Overlapping Tax and Assesmet Debt				**$ 280,841,401**
Overlapping General Fund Debt				
Santa Clara County General Fund Obligations	2.704%	$	1,002,458,930	$ 27,106,489
Santa Clara County Pension Obligation Bonds	2.704%	$	317,654,990	$ 8,589,391
Santa Clara County Board of Education Certificates of Participation	2.704%	$	12,072,417	$ 326,438
West Valley-Mission Community College District General Fund Obligations	9.385%	$	2,520,000	$ 236,502
Campbell Union High School District General Fund Obligations	7.614%	$	12,500,000	$ 951,750
Campbell Union School District General Fund Obligations	7.363%	$	855,000	$ 62,954
Saratoga Union School District Certificates of Participation	0.048%	$	990,000	$ 475
Town of Los Gatos	**100%**	**$**	**1,755,669**	**$ 1,755,669**
Santa Clara County Central Fire Protection District Certificates of Participation	26.116%	$	26,475,000	$ 6,914,211
Midpeninsula Regional Open Space Park District General Fund Obligations	4.399%	$	74,065,600	$ 3,258,146
Total Gross Overlapping General Fund Debt				**$ 49,202,025**
Less: Santa Clara County Supported Obligations				$ 65,437
Total Overlapping General Fund Debt				**$ 49,136,588**
Overlapping Tax Increment Debt (Successor Agency)				
Town of Los Gatos Certificated of Participations				$ 8,530,000
Total of Overlapping Tax Increment Debt				**$ 8,530,000**
Total Direct Debt				**$ 1,755,669**
Total Gross Overlapping Dept				$ 338,573,426
Total Net Overlapping Debt				$ 338,507,989
Gross Combined Total Debt				$ 338,573,426 (2)
Net Combined Total Debt				$ 338,507,989

(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 asessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:
- Total Overlapping Tax and Assessment Debt: 1.49%
- Total Direct Debt: 0.01%
- Gross Combined Total Debt: 1.79%
- Net Combined Total Debt: 1.79%

Ratios to Redevelpment Incremental Valuation ($1,992,831,755):
Total Overlapping Tax Increment Debt: 0.43%

Source Data: California Municipal Statistics, Inc.

Town of Los Gatos
Legal Debt Margin Information,
Last Ten Fiscal Years
(In Thousands of Dollars)

Schedule 11

	Legal Debt Margin Calculation for Fiscal Year 2024-25
Assessed Value	$ 18,804,806,873
Debt Limit	2,820,721,031
Debt Applicable to Limit:	-
Legal Debt Margin	$ 2,820,721,031

	Fiscal Year									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Debt Limit	$ 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	$ 2,820,721
Debt Applicable to Limit	-	-	-	-	-	-	1,352	1,196	1,040	884
Legal Debt Margin	$ 1,444,943	$ 1,556,252	$ 1,679,736	$ 1,789,097	$ 2,076,329	$ 2,236,263	$ 2,332,699	$ 2,513,149	$ 2,707,363	$ 2,819,837
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%	0.06%	0.05%	0.04%	0.03%

Notes:
(1) The Town of Los Gatos is a general law city and has a debt limit of 15%.
(2) Excludes RDA asessed 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)
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	47.55	5,895	3.7%
2024	33,230	$ 4,006,242	120,561	47.03	5,856	4.1%
2025	33,355	$ 4,021,312	120,561 (7)	47.55	5,860	4.6%

Source and Footnotes:

(1) California State Dept. of Finance - Population Research Unit (January 2025)
(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.
(7) US Census data was unavailable. Prior fiscal year's per capita personal income used.

Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

Schedule 13

Principal Employers	2015-16 Emp.	2015-16 Percentage of Total Town Employment	2016-17 Emp.	2016-17 Percentage of Total Town Employment	2017-18 Emp.	2017-18 Percentage of Total Town Employment	2018-19 Emp.	2018-19 Percentage of Total Town Employment	2019-20 Emp.	2019-20 Percentage of Total Town Employment
Columbia Health Care Assoc/Mission Oaks Hospital	-	0.00%	-	0.00%		0.00%		0.00%		0.00%
El Camino Hospital, Los Gatos	560	3.53%	560	3.49%	560	3.43%	560	3.49%	560	3.49%
Los Gatos Union School District	280	1.76%	274	1.71%	267	1.64%	281	1.75%	281	1.75%
Los Gatos-Saratoga High School District	157	0.99%	370	2.30%	367	2.25%	367	2.28%	367	2.28%
Netflix	1,976	12.45%	1,864	11.61%	2,117	12.98%	2,314	14.41%	2,314	14.41%
Safeway	314	1.98%	314	1.95%	314	1.92%	314	1.95%	314	1.95%
Alain Pinel Realtors	146	0.92%	148	0.92%	131	0.80%	131	0.82%	131	0.82%
Courtside Tennis Club	440	2.77%	468	2.91%	542	3.32%	542	3.37%	542	3.37%
Town of Los Gatos	158	1.00%	160	1.00%	159	0.97%	160	1.00%	160	1.00%
Whole Foods	179	1.13%	179	1.11%	179	1.10%	125	0.78%	125	0.78%
Vasona Creek Health Care Center	233	1.47%	233	1.45%	233	1.43%	233	1.45%	233	1.45%
Good Samaritan Regional Cancer Center	200	1.26%	200	1.25%	200	1.23%	200	1.25%	200	1.25%
Roku	487	3.07%	554	3.45%	664	4.07%	516	3.21%	516	3.21%
Terraces of Los Gatos	228	1.44%	228	1.42%	228	1.40%	228	1.42%	228	1.42%

Source: Town of Los Gatos, Finance Department and Muniservices

Continued

Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

Schedule 13

Principal Employers	2020-21 Emp.	2020-21 Percentage of Total Town Employment	2021-22 Emp.	2021-22 Percentage of Total Town Employment	2022-23 Emp.	2022-23 Percentage of Total Town Employment	2023-24 Emp.	2023-24 Percentage of Total Town Employment	2024-25 Emp.	2024-25 Percentage of Total Town Employment
Columbia Health Care Assoc/Mission Oaks Hospital		0.00%		0.00%		0.00%		0.00%		0.00%
El Camino Hospital, Los Gatos	560	3.35%	517	3.20%	509	3.04%	548	3.45%	556	3.48%
Los Gatos Union School District	281	1.68%	281	1.74%	281	1.68%	287	1.81%	325	2.03%
Los Gatos-Saratoga High School District	320	1.92%	320	1.98%	320	1.91%	320	2.01%	320	2.00%
Netflix	2,524	15.11%	2,278	14.10%	2,263	13.53%	2444	15.39%	2503	15.65%
Safeway	314	1.88%	314	1.94%	314	1.88%	314	1.98%	314	1.96%
Alain Pinel Realtors		0.00%		0.00%		0.00%		0.00%		0.00%
Courtside Tennis Club	542	3.24%	542	3.36%	542	3.24%	342	2.15%	354	2.21%
Town of Los Gatos	161	0.96%	165	1.02%	163	0.97%	165	1.04%	208	1.30%
Whole Foods	125	0.75%	180	1.11%	132	0.79%	133	0.84%	140	0.88%
Vasona Creek Health Care Center	250	1.50%	250	1.55%	250	1.49%	250	1.57%	250	1.56%
Good Samaritan Regional Cancer Center	200	1.20%	200	1.24%	200	1.20%	111	0.70%	111	0.69%
Roku		0.00%		0.00%		0.00%		0.00%		0.00%
Terraces of Los Gatos	228	1.36%	200	1.24%	200	1.20%	230	1.45%	230	1.44%

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

Schedule 14

	Full-time-Equivalent Employees as of June 30									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Function/Program										
General Government	20.97	21.35	21.97	22.16	21.80	21.80	22.06	22.05	22.06	23.06
Police	59.00	59.00	59.00	59.00	60.00	60.00	60.00	60.00	60.00	60.00
Economic Development	0.63	0.63	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Library	11.00	12.25	12.25	12.50	12.50	12.50	12.50	13.50	13.50	13.50
Planning	19.00	19.26	19.63	20.08	20.08	20.20	20.20	20.20	20.45	20.45
Public Works	33.50	33.50	34.50	34.50	34.50	34.75	34.75	36.75	35.75	34.75
Total	144.10	145.98	148.10	148.99	149.63	150.00	150.26	153.25	152.51	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.

Page C-46 of Town Budget FY 2024-25

Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

Schedule 15

FUNCTION/PROGRAM	Fiscal Year				
General government	2015-16	2016-17	2017-18	2018-19	2019-20
Building Permits Issued					
Residential Permits Issued	899	744	849	814	898
Residential Permits Value	85,000,754	53,625,891	63,083,249	80,030,846	47,961,529
Commercial Permits Issued	147	135	105	122	92
Commercial Permits Value	20,185,884	50,024,177	16,626,196	13,295,999	12,389,688
Publically Owned Permits Issued	-	-	-	-	-
Publically Owned Permits Value	-	-	-	-	-
Residential Parking Permits					
Number of Special Event Permits Issued	107	118	113	78	-
Number of Annual Permits Issued	1,363	1,251	1,342	1,395	1,400
City Clerk					
Number of Council Resolutions Passed	61	69	69	59	57
Number of Ordinances Passed	11	5	17	11	24
Number of Contracts Passed	283	240	262	245	242
General Services					
Number of Purchase Orders Issued	334	331	322	343	359
Police					
Physical Arrests	987	1,030	1,164	1,138	616
Parking Violations	13,975	12,863	11,784	6,817	4,023
Traffic Violations	5,400	4,634	4,757	2,877	1,225
DUI Arrests	58	60	51	70	64
Library					
Number of Library Visits	-	-	-	-	-
Annual Circulation	-	-	-	-	-
Number of Library Card holders	-	-	-	-	-
Circulated e-audiobooks	7,761	10,006	8,844	12,130	57,839
Other Public Works					
Street Resurfacing/Overlay/Reconstruction (miles)	8.0	10.0	2.6	5.8	16.2
ADA Compliance: Curb Ramps	11	30	68	49	68
Traffic Circles	1	1	1	1	1
Street Poles	1,609	1,609	1,762	1,830	1,830
Planning and Development Department					
Building & Safety Inspections Performed	8,655	14,722	13,918	13,966	13,633
Redevelopment: Number of active projects	-	-	-	-	-

Source: Town of Los Gatos, Finance Department

Continued

Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

Schedule 15

FUNCTION/PROGRAM	Fiscal Year					
General government	2020-21	2021-22	2022-23	2023-24	2024-25	
Building Permits Issued						
Residential Permits Issued	1,128	1,144	1,118	957	912	
Residential Permits Value	111,242,724	132,784,439	73,432,645	63,352,925	74,306,221	
Commercial Permits Issued	68	117	84	62	68	
Commercial Permits Value	37,285,259	23,442,964	19,422,918	31,245,689	28,715,444	
Publically Owned Permits Issued	-	-	-	-	-	
Publically Owned Permits Value	-	-	-	-	-	
Residential Parking Permits						
Number of Special Event Permits Issued	-	-	-	-	-	(1)
Number of Annual Permits Issued	1,568	1,958	1,827	1,847	2,204	
City Clerk						
Number of Council Resolutions Passed	50	64	71	69	53	
Number of Ordinances Passed	9	14	10	14	15	
Number of Contracts Passed	205	296	275	322	297	
General Services						
Number of Purchase Orders Issued	376	306	296	302	281	
Police						
Physical Arrests	360	504	522	642	635	
Parking Violations	1,584	4,678	8,569	8,644	9,859	
Traffic Violations	764	1,245	1,427	1,787	1,640	
DUI Arrests	23	49	42	51	156	
Library						
Number of Library Visits	-	150,198	206,874	249,120	250,527	(3)
Annual Circulation	-	432,707	397,517	422,733	484,462	(3)
Number of Library Card holders	-	29,322	29,815	33,551	34,048	(3)
Circulated e-audiobooks	54,614	-	-	-	-	(2)
Other Public Works						
Street Resurfacing/Overlay/Reconstruction (miles)	10.0	9.9	10.9	10.1	2.7	
ADA Compliance: Curb Ramps	91	59	50	69	47	
Traffic Circles	1	1	1	1	1	
Street Poles	2,113	2,113	2,113	2,113	2,113	
Planning and Development Department						
Building & Safety Inspections Performed	13,806	16,906	16,641	14,696	14,560	
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

Schedule 16

Function/Program	Fiscal Year 2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
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	112	112	112 (1)
Streetlights	1,609	1,609	1,762	1,830	1,830	2,113	2,113	2,113	2,113	2,113
Traffic Signals	30	30	30	31	31	31	31	31	31	31
Parks and Recreation										
Number of Parks	12	12	12	N/A	*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*	*17*	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	N/A	*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	1,269

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, 2025, 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 19, 2025.

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

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info@cnallp.com • www.cnallp.com

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 19, 2025

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
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info@cnallp.com • www.cnallp.com

DRAFT RESOLUTION 2025-

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, committed, or unassigned 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, 2025, in the Nonspendable Reserve; and

WHEREAS, there exists a balance of $3,090,731 as of June 30, 2025, 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) 2025-26 general fund budgeted operating expenditures of $7,870,639 as specified in the Town Council General Fund Reserve Policy. This would increase both Budget Stabilization and Catastrophic Reserves from $6,736,781 by $1,133,858 from the 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 into 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 in the CalPERS/OPEB Reserve from available year-end savings; and

WHEREAS, there exists a balance of $1,300,000 as of June 30, 2025, 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 received in the General Fund Appropriated Reserve for capital purposes; 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, 2025, 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, 2025, 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 exists a current balance of $1,201,824 as of June 30, 2025, in the assigned Market Fluctuation Reserve; and

WHEREAS, there exists an assigned Carryover Encumbrances Reserve for material and services on purchase orders and contracts which are unperformed in the amount of $6,367; 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 $1,519,243; 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, there exists an assigned Capital/Special Project Reserve in the amount of $1,983,271; and

WHEREAS, the remainder of the available year-end savings will be placed in the Unassigned Fund Balance according to the Town Council General Fund Reserve Policy; and

WHEREAS, there exists an unassigned fund balance in the amount of $10,211,049; and

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE that the following fund balances as of June 30, 2025, are restricted, assigned, unassigned, or formally committed as follows:

	General Fund	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance				
Nonspendable	$ 159,000	$ -	$ -	$ 159,000
Restricted for:				
Library	-	-	559,744	559,744
Capital Projects	-	-	8,719,695	8,719,695
Repairs and Maintenance	-	-	193,606	193,606
Pension	3,090,731			3,090,731
VTA	-	263,061	-	263,061
Committed to:				
Budget Stabilization	7,870,639	-	-	7,870,639
Catastrophic	7,870,639	-	-	7,870,639
CalPERS/OPEB	1,300,000	-	-	1,300,000
Special Revenue Fund	-		1,211,943	1,211,943
Measure G District Sales Tax	-	1,376,181	-	1,376,181
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	292,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special Projects	1,983,271	14,760,358	-	16,743,629
Comcast PEG	-	50,000	-	50,000
Carryover Encumbrances	6,367	-	-	6,367
Compensated Absences	1,519,243	-	-	1,519,243
Market Fluctuation	1,201,824	-	-	1,201,824
Unassigned	10,211,049	-	-	10,211,049
Total Fund Balances	$ 35,763,316	$ 16,893,600	$ 10,684,988	$ 63,341,904

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PASSED AND ADOPTED at a regular meeting of the Town Council held on the ____ day of _____, 2025, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

_____
MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

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

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TOWN OF LOS GATOS
CALIFORNIA













ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

ATTACHMENT 3

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Cover Photos: Ken Benjamin, Scott Anderson, and Evie Julian

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TOWN OF LOS GATOS
CALIFORNIA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

PREPARED BY THE
OFFICE OF THE TOWN MANAGER

Draft

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 33,355. 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.

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TOWN VISON 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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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
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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 24, 2025

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, 2025. 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, 2025, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the Town's financial activities. Operating revenues remained stable, while development activity and investment performance provided additional funding capacity.

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.

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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, 2024, was awarded a Certificate of Achievement for Excellence in Financial Reporting by the national Government Finance Officers Association. This is the 30th 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 33,355 (California Department of Finance, January 2025). 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 in economically sensitive revenues. The Town General Fund closed FY 2024-25 with $5.7 million in revenue over expenditure before transfers. The excess revenue includes $1.2 million unrealized gain in the Town investment portfolio. The General Fund Balance increased $4.7 million.

General Fund revenues (not including transfers in other financing sources) increased 7.7% from the prior year. Property tax revenues remain the largest and most consistent source of support for General Fund operations, comprising approximately 43.8% of General Fund revenues in FY 2024-25 For FY 2024-25, property tax receipts of $25.3 million were $1.0 million higher than the prior year's

collection, reflecting the continued desirability of the Town, its environment, culture, and educational opportunities

The Town also depends on sales tax revenues to fund General Fund operations, which made up about 14.4% of total General Fund revenues in FY 2024–25. Sales tax receipts for the year reached $8.3 million, a $0.3 million increase from the previous year, indicating modest growth. ~~This trend reflects broader changes in the local economy and shopping habits, such as increased use of electric vehicles, which has led to decreased fuel purchases.~~

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 for three fiscal years. Salaries increased $0.8 million from the prior year. ~~While important for the consistent delivery of high quality services for the Town, these actions impact the balance between ongoing revenues and expenditures. Due to conservative fiscal practice and significant salary savings, General Fund expenditures were lower due to salary savings; however, not every department was able to achieve the targeted 4.6% vacancy savings. As the Town continues successful hiring, tradeoffs to achieve projected savings will be necessary should a 4.6% vacancy factor not be achievable.~~ In addition, non-pension benefits increased by $0.7 million, primarily due to rising costs associated with health insurance, and related employee benefit programs. These increases are reflected in the overall personnel expenditures and contribute to the year-over-year variance.

The Town also continues to adjust and prepare for pension employer costs to continue to be a primary expense in conjunction with salaries. Pension-related benefits increased by $0.8 million compared to the previous year. For the year ended June 30, 2025, the Town recognized a pension expense of $12 million compared to $11.2 million in the prior fiscal year. 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 2024 CalPERS actuarial valuations, the unfunded actuarial liability for pensions was $ 62.2 million and $7.5 million for OPEB, as determined by an actuarial valuation as of June 30, 2023.

~~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 should 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 $30.3 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 FY 2020-21 and decreasing to $27.48 million in FY 2021-22. The NPO reported in this year's financial statements (ACFR 2024-25) has decreased 2.5% from $63.0 million to the current NPO of $61.4 million. Due to

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CalPERS preliminary returns of 11.6% for FY 2024-25, 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

During FY 2024-25, the Town continued its focus on long-term infrastructure renewal. Approximately $16.5 million was invested in capital projects, including $8.5 million in construction in progress, $4.2 million in street improvements, $2.5 million in other infrastructure, and $1.3 million in facility and equipment upgrades. These investments reflect the Town's strategy of translating accumulated reserves and grant funding into tangible 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.

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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, Division Manager; Melissa Ynegas, Senior Administrative 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,

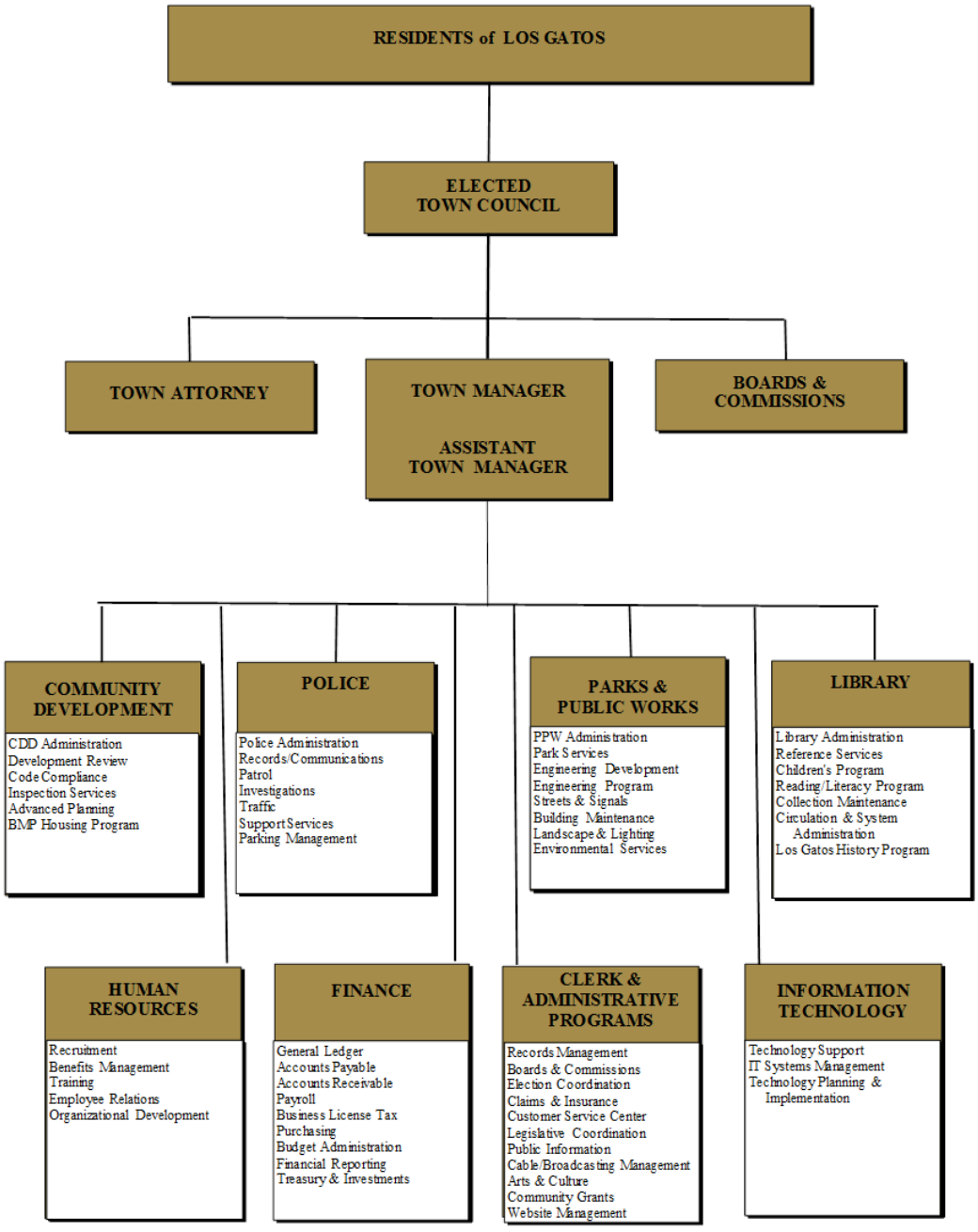
Chris Constantin
Chris Constantin
Town Manager

Gitta Ungvari
Gitta Ungvari
Director of Finance

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Town of Los Gatos

Organizational Structure



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TOWN OF LOS GATOS
PRINCIPAL OFFICERS
JUNE 30, 2025

TOWN COUNCIL

Mayor	Mathew Hudes
Vice Mayor	Rob Moore
Council Member	Maria Ristow
Council Member	Mary Badame
Council Member	Rob Rennie

COUNCIL APPOINTEES

Town Manager	Chris Constantin
Town Attorney	Gabrielle Whelan

APPOINTED OFFICIALS

Assistant Town Manager	Katy Nomura
Chief of Police	Jamie Field
Community Development Director	Joel Paulson
Parks and Public Works Director	Nicolle Burnham
Library Director	Ryan Baker
Finance Director	Gitta Ungvari
Human Resources Director	Cheryl Parkman

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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, 2024

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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Chavan and Associates, llp
Certified Public Accountants

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, 2025, 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, 2025, 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

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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.

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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 19, 2025 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 19, 2025
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, 2025. 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) 2024-25 by $166.7 million (net position). The unrestricted net position, which represents the amounts available to meet the Town ongoing obligations to citizens and creditors, is $8.7 million.

- The Town's total net position increased by $7.3 million in FY 2024-25. The overall increase of $7.3 million is primarily due to the combined effects of the $7.5 million increase in Capital Assets ~~infrastructure capitalization and changes in pension expense,~~ $7.8 million decrease in Deferred Outflows, and $1.8 million decrease in Deferred Inflows related to Pension and OPEB expenses; and $5.3 million decrease in liabilities. These combined changes reflect the Town's continued investment in infrastructure and the impact of variability in net pension and OPEB obligations. This variability is influenced by the difference between the plans' actual investment earnings and the assumed rate of return during the measurement period.

- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of $63.3 million, an increase of $2.3 million in comparison with the prior year. Of this amount, $10.4 million, is available for spending at the Government's discretion (unassigned fund balance).

- During FY 2024-25, the General Fund had an excess of revenues over expenditures of $5.7 million, excluding transfers. Transfers out exceeded transfers in by $1.0 million. The principal purpose of the Town's interfund transfers was contributions toward capital projects ($1.8 million) and general liability ($0.1 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, assigned, and unassigned components of the fund balance) for the general fund was $32.5 million, or approximately 63% 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.

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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 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

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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 Town's financial statements as a whole, using data from throughout the ACFR to describe changes between 2024 and 2025.

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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 $166.7 million, reflecting an increase of approximately $7.3 million to the prior year's net position of $159.4 million.

Town of Los Gatos
Net Position
Governmental Activites
For the Year Ended June 30, 2025

	2025	2024
Current and other Assets	$ 94,529,842	$ 93,959,415
Capital Assets	146,834,839	139,376,963
Total Assets	$ 241,364,681	$ 233,336,378
Deferred Outflows - Pension/OPEB	21,188,217	28,973,675
Current Liabilities	19,655,539	21,254,648
Long-Term Liabilities Outstanding	73,597,018	77,271,453
Total Liabilities	$ 93,252,557	$ 98,526,101
Deferred Inflows - Pension/OPEB	2,611,631	4,377,735
Net Position		
Net Investment in Capital Assets	145,079,170	137,253,582
Restricted	12,933,419	13,015,461
Unrestricted	8,676,121	9,137,174
Total Net Position	$ 166,688,710	$ 159,406,217

Capital assets increased $7.5 million to $146.8 million for the year, reflecting the 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 $7.8 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.

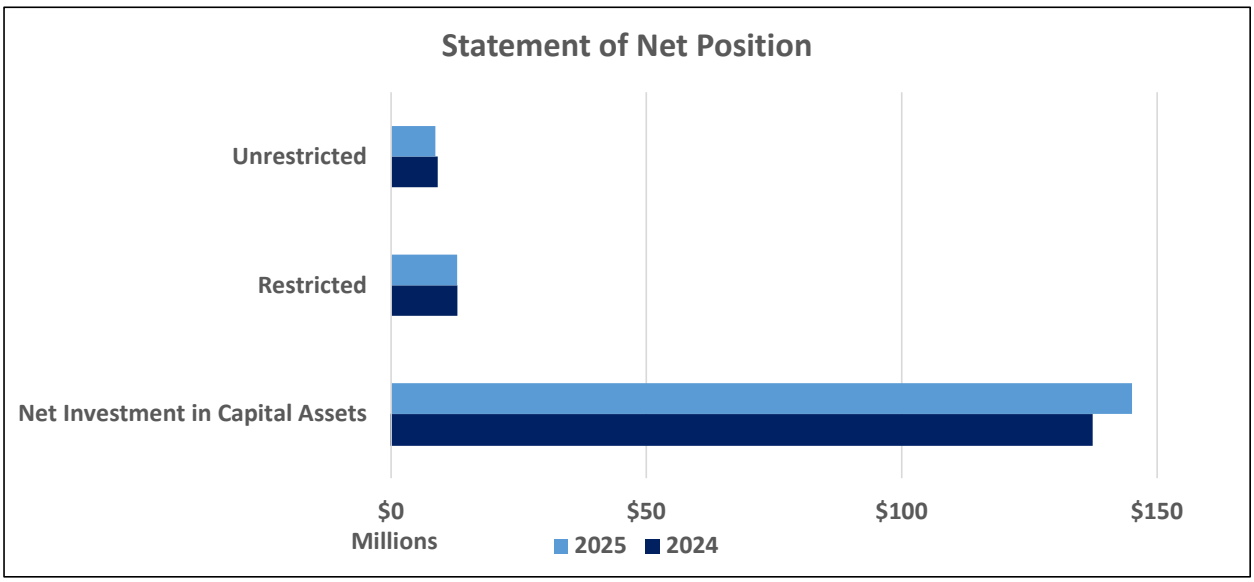
Long-term liabilities decreased by $3.7 million. The overall change is mainly due to a net pension liability decrease of $1.6 million and a reduction in net OPEB liabilities of $1.5 million, driven by higher current investment earnings for CalPERS than the 6.9% discount rate. See Note 11 and Note 12 in the Notes to the Financial Statements for more details on the Town's pension and OPEB plans.

Deferred Inflows decreased by $1.8 million, mainly due to the difference between projected investment returns and actual investment earnings on pension and OPEB investments. The decreases consisted of pension inflows of $0.9 million, the OPEB plan of $0.6 million, and leases of $0.3 million.

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The largest segment of the Town's net position, representing $145.1 million, reflects the net investment in capital assets (e.g., land, buildings, infrastructure, subscriptions, 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 to fund current obligations.

The chart below shows the Town's net position for the fiscal year ended June 30, 2024 and 2025.



Restricted net position totaled approximately $12.9 million, representing approximately $9.0 million for capital projects and maintenance, $3.1 million for restricted pension trust, $0.6 million placed in a special revenue trust account for Library services, and $0.2 million for Lighting and Landscaping Assessment Districts.

As of June 30, 2025, the unrestricted net position, the amounts available to meet the Town's ongoing obligations to citizens and creditors, reports an approximate $0.5 million decrease from the prior year to an ending balance of $8.7 million.
The Town's overall net position increased $7.3 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

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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.

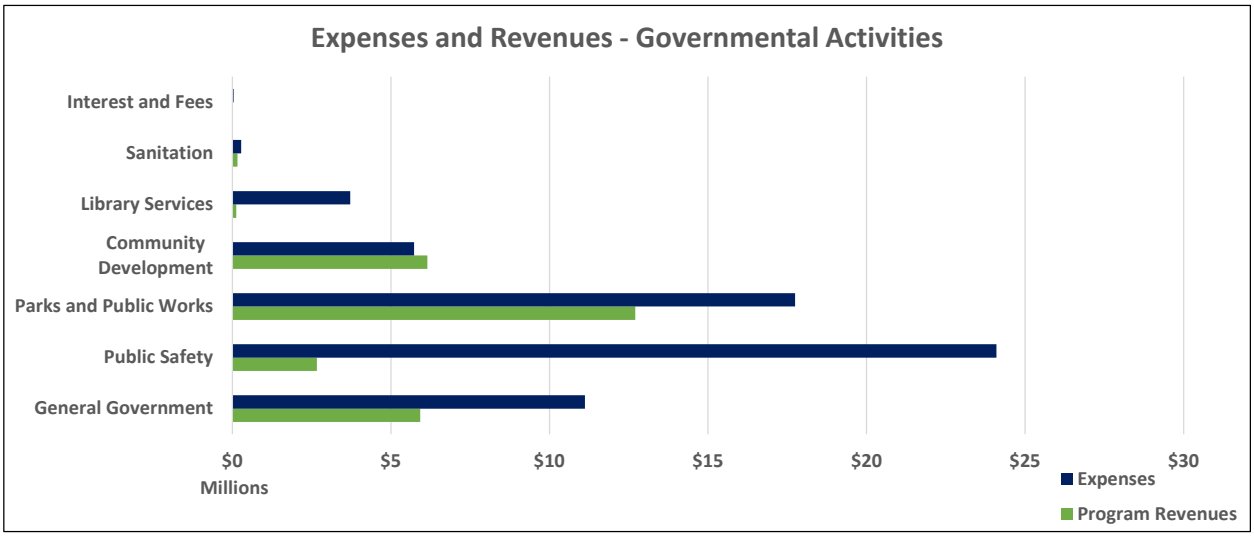
Town of Los Gatos
Statement of Activities
For the Year Ended June 30, 2025

	2025	2024
Revenues:		
Program revenues:		
Charges for Services	$ 17,919,376	$ 13,495,756
Operating Grants and Contributions	3,098,154	3,667,909
Capital Grants and Contributions	6,710,310	5,668,252
General Revenues:		
Property Taxes	25,252,782	24,224,142
Sales Taxes	8,330,978	8,071,735
Franchise Taxes	1,057,483	2,547,011
Transient Occupancy Taxes	2,417,630	2,367,653
Other Taxes	50,036	55,196
Motor Vehicle in Lieu	52,733	41,461
Developer Assessment		12,880
Investment Earnings	2,581,393	1,417,370
Unrealized gains (losses)	1,201,824	1,712,246
Miscellaneous	1,341,229	1,199,422
Total Revenues	70,013,928	64,481,033
Expenses:		
Police Department	24,095,151	23,783,313
Parks and Public Works	17,745,141	14,075,171
General Government	11,122,319	11,113,238
Community Development	5,734,087	5,481,765
Library Services	3,716,806	3,853,748
Sanitation	276,528	263,706
Interest and Fees	41,403	26,137
Total Expenses	62,731,435	58,597,078
Change in Net Position	7,282,493	5,883,955
Net Position - Beginning	159,406,217	153,522,262
Net Position, Ending	$ 166,688,710	$ 159,406,217

The Statement of Activities shown above details how the $70 million in Governmental Activities revenues and contributions were derived. Approximately $17.9 million or 25.6% of the revenues were recorded from fees paid by residents/businesses who directly benefited from the respective program or service. Another $9.8 million or 14.0% of the revenues were sourced from operating/capital grants and contributions. The remaining $42.3 million or 60.4% represents general revenues of the Town, including taxes, intergovernmental revenues, and other miscellaneous revenues.

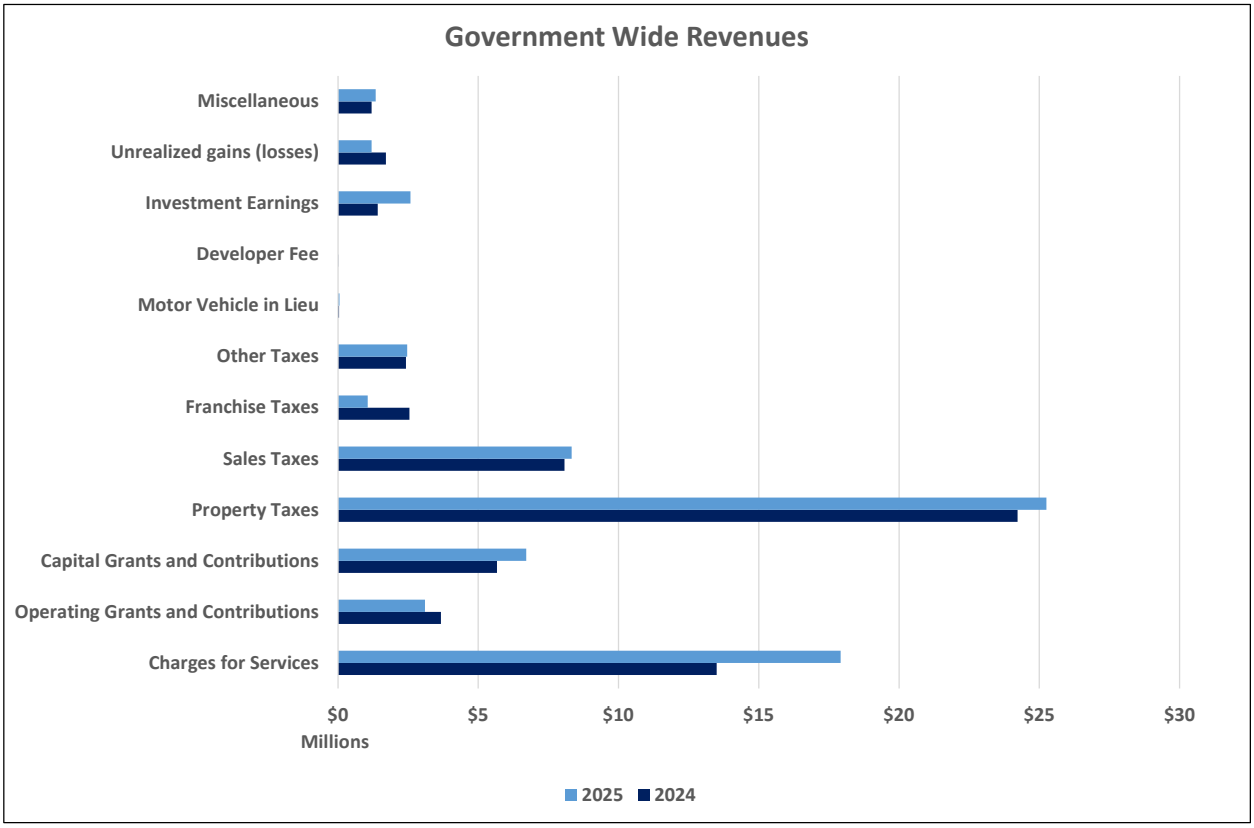
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The chart below summarizes the financial activities of the major programs.



Governmental Activities Revenue Discussion

The chart below summarized the Town's government wide revenues for the FY 2023-24 and FY 2024-25.



Total Government-Wide Revenues increased by $5.5 million.

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Program revenues increased by approximately $4.9 million compared to the prior fiscal year. A key component of this increase—$1.5 million—is due to a reclassification of fees collected from the garbage hauler company. In FY 2023–24, these fees were reclassified from franchise fees to license and permit fees as a result of changes in the JPA agreement, and are now reported under the Charges for Services category in the Statement of Activities. This reclassification resulted in a $1.5 million decrease in franchise fees and a corresponding $1.5 million increase in Charges for Services, with no net change in total collections from the garbage hauler company; however, it does affect year-over-year comparability. The remaining $2.9 million increase in program revenues is primarily attributable to a $1.5 million increase in business license tax collections, due to timing differences in license payments crossing fiscal years, and a $1.7 million increase from increased development activity, partially offset by a $0.3 million decrease in revenues from street sweeping and crossing guard services, which were contracted out in FY 2024–25.

~~The majority of this increase, $4.4 million, was due to higher charges for services driven by a rise in development activity and increased encroachment fee collections from the Town's garbage hauler.~~

Additionally, the Town received an additional $1.0 million in capital grants, including funding for the Los Gatos Creek Trail to Highway 9 Trailhead Connector project. These gains were partially offset by a $0.6 million decrease in operating grants and contributions, reflecting reduced availability of operating grant funding in the current year.

The Town's general revenues related to governmental activities increased by approximately $0.6 million compared to the prior year. This increase was primarily driven by a $1.0 million rise in property tax revenues, a $0.7 million increase in investment earnings, including mark-to-market adjustments on the Town's investment portfolio—and a $0.3 million increase in sales tax collections. These gains were partially offset by a $1.5 million decrease in franchise fee collections. ~~Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses and Permits under Charges for Services.~~ The total amount of the Encroachment Fee was $2.3 million in FY 2024-25 and $0.8 million in FY 2023-24.

Property tax is the Town's largest individual revenue source, and collections for the year were $1.0 million more than the previous year. This increase was primarily due to a $0.8 million rise in general property tax collection and a $0.2 million increase in the Vehicle License Fee (VLF) Property Tax In-Lieu fee. It is important to note that assessed valuations for FY 2024-25 were established on the tax roll in January 2024 and collected during FY 2024-25.

Sales taxes totaled $8.3 million for the fiscal year, making them the second-largest individual General Fund revenue source for the Town. This represents an increase of $0.3 million from the prior year. The modest growth reflects stable sales tax collections from business-to-business transactions. ~~Additionally, reduced activity at gas service stations, attributed to the growing adoption of electric vehicles—also contributed to the slower pace of sales tax growth.~~

~~Franchise taxes finished the year at $1.1 million, reflecting a decrease of $1.5 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.~~

Investment earnings for the fiscal year ended June 30, 2025, totaled $2.6 million, representing an increase of $1.2 million from the prior year. This growth reflects improved interest income from the Town's

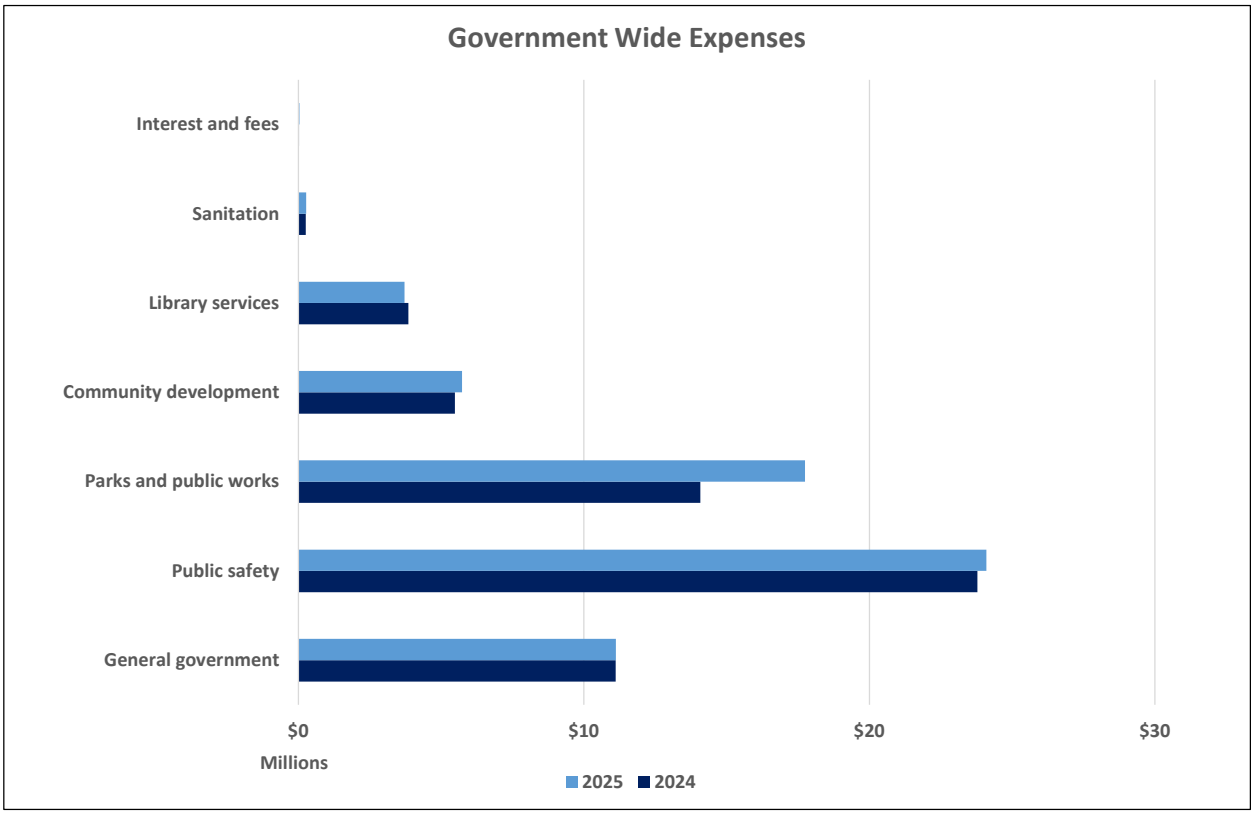
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investment portfolio, due to a higher interest rate environment. Additionally, the Town recorded $1.2 million in unrealized gains from mark-to-market adjustments, which, while positive, were $0.5 million lower than the prior year's unrealized gains of $1.7 million. ~~Overall, the combined increase in realized earnings and moderate unrealized gains contributed positively to the Town's general revenues and financial position.~~ The $1.2 million unrealized gain is an increase in the value of the asset that has not been sold and is not available for spending.

Miscellaneous Revenue increased by $0.1 million from the prior year. This category includes many different items, primarily $0.5 million in revenue recognized for Capital Projects, received through developer contributions and cost-sharing agreements with local governments and utility companies. Additionally, the Town received $0.4 million in insurance reimbursements related to property damage and workers' compensation claims. Another $0.2 million was contributed by nonprofit organizations, including the Friends of the Library and the Police Foundation.

Governmental Activities Expenses Discussion

The chart below summarizes the Town's government-wide expenses for the FY 2023-24 and FY 2024-25.



The Town provides residents, businesses, and visitors with an array of high-quality municipal services. General government strategic support comprises seven Departments (Town Council, Town Clerk, Town Manager, Town Attorney, Human Resources, Information Technology, and Finance) that provide information technology, executive management, economic vitality, legal services, 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. The Parks and Public Works Department provides

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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 for the year, as reported in the Statement of Activities, were $62.7 million, an increase of $4.1 million from the prior year's total of $58.6 million. The primary driver of this increase was in $3.5 million ~~in capital~~ expenses in the capital program that ~~did not meet the criteria for capitalization~~ is not capitalizable and reported under Parks and Public Works expenses in the Statement of Activities. These expenditures included costs related to vegetation management, implementation of the parking program, and the creation of storm drain system maps.

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 $12.8 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 $12.8 million restricted fund balance, $9.0 million is restricted for capital projects, $3.1 million for pension, $0.6 million for Library special revenue trust accounts, and $0.2 million for maintenance and repairs.

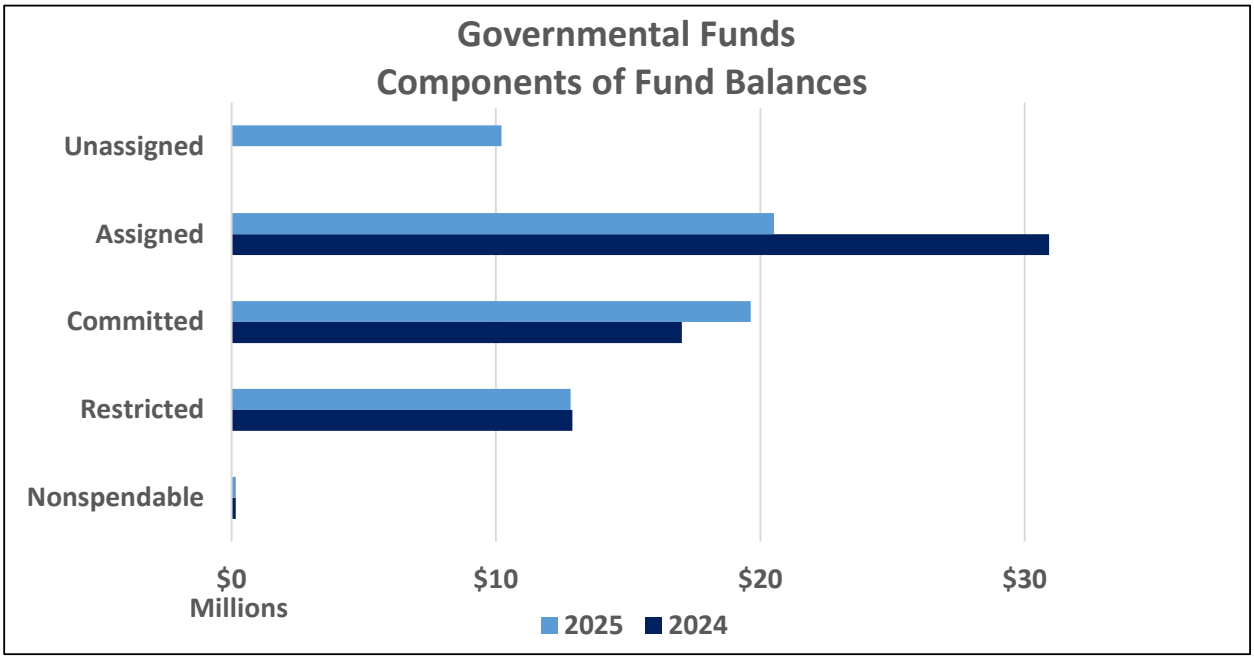
Committed Fund Balance – The Town has ~~$19.3~~ $19.6 million in fund balance classified as committed to indicate that the Town Council previously committed how the money will be spent. Of the $19.3 million, $15.8 million is for budget stabilization ($7.9 million) and catastrophe response ($7.9 million).

Assigned Fund Balance – The Town has ~~$20.7~~ $20.5 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 $2.0 million and the Capital Projects Reserve of $16.7 million which are the primary funding sources for the Town's five-year capital improvement plan and special projects as budgeted by the Town.

Unassigned Fund Balance – The Town has ~~$10.4~~ $10.2 million in fund balance is available for spending at the Government's discretion.

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The chart below shows the Town's governmental fund balances for the fiscal year ended June 30, 2024 and 2025.



Additional information on the Town's Fund Balance 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, 2025

REVENUES	**2025**	**2024**
Property Taxes	$ 25,305,515	$ 24,265,603
Sales Taxes	8,330,978	8,071,735
Transient Occupancy Taxes	2,417,630	2,367,653
Other Taxes	27,520	30,358
Licenses & Permits (1)	10,077,688	6,227,298
Intergovernmental	11,038,323	6,317,644
Charges for Services	6,648,503	7,051,179
Fines and Forfeitures	420,127	480,634
Franchise Fees (1)	1,057,483	2,547,011
Developer Assessment	-	12,880
Interest	3,783,218	3,108,100
Use of Property	442,078	297,501
Other	748,259	604,493
Total Revenues	$ 70,297,322	$ 61,382,089
EXPENDITURES		
Current:		
Public Safety	$ 20,827,888	$ 20,718,781
General Government	10,884,414	9,573,022
Parks and Public Works	10,828,974	9,899,083
Community Development	5,637,742	5,246,729
Library Services	3,651,358	3,335,389
Sanitation and Other	274,188	252,605
Capital Outlay	15,545,674	12,366,255
Debt Service		
Principal	206,380	225,370
Interest and Fees	41,403	3,716
Total Expenditures	$ 67,898,021	$ 61,620,950
Excess Revenues over Expenditures	$ 2,399,301	$ (238,861)
Subscriptions	-	706,713
Proceeds from sales of assets	-	223
Transfers in	2,595,491	3,666,235
Tranfers out	(2,655,491)	(4,317,235)
Total Other Financing Sources (Uses)	$ (60,000)	$ 55,936
Net Changes in Fund Balances	2,339,301	(182,925)
Beginning/Ending Fund Balances	$ 61,002,603	$ 61,185,528
Ending Fund Balances	$ 63,341,904	$ 61,002,603

(1) Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses and Permits. The total amount of the Encroachment Fee was $2.3 million in FY 2024-25 and $0.8 million in FY 2023-24

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Total Governmental Funds revenues increased by $8.9 million, or 14.5%, compared to the prior year, primarily due to higher capital grant activity and increased collections from property taxes, interest income, sales taxes, and business license taxes. On the expenditure side, total spending rose by $6.3 million, or 10.2%, mainly driven by a $3.2 million increase in capital outlay, a $2.3 million rise in salar~~y~~ies ($0.8 million) and benefits ($1.5 million) costs, and $0.9 million in additional internal service charges combined with operational changes.

General Fund revenues totaled $57.7 million, or nearly 82.1% of the total $70.3 million in Total Governmental Fund revenues, compared to $53.5 million of General Fund revenues and total Governmental Funds revenues of $61.3 million in the prior year.

General Fund expenditures represent approximately $51.9 million or 76.5% of the Total Governmental Fund expenditures of $67.9 million compared to $49.5 million of General Fund expenditures and total Governmental Funds expenditures of $61.6 million in the prior year.

Public Safety expenditures increased by approximately $0.1 million compared to the prior year. The net increase is the result of a $0.6 million decrease in salaries, offset by a $0.4 million increase in pension costs and a $0.3 million increase in non-pension benefits, such as health insurance. ~~This modest change reflects increases in negotiated salary and benefits offset by an increased number of vacancies and additional operational savings the Department achieved in the current fiscal year, which were not at the same level in the previous year.~~

General Government, Public Works, Community Development, and Library services expenditures increased by $2.9 million compared to the prior year, primarily due to higher personnel and operational costs. This included ~~$2.3~~ $0.8 million in salar~~y~~ies and $1.5 million in benefits increases, $0.3 million in legal service expenses, and $0.3 million in post-retirement benefit obligations. ~~These increases were partially offset by some operational savings.~~

Appropriated Reserves Fund capital projects fund balances decreased $2.2 million from the prior year to $16.9 million, reflecting increased capital activity during the fiscal year. The $3.3 million general government and capital outlay expenditures above operating revenues was offset by $1.1 million from other financing sources.

Proprietary Funds

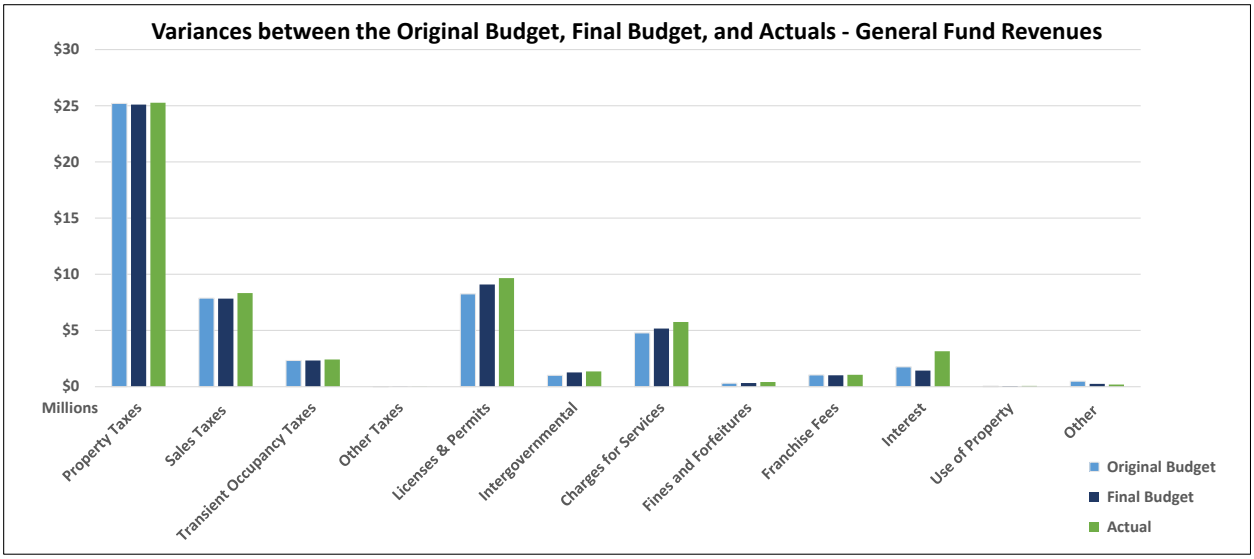
The Town's Proprietary Funds (Internal Service Funds) presented in the Fund Financial Statements section provide similar information to the Government-Wide Financial Statements and include individual segment information.

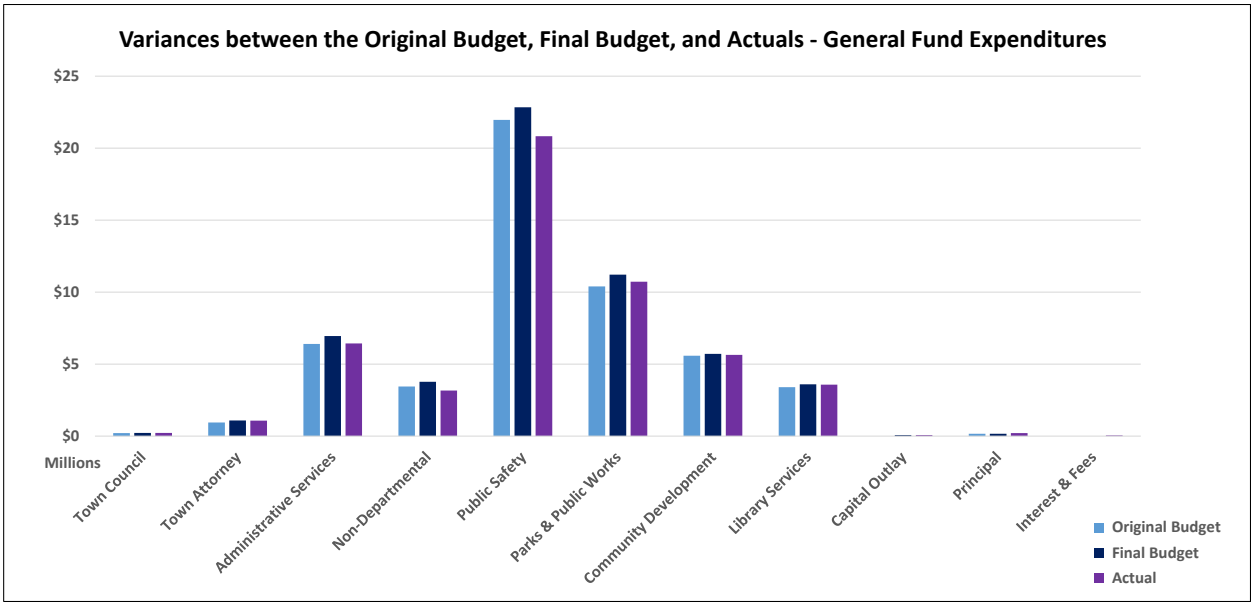
Total net position in the Internal Service Funds increased by $1.2 million due to increases in general fund support and program charges for services to cover workers' compensation, information technology, and general liability costs including administration, insurance premiums, and claims expense.

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GENERAL FUND BUDGETARY HIGHLIGHTS

The graphs below 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 2024-25 original budget (i.e., the Adopted Budget) General Fund revenues of $53.1 million to the final adjusted budget of $53.9 million indicates a net increase of approximately $0.8 million or 1.4%. Additions to the original revenue budget included adjustments approved by Town Council throughout the fiscal year.

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The increase in General Fund revenue appropriations occurred primarily from the following sample of revenue budget adjustments made during the fiscal year:

- $0.4 million revenue increases for charges for services including $0.3 million for plan check fees;
- $0.8 million revenue budget for licenses & permits including $0.4 million for business license taxes and $0.3 million for planning permit fees;
- $0.3 million revenue budget for grant receipts with matching expenditures.

As shown in the chart on the previous page, comparing the FY 2024-25 original budget (i.e. the Adopted Budget) General Fund expenditures of $52.5 million (excluding budgeted transfers-out and debt payments that are reimbursed) to the final adjusted budget of $55.6 million indicates a net increase of approximately $3.1 million or 6.0%. 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.

- $1.0 million increase in expenditure budget 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;
- $1.9 million expenditure increase for salaries and benefits related charges including budget restoration of $0.3 million for individual departments that were fully staffed and did not experience the full preplanned 4.6% salary savings factor and $1.6 million for negotiated salaries and benefits and temporary staff augmentation, since agreements were finalized after the budget adoption; and
- $0.3 million 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, 2025, reports an approximate favorable variance overall with the final budget of approximately $7.4 million. During FY 2024-25, the General Fund had an excess of revenues over expenditures of $5.7 million, excluding transfers. This favorable variance was created largely by the net effect of the following factors:

- Actual revenues for the fiscal year ended June 30, 2025, exceeded final budgeted projections by $3.8 million. This favorable variance was primarily driven by high interest rates and unrealized gains resulting from the requirement to value current investments at market value as of June 30, as well as stronger-than-anticipated sales tax and business license collections reflecting increased consumer spending. Additionally, the Town experienced higher revenues from licenses, permits, and related service charges, largely due to a surge in development-related activity and an increase in engineering, building, and planning permit submittals.

- On the expenditure side, actual spending was $3.6 million below the final budgeted amounts, mainly due to $1.8 million in Town-wide savings on salaries and benefits resulting from short-term vacancies, especially in the Police ($1.5 million) and Parks and Public Works ($0.2 million), and Administrative Services ($0.1 million) Departments. Additional savings of $1.8 million were achieved across various expenditure categories town-wide, reflecting ongoing fiscal discipline and effective budget management.

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CAPITAL ASSETS

As of June 30, 2025, the Town's investment in capital assets for its governmental activity is recorded at $146.8 million(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. Net capital assets increased by $7.5 million, reflecting $16.5 million in capital additions which were offset by $5.3 million in net depreciation and $3.7 million in deletions for the year.

Notable additions include:

- $8.5 million addition to construction in progress
- $4.2 million in street repair and resurfacing, and curb and gutter work; and
- $2.5 million in other infrastructure, including $2.3 million in traffic signal work; and
- $1.3 million in land, building improvements, and equipment acquisitions.

The $8.5 million addition to construction in progress is comprised of $4.7 million for pathways projects, $2.2 million for streets and curbs improvements, $0.6 million for land and building improvements, $0.6 million for bridges, $0.4 million for equipment, retaining walls, traffic signals, parking lots, and park improvements.

Capital Assets
Town of Los Gatos
For the Year Ended June 30, 2025

	Capital Assets	Accumulated Depreciation	Capital Asstes, Net
Infrastructure - Streets	$ 89,745,124	$ 43,187,417	$ 46,557,707
Infrastructure - All Other	31,619,016	11,431,646	20,187,370
Subscription Right of Use Assets	1,622,573	695,605	926,968
Buildings	43,021,401	13,259,105	29,762,296
Land	26,105,392	-	26,105,392
Equipment	13,515,875	11,078,952	2,436,923
Construction in Progress	20,858,183	-	20,858,183
	$226,487,564	$ 79,652,725	$146,834,839

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 $0.9 million at 6/30/2025. The long-term debt in the Successor Agency Trust Fund is related to the 2002 COP and 2010 COP, totaling $8.5 million. Additional information on the Town's Long-Term Debt is found in Note 7 of this Financial Report.

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ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

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 2025-26 budget projections are based on economic trends and forecasts specific to the Town Geographic area. These estimates, informed by local data from the County of Santa Clara and consultants such as Avenu Insights & Analytics and HdL Coren & Cone 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 2024-25 fiscal year, the Town-wide Statement of Activities reported an increase in net position of $7.3 million, a measure of the change in the value of assets impacted by Town operations during the year. This net position includes $3.8 million from investment earnings, driven by higher than usual interest rates and including $1.2 million unrealized gains, which are not available to spend, due to the requirement to value current investments at market value as of June 30. Additionally, conservative budgeting and operations resulted in revenue exceeding budget estimates and expenditures coming in below projections contributing to this positive change.

This increase in net position reflects a broader trend, with seven 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 as well as needs to address wildfire risk will substantially impact future financial performance. Further, the potential consolidation of the police department is also not considered in standards or the Town's Capital Improvement Program. Rising costs in key Town operations and contracted services also pose challenges that could outpace revenue growth. Despite our stable current 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 this year, 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 in recent years. The competitive Silicon Valley market and increasing regulatory requirements on local governments also drive up the cost of services and materials.

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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. Further, the Town does not have identified resources to address a recommended police station consolidation, Town Hall replacement/rehabilitation, or to fully implement its various plans, such as the Bicycle and Pedestrian Master Plan or Senior Roadmap.

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. While the Town is benefiting today, an economic reversal can have the same negative impact.

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 good 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 as well as address future capital, wildfire, and other capital needs not currently scheduled in a five-year Capital Improvement Program. Our goal is to preserve the exceptional quality of life in our community through prudent and strategic financial management. To strengthen the Town's long-term financial sustainability and provide strategic insights to the Council, the Town is collaborating with an independent consultant to perform a Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset-Liability Management Studies."

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. In considering the capital intensive needs of buildings, infrastructure, and disaster mitigation, a longer view of financial condition and outlook is necessary.

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.

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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.

Draft

Basic Financial Statements

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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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.

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TOWN OF LOS GATOS, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 80,767,941
Restricted cash and investments	3,255,657
Receivables:	
Accounts	2,572,019
Interest	608,320
Intergovernmental	4,528,496
Other assets	160,769
Long-term leases receivable	1,498,888
Long-term notes receivables	1,137,752
Capital Assets:	
Nondepreciable	46,963,575
Depreciable, net of accumulated depreciation	99,871,264
Total Assets	$ 241,364,681
DEFERRED OUTFLOWS OF RESOURCES	
Pension adjustments	$ 16,912,258
OPEB adjustments	4,275,959
Total Deferred Outflows of Resources	$ 21,188,217
LIABILITIES	
Accounts payable	$ 3,931,301
Accrued payroll and benefits	915,225
Interest payable	12,795
Due to other governments	94,423
Unearned Revenue	7,764,914
Deposits	5,568,952
Claims payable	1,367,929
Long-term liabilities:	
Due within one year	
Compensated absences	484,551
Subscription liabilities	226,457
Loans payable	156,034
Due in more than one year	
Net OPEB liability	7,489,653
Net pension liabilities	61,403,352
Compensated absences	2,463,793
Subscription liabilities	645,022
Loans payable	728,156
Total Liabilities	$ 93,252,557
DEFERRED INFLOWS OF RESOURCES	
Leases	880,290
Pension adjustments	809,411
OPEB adjustments	921,930
Total Deferred Inflows of Resources	$ 2,611,631
NET POSITION	
Net investment in capital assets	$ 145,079,170
Restricted for:	
Library	559,744
Capital projects	8,719,695
Lighting and landscape repairs and maintenance	193,606
Pensions	3,090,731
VTA	263,061
Worker's compensation claims	106,582
Total Restricted Net Position	12,933,419
Unrestricted	8,676,121
Total Net Position	$ 166,688,710

The notes to the financial statements are an integral part of this statement.

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TOWN OF LOS GATOS, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:						
General government	$ 11,122,319	$ 5,809,508	$ 112,216	$ -	$ 5,921,724	$ (5,200,595)
Public safety	24,095,151	1,793,058	869,926	-	2,662,984	(21,432,167)
Parks and public works	17,745,141	4,095,474	1,902,414	6,710,310	12,708,198	(5,036,943)
Community development	5,734,087	6,055,131	95,126	-	6,150,257	416,170
Library services	3,716,806	2,515	118,472	-	120,987	(3,595,819)
Sanitation	276,528	163,690	-	-	163,690	(112,838)
Interest	41,403	-	-	-	-	(41,403)
Total Governmental Activities	$ 62,731,435	$ 17,919,376	$ 3,098,154	$ 6,710,310	$ 27,727,840	(35,003,595)
General revenues:						
Taxes:						
Property taxes						25,252,782
Sales taxes						8,330,978
Franchise taxes						1,057,483
Transient occupancy taxes						2,417,630
Other taxes						50,036
Motor vehicle in lieu						52,733
Investment earnings:						
Investment earnings						2,581,393
Unrealized gains (losses)						1,201,824
Miscellaneous						1,341,229
Total general revenues						42,286,088
Change in Net Position						7,282,493
Net Position - Beginning						159,406,217
Net Position - Ending						$ 166,688,710

The notes to the financial statements are an integral part of this statement.

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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, 2025. 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, 2025

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash & investments	$ 38,724,248	$ 21,849,987	$ 10,521,798	$ 71,096,033
Restricted cash & investments	3,090,731	-	58,344	3,149,075
Receivables:				
Accounts	1,842,977	423,390	211,164	2,477,531
Interest	608,320	-	-	608,320
Intergovernmental	2,162,657	2,281,498	84,341	4,528,496
Other assets	160,769	-	-	160,769
Leases receivable	-	55,629	225,652	281,281
Long term note receivable	1,059,000	-	78,752	1,137,752
Total Assets	$ 47,648,702	$ 24,610,504	$ 11,180,051	$ 83,439,257
LIABILITIES				
Accounts payable	$ 1,280,057	$ 2,080,943	$ 292,940	$ 3,653,940
Accrued payroll and benefits	912,732	-	2,493	915,225
Due to other governments	94,337	-	-	94,337
Unearned revenue	4,029,308	3,670,811	64,795	7,764,914
Deposits	5,568,952	-	-	5,568,952
Total Liabilities	11,885,386	5,751,754	360,228	17,997,368
DEFERRED INFLOWS OF RESOURCES				
Leases	-	53,248	134,835	188,083
Total Deferred Inflows of Resources	-	1,965,150	134,835	2,099,985
FUND BALANCE				
Nonspendable:				
Loans receivable	159,000	-	-	159,000
Restricted for:				
Library	-	-	559,744	559,744
Capital projects	-	-	8,719,695	8,719,695
Repairs and maintenance	-	-	193,606	193,606
Pensions	3,090,731	-	-	3,090,731
VTA	-	263,061	-	263,061
Committed to:				
Budget stabilization	7,870,639	-	-	7,870,639
Catastrophic	7,870,639	-	-	7,870,639
Pensions/OPEB	1,300,000	-	-	1,300,000
Measure G 2018 district sales tax	-	1,376,181	-	1,376,181
Special revenue funds	-	-	1,211,943	1,211,943
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	292,000	-	292,000
Sustainability	140,553	-	-	140,553
Capital improvements	1,983,271	14,760,358	-	16,743,629
Carryover encumbrances	6,367	-	-	6,367
Comcast PEG	-	50,000	-	50,000
Compensated absences	1,519,243	-	-	1,519,243
Market fluctuations	1,201,824	-	-	1,201,824
Unassigned	10,211,049	-	-	10,211,049
Total Fund Balances	35,763,316	16,893,600	10,684,988	63,341,904
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 47,648,702	$ 24,610,504	$ 11,180,051	$ 83,439,257

The notes to the financial statements are an integral part of this statement.

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TOWN OF LOS GATOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Fund Balance - Total Governmental Funds		$ 63,341,904
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.		146,526,246
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.		8,764,351
DEFERED 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	$ 7,066,321	
PERS Safety Plan adjustments	9,845,937	
OPEB plan adjustments	4,275,959	21,188,217
Deferred Inflows of resources:		
PERS Safety Plan adjustments	$ (809,411)	
OPEB plan adjustments	(921,930)	(1,731,341)
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 deferreed inflows of resources in the governmental funds.		1,911,902
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	$ (587,030)	
Loans payable	(884,190)	
Net Pension Liabilities	(61,403,352)	
Net OPEB Liability	(7,489,653)	
Compensated absences	(2,948,344)	(73,312,569)
Net Position - Governmental Activities		$ 166,688,710

The notes to the financial statements are an integral part of this statement.

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TOWN OF LOS GATOS, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	$ 25,266,865	$ -	$ 38,650	$ 25,305,515
Sales Taxes	8,330,978	-	-	8,330,978
Transient Occupancy Taxes	2,417,630	-	-	2,417,630
Other Taxes	5,004	-	22,516	27,520
Licenses & Permits	9,657,327	158,732	261,629	10,077,688
Intergovernmental	1,357,594	7,830,241	1,850,488	11,038,323
Charges for Services	5,749,950	898,553	-	6,648,503
Fines and Forfeitures	420,127	-	-	420,127
Franchise Fees	1,057,483	-	-	1,057,483
Interest	3,151,243	200,349	431,626	3,783,218
Use of Property	76,161	91,284	274,633	442,078
Other	190,105	477,300	80,854	748,259
Total Revenues	57,680,467	9,656,459	2,960,396	70,297,322
EXPENDITURES				
Current:				
General Government	10,884,414	-	-	10,884,414
Public Safety	20,827,888	-	-	20,827,888
Parks and Public Works	10,717,231	-	111,743	10,828,974
Community Development	5,637,742	-	-	5,637,742
Library Services	3,568,496	-	82,862	3,651,358
Sanitation and Other	-	-	274,188	274,188
Capital Outlay	65,000	12,910,018	2,570,656	15,545,674
Debt service:				
Principal	206,380	-	-	206,380
Interest	41,403	-	-	41,403
Total Expenditures	51,948,554	12,910,018	3,039,449	67,898,021
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,731,913	(3,253,559)	(79,053)	2,399,301
OTHER FINANCING SOURCES (USES)				
Transfers in	812,411	1,783,080	-	2,595,491
Transfers (out)	(1,843,080)	(701,491)	(110,920)	(2,655,491)
Total Other Financing Sources (Uses)	(1,030,669)	1,081,589	(110,920)	(60,000)
NET CHANGES IN FUND BALANCES	4,701,244	(2,171,970)	(189,973)	2,339,301
BEGINNING FUND BALANCES	31,062,072	19,065,570	10,874,961	61,002,603
ENDING FUND BALANCES	$ 35,763,316	$ 16,893,600	$ 10,684,988	$ 63,341,904

The notes to the financial statements are an integral part of this statement.

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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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 2,339,301
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)	$ 13,404,632	
Current year depreciation	(5,743,441)	7,661,191
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.		(892)
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 Principal Payments		50,347
PG&E Loan		156,033
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.		(1,152,891)
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.		162,613
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.		582,395
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.		(3,745,405)
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.		1,229,801
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 7,282,493

The notes to the financial statements are an integral part of this statement.

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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, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	$ 25,204,691	$ 25,102,070	$ 25,266,865	$ 164,795
Sales Taxes	7,885,517	7,841,645	8,330,978	489,333
Transient Occupancy Taxes	2,332,419	2,332,419	2,417,630	85,211
Other Taxes	7,000	7,000	5,004	(1,996)
Licenses & Permits	8,253,715	9,087,746	9,657,327	569,581
Intergovernmental	1,015,439	1,265,444	1,357,594	92,150
Charges for Services	4,786,513	5,168,358	5,749,950	581,592
Fines and Forfeitures	315,200	325,200	420,127	94,927
Franchise Fees	1,041,330	1,013,330	1,057,483	44,153
Interest	1,764,425	1,427,333	3,151,243	1,723,910
Use of Property	55,143	55,143	76,161	21,018
Other	485,273	248,413	190,105	(58,308)
Total Revenues	53,146,665	53,874,101	57,680,467	3,806,366
EXPENDITURES				
Current:				
General Government:				
Town Council	206,235	219,813	222,953	(3,140)
Town Attorney	943,589	1,085,157	1,076,252	8,905
Administrative Services	6,397,313	6,942,452	6,428,015	514,437
Non-Departmental	3,440,213	3,773,154	3,157,194	615,960
Total General Government	10,987,350	12,020,576	10,884,414	1,136,162
Public Safety	21,956,480	22,832,439	20,827,888	2,004,551
Parks & Public Works	10,394,397	11,210,625	10,717,231	493,394
Community Development	5,577,310	5,706,062	5,637,742	68,320
Library Services	3,398,711	3,591,990	3,568,496	23,494
Capital Outlay	-	65,000	65,000	-
Debt Service:				
Principal	156,034	156,034	206,380	(50,346)
Interest	-	-	41,403	(41,403)
Total Expenditures	52,470,282	55,582,726	51,948,554	3,634,172
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	676,383	(1,708,625)	5,731,913	7,440,538
OTHER FINANCING SOURCES (USES)				
Transfers In	595,411	812,411	812,411	-
Transfers Out	(1,754,083)	(1,782,575)	(1,843,080)	(60,505)
Total Other Financing Sources (Uses)	(1,158,672)	(970,164)	(1,030,669)	(60,505)
NET CHANGES IN FUND BALANCE	$ (482,289)	$ (2,678,789)	4,701,244	$ 7,380,033
BEGINNING FUND BALANCE			31,062,072	
ENDING FUND BALANCE			$ 35,763,316	

The notes to the financial statements are an integral part of this statement.

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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, 2025

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets:	
Cash & investments	$ 9,671,908
Restricted cash & investments	106,582
Accounts Receivable	94,488
Total current assets	9,872,978
Noncurrent Assets:	
Leases receivable	1,217,607
Subscription assets, net	308,593
Total noncurrent assets	1,526,200
Total Assets	$ 11,399,178
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 277,361
Due to other governments	86
Interest payable	12,795
Subscription liabilities - Current	172,839
Total current liabilities	463,081
Noncurrent liabilities:	
Claims payable	1,367,929
Subscription liabilities	111,610
Total noncurrent liabilities	1,479,539
Total Liabilities	$ 1,942,620
DEFERRED INFLOWS OF RESOURCES	
Leases	$ 692,207
NET POSITION	
Net Investment in capital assets	$ 24,144
Restricted for workers compensation claims	106,582
Unrestricted	8,633,625
Total Net Position	$ 8,764,351

The notes to the financial statements are an integral part of this statement.

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TOWN OF LOS GATOS, CALIFORNIA
PROPRIETARY FUNDS -
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for services	$ 5,891,269
Use of money and property	137,633
Other local taxes	22,516
Other revenue and reimbursements	374,198
Total Operating Revenues	6,425,616
OPERATING EXPENSES	
Insurance expenses	2,435,013
Services and Supplies	2,704,049
Depreciation/amortization	202,422
Total Operating Expenses	5,341,484
Operating Income (Loss)	1,084,132
NONOPERATING REVENUE (EXPENSES)	
Investment earnings	85,669
Income (loss) before transfers	1,169,801
Transfers in	60,000
Change in Net Position	1,229,801
BEGINNING NET POSITION	7,534,550
ENDING NET POSITION	$ 8,764,351

The notes to the financial statements are an integral part of this statement.

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TOWN OF LOS GATOS, CALIFORNIA
PROPRIETARY FUNDS -
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 6,100,761
Payments to suppliers	(5,089,089)
Insurance reimbursements	330,789
Claims paid	(512,165)
Net cash provided (used) by operating activities	830,296
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In	60,000
Net cash provided (used) by noncapital financing activities	60,000
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Interest paid	(7,148)
Principal paid	(161,332)
Net cash provided (used) by capital related financing activities	(168,480)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash collected from investment eanings	85,669
Net cash provided (used) Investing Activities	85,669
Net Increase(Decrease) in Cash and Investments	807,485
Cash and investments - beginning of year	8,971,005
Cash and investments - end of year	$ 9,778,490
Reconciliation of Operating Income to Cash Flows from Operating Activities:	
Operating Income	$ 1,084,132
Adjustments to reconcile operating income to cash flows from operating activities:	
Depreciation/amortization	202,422
Change in assets and liabilities:	
Accounts receivables	(55,077)
Leases receivable	190,076
Deferred inflows of resources	(129,065)
Accounts payable	59,844
Claims payable	(522,063)
Cash Flows From Operating Activities	$ 830,296
Cash and cash equivalents:	
Cash and investments	$ 9,671,908
Restricted cash and investments	106,582
Total cash and cash equivalents	$ 9,778,490

The notes to the financial statements are an integral part of this statement.

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, 2025

	RDA Successor Agency
ASSETS	
Cash and investments	$ 2,132,669
Restricted cash and investments	2,167,505
Loans receivable	645,410
Capital assets:	
Depreciable, net of accumulated depreciation	896,107
Total Assets	$ 5,841,691
LIABILITIES	
Accounts payable	$ 36
Interest payable	160,530
Long-term debt:	
Due within one year	1,550,000
Due in more than one year	7,168,270
Total Liabilities	$ 8,878,836
NET POSITION	
Restricted for RDA	$ (3,037,145)
Total Net Position	$ (3,037,145)

The notes to the financial statements are an integral part of this statement.

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TOWN OF LOS GATOS
PRIVATE PURPOSE TRUST FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	RDA Successor Agency
ADDITIONS	
Property taxes	$ 1,951,721
Investment earnings	130,367
Total Additions	2,082,088
DEDUCTIONS	
Program expenses of former RDA	1,718
Payments to other governments	5,394
Interest and fiscal agency expenses of RDA	359,258
Depreciation expense	120,823
Total Deductions	487,193
CHANGE IN NET POSITION	1,594,895
NET POSITION - BEGINNING OF YEAR	(4,632,040)
NET POSITION - END OF YEAR	$ (3,037,145)

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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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, 2025, was 33,355.

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*.

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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" using the accrual basis of accounting.

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 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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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 - The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related taxes and benefits, where applicable.

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

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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; the long-term portion is recorded in the Statement of Net Position. The changes of the compensated absences were as follows:

Beginning Balance	$ 3,110,957
Net change	(72,470)
Ending Balance	$ 3,038,487
Compensated Absences Current Portion	$ 484,551

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

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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.

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.

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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 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 19, 2025, 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.

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The County of Santa Clara assesses properties, bills for and collects property taxes on the following schedule:

	Secured	Unsecured
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:

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, 2025.

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.

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G. Accounting and Reporting Changes

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 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 implementation of this standard did not have a material impact on the Town's financial statements and management determined there were no were concentrations or constraints that make the Town vulnerable to the risk of substantial impact.

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. 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.

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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.

The bank balance of the Town's cash deposits was $8,687,744 and the carrying amount was $9,807,078 as of June 30, 2025. 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.

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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, 2025, 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 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, 2025.

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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%

The following is a summary of the Town's Cash and Investments (stated at fair value) as of June 30, 2025:

Description	Available for Operations	Restricted	Total	Concentration of Credit Risk	Rating	Input Level	Time to Mature (Years)	Weighted Average Maturity
Government Bonds	$ 19,937,294	-	$ 19,937,294	27.28%	AA+	2	.08-4.92	2.39
Government Agencies	17,930,643	-	17,930,643	24.53%	AA+	2	.15-4.47	1.72
Corporate Bonds	15,039,365	-	15,039,365	20.58%	A- to AA+	2	.53-4.10	2.27
Mutual Funds	15,229	-	15,229	0.02%	Not Rated	2	n/a	n/a
LAIF	20,168,601	-	20,168,601	27.59%	Not Rated	n/a	n/a	n/a
Total Investments	73,091,132	-	73,091,132	100.00%				
Cash Deposits with Banks	9,789,372	2,332,431	12,121,803					
Money Market Accounts	17,706	-	17,706					
Pension Trust	-	3,090,731	3,090,731					
Cash on Hand at Town	2,400	-	2,400					
Total Cash and Investments	$ 82,900,610	$ 5,423,162	$ 88,323,772					

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	Total Town	Fiduciary Funds	Totals
Cash and Investments Available for Operations	$ 80,767,941	$ 2,132,669	$ 82,900,610
Restricted Cash and Investments	3,255,657	2,167,505	5,423,162
Total Cash and Investments	$ 84,023,598	$ 4,300,174	$ 88,323,772

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NOTE 3 - LONG-TERM NOTES RECEIVABLE

The Town had the following long-term notes receivable as of June 30, 2025:

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	645,410
Total Long-Term Notes Receivable			$ 1,783,162

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, 2025, 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%.

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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 Threatre 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%.

The following summarizes the lease balances as of June 30, 2025:

Lease Receivable	Beginning	Additions	Deletions	Ending
Tesla	$ 149,496	$ -	$ (93,867)	$ 55,629
LGS 123 E. Main St	131,006	-	(19,623)	111,383
LGS 208 E. Main St	1,055,502	-	(158,086)	897,416
NUMU	221,175	-	(12,368)	208,807
Los Gatos Threatre	304,129	-	(78,477)	225,652
	$ 1,861,308	$ -	$ (362,420)	$ 1,498,888

Deferred Inflows of Resources	Beginning	Additions	Deletions	Ending
Tesla	$ 144,532	$ -	$ (91,284)	$ 53,248
LGS 123 E. Main St	70,402	-	(12,997)	57,405
LGS 208 E. Main St	535,276	-	(98,820)	436,456
NUMU	215,594	-	(17,247)	198,347
Los Gatos Threatre	202,252	-	(67,418)	134,834
	$ 1,168,056	$ -	$ (287,766)	$ 880,290

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The following summarizes the future lease collections as of June 30, 2025:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 363,791	$ 82,970	$ 446,761
2027	352,973	64,266	417,239
2028	248,138	45,815	293,953
2029	270,392	30,536	300,928
2030	128,730	16,319	145,049
2031-2035	99,049	25,952	125,001
2036-2037	35,815	1,685	37,500
Total Future Collections	$ 1,498,888	$ 267,543	$ 1,766,431

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.

Transfers between funds during the fiscal year ended June 30, 2025 were as follows:

Transfers Out			Transfers In		
Opinion Unit	**Program Title**	**Amount**	**Opinion Unit**	**Program Title**	**Description**
General Fund	Non-Departmental	$ 1,110,000	Appropriated Reserves	GFAR	Adopted Budget Support
General Fund	Non-Departmental	60,000	Internal Service	Liability Program	Internal Service Fund
General Fund	Non-Departmental	20,684	Appropriated Reserves	ARC Interim Community Center	Capital Project
General Fund	Measure G Program	652,396	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	Non-Departmental	102,000	General Fund	Non-Departmental	Vehicle Impact Fees
Appropriated Reserves	Non-Departmental	250,000	General Fund	Non-Departmental	Community Grants
Appropriated Reserves	GFAR	217,808	General Fund	PPW Admin	Engineering Support
Appropriated Reserves	GFAR	121,683	General Fund	Town Engineering	Engineering Support
Appropriated Reserves	Traffic Mitigation	10,000	General Fund	Non-Departmental	Admin Support
Nonmajor	Gas Tax	106,000	General Fund	Non-Departmental	Admin Support
	Total Transfers	**$ 2,655,491**			

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NOTE 6 - CAPITAL ASSETS

Changes in the Town's capital assets during the fiscal year are shown as follows:

	Beginning	Additions	Deletions	Ending
Nondepreciable/Amortizable Capital Assets:				
Land	$ 26,064,735	$ 40,657	$ -	$ 26,105,392
Construction in Progress	15,491,043	8,464,443	(3,097,303)	20,858,183
Total Nondepreciable/Amortizable	33,579,251	8,505,100	(3,097,303)	46,963,575
Depreciable/Amortizable Capital Assets:				
Subscription Right of Use Assets	1,622,573	-	-	1,622,573
Buildings and Improvements	42,862,716	158,685	-	43,021,401
Equipment & Vehicle	12,893,445	1,153,864	(531,434)	13,515,875
Infrastructure - All Other	28,491,627	3,127,389	-	31,619,016
Infrastructure - Streets	86,301,911	3,556,897	(113,684)	89,745,124
Total Depreciable/Amortizable	172,172,272	7,996,835	(645,118)	179,523,989
Less Accumulated Depreciation/Amortization for:				
Subscription Right of Use Assets	422,512	273,093	-	695,605
Buildings and Improvements	11,995,280	1,263,825	-	13,259,105
Equipment & Vehicle	10,870,937	738,557	(530,542)	11,078,952
Infrastructure - All Other	10,552,383	879,263	-	11,431,646
Infrastructure - Streets	40,509,975	2,791,126	(113,684)	43,187,417
Total Acccumulated Depreciation/Amortization	74,351,087	5,945,864	(644,226)	79,652,725
Net Depreciable/Amortizable Capital Assets	97,821,185	2,050,971	(892)	99,871,264
Capital Assets, Net	$ 139,376,963	$ 10,556,071	$ (3,098,195)	$ 146,834,839

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	$ 485,905
Public Safety	503,948
Parks & Public Works	4,864,643
Community Development	53,448
Library	37,665
Sanitation	255
Total Governmental Activities	$ 5,945,864

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Changes in the RDA Successor Agency trust fund capital assets during the fiscal year are shown as follows:

	Beginning	Additions	Deletions	Ending
Depreciable/Amortizable Capital Assets:				
Buildings and Improvements	$ 4,067,708	$ -	$ -	$ 4,067,708
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	3,050,778	120,823	-	3,171,601
Net Depreciable/Amortizable Capital Assets	1,016,930	(120,823)	-	896,107
Capital Assets, Net	$ 1,016,930	$ (120,823)	$ -	$ 896,107

NOTE 7 - 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 following summarizes the changes in long-term debt in the Town during the fiscal year ended June 30, 2025:

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	$ 1,040,223	$ -	$ 156,034	$ 884,189
Due Within One Year							156,034
Due in More Than One Year							$ 728,155

Future debt service requirements of the PG&E loan were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 156,034	$ -	$ 156,034
2027	156,034	-	156,034
2028	156,034	-	156,034
2029	156,034	-	156,034
2030	156,034	-	156,034
2031-2035	104,019	-	104,019
Total Debt Service	$ 884,189	$ -	$ 884,189

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The following summarizes the changes in long-term debt in the Successor Agency trust fund during the fiscal year ended June 30, 2025:

Long-Term Debt	Interest Rate	Maturity Date	Original Issue	Beginning Balance	Deletions	Ending Balance
2002 COP	2.5-5%	2031	$ 10,725,000	$ 4,420,000	$ 465,000	$ 3,955,000
2010 COP	2.5-4.25%	2028	15,675,000	5,595,000	1,020,000	4,575,000
Subtotal COP's			26,400,000	10,015,000	1,485,000	8,530,000
Premiums			753,095	225,926	37,655	188,271
Total Long-Term Debt			$ 27,153,095	$ 10,240,926	$ 1,522,655	$ 8,718,271
Due Within One Year						1,550,000
Due in More Than One Year						$ 7,168,271

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.

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
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	590,000	78,250	668,250
2031-2035	1,270,000	64,250	1,334,250
Total Debt Service	$ 8,530,000	$ 1,121,700	$ 9,651,700

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 $2,167,505 as of June 30, 2025. The California Government Code requires these funds to be invested in accordance with Town ordinance, bond indentures or State statues. 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, 2025:

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	$ 111,986	$ 49,344	$ 50,347
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, 2025:

Subscription Right of Use Assets	Accela	Microsoft	Axon	Total
Beginning	$ 597,350	$ 318,510	$ 706,713	$ 1,622,573
Additions	-	-	-	-
Deletions	-	-	-	-
Ending	597,350	318,510	706,713	1,622,573
Accumulated Amortization	(448,011)	(159,255)	(88,339)	(695,605)
Subscription ROA, Net	$ 149,339	$ 159,255	$ 618,374	$ 926,968

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The following summarizes the Town's subscription liabilities as of June 30, 2025:

Subscription Liabilities	Accela	Microsoft	Axon	Total
Beginning	$ 232,997	$ 212,784	$ 637,377	$ 1,083,158
Additions	-	-	-	-
Deletions	(111,986)	(49,344)	(50,349)	(211,679)
Ending	121,011	163,440	587,028	871,479
Due Within One Year	121,011	51,828	53,618	226,457
Due in More Than One Year	$ -	$ 111,612	$ 533,410	$ 645,022

The following summarizes the Town's future payments for subscription liabilities as of June 30, 2025:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 226,456	$ 52,120	$ 278,576
2027	111,536	40,265	151,801
2028	117,985	33,817	151,802
2029	67,512	26,990	94,502
2030	74,733	22,604	97,337
2030-2034	273,257	36,628	309,885
Total Debt Service	$ 871,479	$ 212,424	$ 1,083,903

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, 2025.

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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, 2025, fund balances were classified as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nonspendable				
Loans Receivable	$ 159,000	$ -	$ -	$ 159,000
Total Nonspendable	159,000	-	-	159,000
Restricted:				
Library	556,848	85,760	(82,864)	559,744
Capital projects	9,043,666	2,352,685	(2,676,656)	8,719,695
Land held for resale	344,338	-	(344,338)	-
Repairs and maintenance	182,625	46,575	(35,594)	193,606
Pensions	2,188,659	905,776	(3,704)	3,090,731
VTA	577,887	1,973,860	(2,288,686)	263,061
Total Restricted	12,894,023	5,364,656	(5,431,842)	12,826,837
Committed:				
Budget stabilization and catastrophes	6,736,781	1,133,858	-	7,870,639
Catastrophic	6,736,781	1,133,858	-	7,870,639
Pension/OPEB Reserve	300,000	1,300,000	(300,000)	1,300,000
Measure G 2018 District Sales Tax - Residual	590,581	-	(590,581)	-
Measure G 2018 District Sales Tax - Capital	1,572,619	-	(196,438)	1,376,181
Special revenue funds	1,091,822	2,960,396	(2,840,275)	1,211,943
Total Committed	17,028,584	6,528,112	(3,927,294)	19,629,402
Assigned:				
Open Space	562,000	-	-	562,000
Parking	292,000	-	-	292,000
Sustainability	140,553	-	-	140,553
Capital/Special projects	25,072,120	10,738,047	(19,066,538)	16,743,629
Carryover encumbrances	85,861	-	(79,494)	6,367
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	-	(36,235)	1,519,243
Market fluctuations	1,712,246	-	(510,422)	1,201,824
Total Assigned	30,920,996	10,738,047	(21,143,427)	20,515,616
Unassigned	-	10,211,049	-	10,211,049
Total Fund Balance - Gov't Funds	$ 61,002,603	$ 32,841,864	$ (30,502,563)	$ 63,341,904

Nonspendable

Loans receivable nonspendable fund balance reflects long-term loans that are offset by unearned and deferred amounts.

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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.

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

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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.

Measure G 2018 District Sales Tax committed 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.

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.

Compensated Absences assigned fund balance will be used for vacation and sick-pay benefits owed to employees as of June 30, 2025 that were not a liability of the General Fund because of their long-term nature.

Market Fluctuations assigned fund balance will be used for fair value adjustments that are not immediately realizable but included in investment earnings.

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	$ 7,066,321	$ 9,822,629	$ 16,888,950
Deferred inflows of resources	$ -	$ 809,446	$ 809,446
Net pension liabilities	$ 27,934,019	$ 33,469,333	$ 61,403,352
Pension expense (credit)	$ 5,488,565	$ 6,534,580	$ 12,023,145

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

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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, 2025, 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%	7.75%	9%	14.5%
Required employer contribution rates	11.15%	11.15%	11.15%	29.30%	14.72%

Employees Covered

At June 30, 2025, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	123	48
Transferred	107	19
Separated	106	9
Retired	264	91
Total	600	167

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

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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, 2025, pension contributions for each Plan was as follows:

	Employer Contributions
Miscellaneous	$ 4,348,001
Safety	3,929,739
Total Employer Contributions	$ 8,277,740

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions Pension Liability

As of June 30, 2025, the Town reported net pension liabilities for each plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	$ 27,934,019
Safety	33,469,333
Total	**$ 61,403,352**

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, 2024, 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, 2023. The Town's proportion of the net pension 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, 2024 and 2025 was as follows:

	Safety
Proportion - June 30, 2024	0.45458%
Proportion - June 30, 2025	0.45906%
Change - Increase/(Decrease)	0.00448%

For the year ended June 30, 2025, the Town recognized a pension expense of $12,023,145.

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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, 2025:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning Balance	$ 128,233,325	$ 99,184,743	$ 29,048,582
Service Costs	2,365,384	-	2,365,384
Interest on Total Pension Liability	8,809,282	-	8,809,282
Changes of Assumptions	-	-	-
Difference Actual and Expected Experience	1,923,906	-	1,923,906
Employer Contributions	-	3,876,932	(3,876,932)
Employee Contributions	-	996,934	(996,934)
Net Investment Income	-	9,419,976	(9,419,976)
Benefit Payments	(7,338,359)	(7,338,359)	-
Administrative Expenses	-	(80,707)	80,707
Net Changes	5,760,213	6,874,776	(1,114,563)
Ending Balance	$ 133,993,538	$ 106,059,519	$ 27,934,019

At June 30, 2025, 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	$ -	$ -	$ 824,616	$ -
Differences between Expected and Actual Experience	1,079,463	-	2,731,395	88,809
Differences between Projected and Actual Investment Earnings	1,638,857	-	1,617,755	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	-	401,233	415,900
Change in Employer's Proportion	-	-	341,199	304,702
Pension Contributions Made Subsequent to Measurement Date	4,348,001	-	3,929,739	-
Total	$ 7,066,321	$ -	$ 9,845,937	$ 809,411

The Town reported $8,277,740 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, 2026.

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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 June 30:	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
2026	$ 837,457	$ 1,924,705	$ 2,762,162
2027	2,817,540	3,747,701	6,565,241
2028	(403,583)	(12,128)	(415,711)
2029	(533,094)	(553,491)	(1,086,585)
2030	-	-	-
Thereafter	-	-	-
Total	$ 2,718,320	$ 5,106,787	$ 7,825,107

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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, 2023 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	$ 45,258,401	49,708,639
Current	6.90%	6.90%
Net Pension Liability	$ 27,934,019	33,469,333
1% Increase	7.90%	7.90%
Net Pension Liability	$ 13,675,961	20,187,864

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, 2025, 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 2025, the Town reported $3,090,731 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, 2025 (the measurement date), the benefit terms covered the following employees:

Active employees	158
Inactive employees - receiving benefits	145
Inactive employees - not receiving benefits	36
Total employees	339

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, 2025, the Town contributed $2,081,717 from the General Fund. During the measurement period ended June 30, 2024, the Town contributed $1,818,298 to the Plan and benefit payments were $1,801,144. 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, 2024
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%

Assumption Changes:
None

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, 2024 (measurement date) and was determined by an actuarial valuation as of June 30, 2024 (valuation date) for the fiscal year ended June 30, 2025 (reporting date).

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2025:

Fiscal Year Ended June 30, 2025 (Measurement Date June 30, 2024)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024	$ 33,331,226	$ 24,321,780	$ 9,009,446
Service cost	865,285	-	865,285
Interest in Total OPEB Liability	2,080,996	-	2,080,996
Employer contributions	-	1,818,298	(1,818,298)
Net investment income	-	2,672,858	(2,672,858)
Administrative expenses	-	(25,082)	25,082
Benefit payments	(1,801,144)	(1,801,144)	-
Net changes	1,145,137	2,664,930	(1,519,793)
Balance at June 30, 2025	$ 34,476,363	$ 26,986,710	$ 7,489,653

Covered Employee Payroll	$ 20,375,284
Total OPEB Liability as a % of Covered Employee Payroll	169.21%
Plan Fid. Net Position as a % of Total OPEB Liability	78.28%
Service Cost as a % of Covered Employee Payroll	4.25%
Net OPEB Liability as a % of Covered Employee Payroll	36.76%
Contributions as a % of Cov. Emp. Payroll	8.92%

Deferred Inflows and Outflows of Resources

At June 30, 2025, 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	$ 102,621	$ 840,500
Difference between actual and expected earnings	279,365	-
Change in assumptions	1,812,256	81,430
OPEB contribution subsequent to measurement date	2,081,717	-
Totals	$ 4,275,959	$ 921,930

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Of the total amount reported as deferred outflows of resources related to OPEB, $2,081,717 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,		
2026	$	21,973
2027		937,782
2028		152,324
2029		160,233
2030		-
Thereafter		-
Total	$	1,272,312

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, 2025:

Service cost	$ 865,285
Interest in TOL	2,080,996
Expected investment income	(1,519,863)
Difference between actual and expected experience	(417,366)
Difference between actual and expected earnings	74,618
Change in assumptions	390,570
Administrative expenses	25,082
OPEB Expense	**$ 1,499,322**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025:

Net OPEB liability ending	$ 7,489,653
Net OPEB liability beginning	(9,009,446)
Change in net OPEB liability	(1,519,793)
Changes in deferred outflows	1,794,219
Changes in deferred inflows	(593,402)
Employer contributions and implicit subsidy	1,818,298
OPEB Expense	**$ 1,499,322**

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)	$ 11,538,514	$ 7,489,653	$ 4,106,816

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)	$ 3,561,702	$ 7,489,653	$ 12,266,003

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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, 2025:

	Workers' Compensation Internal Service Fund	Self-Insurance Internal Service Fund	Total
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
Claims incurred	-	-	-
Claims paid	(429,543)	(92,520)	(522,063)
Claims payable balance - June 30, 2025	$ 1,286,054	$ 81,875	$ 1,367,929

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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, 2025, the Successor Agency trust fund reported a net deficit of $3,037,145.

Encumbrances - As of June 30, 2025, the town had the following encumbered balances that were carried into the next fiscal year:

General Fund	$	1,600,572
Appropriated Reserves Fund		4,149,910
Internal Service Fund		178,927
Total Encumbrances	$	5,929,410

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.

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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.

NOTE 16 – JOINT POWERS AGREEMENT

The Town participates in one joint power agreements (JPA), with The Silicon Valley animal Control Authority. The relationship between the Town and the JPA is such that the JPA is not a component unit of the Town for financial reporting purposes. The JPA arranges for and/ or provides animal control services for its members. The JPA is governed by a board consisting of a representative from each member town/city. The board controls the operations of its JPA, including selection of management and approval of operating budgets independent of any influence by the member town/city beyond their representation on the Board. Each member town/city pays the JPA Authority its allocated proportional share of the total estimated annual costs and expenses.

NOTE 17 – DEFINED CONTRIBUTION PLAN

The Town offers its Town Manager a deferred compensation plan in accordance with Internal Revenue Code Section 401a. The deferred compensation plan is available only to the Town Manager of the Town. Under the plan, the employee may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, death, or unforeseeable emergency. The Town contributes to the plan an amount equal to the participants' 457(b) plan deferrals. In fiscal year 2024-25, the Town paid $11,750 to the plan.

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Required Supplementary Information

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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
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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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TOWN OF LOS GATOS, CALIFORNIA

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SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Miscellaneous Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contributions	$ 2,223,782	$ 2,407,496	$ 2,669,133	$ 3,049,748	$ 3,366,304
Contributions in Relation to Contractually Required Contributions	2,223,782	2,407,496	2,669,133	3,049,748	8,146,791
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ (4,780,487)
Covered Payroll	**$ 9,198,318**	**$ 9,024,370**	**$ 9,576,157**	**$ 10,211,967**	**$ 11,188,927**
Contributions as a % of Covered Payroll	**24.18%**	**26.68%**	**27.87%**	**29.86%**	**72.81%**

Miscellaneous Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contributions	$ 3,529,373	$ 3,472,727	$ 2,687,213	$ 3,878,991	$ 4,348,001
Contributions in Relation to Contractually Required Contributions	9,160,680	3,472,727	2,687,213	3,878,991	4,348,001
Contribution Deficiency (Excess)	$ (5,631,307)	$ -	$ -	$ -	$ -
Covered Payroll	**$ 12,082,520**	**$ 12,305,265**	**$ 11,094,190**	**$ 13,817,826**	**$ 15,008,562**
Contributions as a % of Covered Payroll	**75.82%**	**28.22%**	**24.22%**	**28.07%**	**28.97%**

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TOWN OF LOS GATOS, CALIFORNIA

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SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contributions	$ 1,586,129	$ 1,738,150	$ 1,951,711	$ 2,325,357	$ 2,565,205
Contributions in Relation to Contractually Required Contributions	1,586,129	1,738,150	1,951,711	2,325,357	2,565,205
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 5,022,498**	**$ 4,941,138**	**$ 5,079,440**	**$ 4,445,061**	**$ 4,928,821**
Contributions as a % of Covered Payroll	**31.58%**	**35.18%**	**38.42%**	**52.31%**	**52.05%**

Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contributions	$ 2,853,764	$ 3,072,032	$ 3,409,275	$ 3,554,897	$ 3,929,739
Contributions in Relation to Contractually Required Contributions	2,853,764	3,072,032	3,409,275	3,554,897	3,929,739
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 5,178,418**	**$ 5,603,211**	**$ 5,863,101**	**$ 6,557,458**	**$ 6,180,009**
Contributions as a % of Covered Payroll	**55.11%**	**54.83%**	**58.15%**	**54.21%**	**63.59%**

Notes to Schedule:

Valuation Date: June 30, 2023

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 26 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 6.90% in FY2022.
The CalPERS mortality assumptions was adjusted in fiscal year 2021.

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TOWN OF LOS GATOS, CALIFORNIA

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SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS SAFETY COST SHARING PLAN

Safety Plan					
Plan Measurement Date	**2015**	**2016**	**2017**	**2018**	**2019**
Fiscal Year Ended	**2016**	**2017**	**2018**	**2019**	**2020**
Proportion of Net Pension Liability (Safety)	0.14860%	0.22394%	0.22603%	0.23583%	0.24100%
Proportionate Share of Net Pension Liability	$ 10,199,904	$ 19,377,843	$ 22,415,954	$ 22,725,267	$ 24,695,687
Covered Payroll	$ 4,897,104	$ 5,022,498	$ 4,941,138	$ 5,079,440	$ 4,445,061
Proportionate Share of NPL as a % of Covered Payroll	208.28%	385.82%	453.66%	447.40%	555.58%
Plan's Fiduciary Net Position as a % of the TPL	74.89%	74.89%	73.87%	74.52%	73.61%

Safety Plan					
Plan Measurement Date	**2020**	**2021**	**2022**	**2023**	**2024**
Fiscal Year Ended	**2021**	**2022**	**2023**	**2024**	**2025**
Proportion of Net Pension Liability (Safety)	0.24953%	0.30994%	0.27474%	0.27237%	0.27598%
Proportionate Share of Net Pension Liability	$ 27,149,916	$ 16,762,598	$ 31,734,686	$ 33,979,087	$ 33,469,333
Covered Payroll	$ 4,928,821	$ 5,178,418	$ 5,603,211	$ 5,863,101	$ 6,557,458
Proportionate Share of NPL as a % of Covered Payroll	550.84%	323.70%	566.37%	579.54%	510.40%
Plan's Fiduciary Net Position as a % of the TPL	72.46%	83.55%	71.34%	70.17%	71.85%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.
The CalPERS mortality assumptions was adjusted in fiscal year 2021.

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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
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SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTPLE EMPLOYER PLAN

Measurement Date	2015	2016	2017	2018	2019
Total Pension liability					
Service cost	$ 1,491,925	$ 1,560,679	$ 1,651,550	$ 1,700,438	$ 1,771,368
Interest	6,483,032	6,697,247	6,820,536	7,073,843	7,381,846
Diff. between expected and actual exp.	(623,495)	(357,870)	(892,479)	994,994	1,082,289
Changes of assumptions	(1,513,132)	-	5,481,432	(655,541)	-
Changes of benefits	-	-	-	-	-
Benefit payments (including refunds)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)	(5,720,232)
Net change in Total Pension Liability	1,089,544	2,946,300	7,922,956	3,665,360	4,515,271
Total Pension Liability - beginning	88,510,577	89,600,121	92,546,421	100,469,377	104,134,737
Total Pension Liability - ending	$ 89,600,121	$ 92,546,421	$ 100,469,377	$ 104,134,737	$ 108,650,008
Plan fiduciary net position					
Employer contributions	$ 1,941,765	$ 2,223,782	$ 2,407,496	$ 2,669,104	$ 3,049,748
Employee contributions	679,796	691,770	682,891	761,705	846,125
Plan to plan resource movement	22,561	(28,866)	-	(170)	-
Net investment income	1,470,873	369,185	7,171,443	5,883,868	4,759,034
Benefit payments (including refunds)	(4,748,786)	(4,953,756)	(5,138,083)	(5,448,374)	(5,720,232)
Administrative expense	(74,706)	(40,462)	(95,455)	(108,582)	(52,260)
Adjsutments	-	-	-	(206,199)	170
Net change in plan fiduciary net position	(708,497)	(1,738,347)	5,028,292	3,551,352	2,882,585
Plan fiduciary net position - beginning	67,099,375	66,390,878	64,652,531	69,680,823	73,232,175
Plan fiduciary net position - ending	$ 66,390,878	$ 64,652,531	$ 69,680,823	$ 73,232,175	$ 76,114,760
Net Pension liability (asset)	$ 23,209,243	$ 27,893,890	$ 30,788,554	$ 30,902,562	$ 32,535,248
Plan fiduciary net position as a percentage of the total Pension liability	74.10%	69.86%	69.36%	70.32%	70.05%
Covered Payroll	$ 8,487,940	$ 9,198,318	$ 9,024,370	$ 9,576,157	$ 10,211,967
Net Pension liability % of covered payroll	273.44%	303.25%	341.17%	322.70%	318.60%

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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULE OF PROPORTIONARE SHARE OF NET PENSION LIABILITY
CALPERS MISCELLANEOUS AGENT-MULTPLE EMPLOYER PLAN

Measurement Date	2020	2021	2022	2023	2024
Total Pension liability					
Service cost	$ 1,930,090	$ 2,062,486	$ 2,264,169	$ 2,092,786	$ 2,365,384
Interest	7,729,269	7,943,404	8,142,881	8,437,589	8,809,282
Diff. between expected and actual exp.	1,465,653	(581,801)	(108,166)	631,264	1,923,906
Changes of assumptions	-	-	3,399,004	-	-
Changes of benefits	-	-	-	164,628	-
Benefit payments (including refunds)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)	(7,338,359)
Net change in Total Pension Liability	5,166,911	3,084,474	7,074,774	4,257,158	5,760,213
Total Pension Liability - beginning	108,650,008	113,816,919	116,901,393	123,976,167	128,233,325
Total Pension Liability - ending	$ 113,816,919	$ 116,901,393	$ 123,976,167	$ 128,233,325	$ 133,993,538
Plan fiduciary net position					
Employer contributions	$ 8,146,791	$ 9,160,680	$ 3,472,727	$ 3,687,226	$ 3,876,932
Employee contributions	834,145	889,649	871,063	916,606	996,934
Plan to plan resource movement	-	-	-	-	-
Net investment income	3,913,294	19,606,360	(7,988,150)	5,876,311	9,419,976
Benefit payments (including refunds)	(5,958,101)	(6,339,615)	(6,623,114)	(7,069,109)	(7,338,359)
Administrative expense	(107,303)	(82,856)	(66,142)	(70,479)	(80,707)
Adjsutments	-	-	-	-	-
Net change in plan fiduciary net position	6,828,826	23,234,218	(10,333,616)	3,340,555	6,874,776
Plan fiduciary net position - beginning	76,114,760	82,943,586	106,177,804	95,844,188	99,184,743
Plan fiduciary net position - ending	$ 82,943,586	$ 106,177,804	$ 95,844,188	$ 99,184,743	$ 106,059,519
Net Pension liability (asset)	$ 30,873,333	$ 10,723,589	$ 28,131,979	$ 29,048,582	$ 27,934,019
Plan fiduciary net position as a percentage of the total Pension liability	72.87%	90.83%	77.31%	77.35%	79.15%
Covered Payroll	$ 11,188,927	$ 12,082,520	$ 12,305,265	$ 11,404,827	$ 13,817,826
Net Pension liability % of covered payroll	275.93%	88.75%	228.62%	254.70%	202.16%

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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULE OF OPEB CONTRIBUTIONS

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
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	$ 1,579,000
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)	(2,081,717)	(2,081,717)
Contribution deficiency (excess)	$ (806,000)	$ (298,636)	$ (336,306)	$ (237,847)	$ 105,078	$ (361,337)	$ (654,717)	$ (502,717)
Covered payroll	$ 16,192,060	$ 17,338,201	$ 17,406,541	$ 17,982,237	$ 16,987,042	$ 17,809,965	$ 18,225,114	$ 20,512,356
Contrib. as a % of covered employee payroll	18.13%	13.88%	14.41%	11.66%	10.33%	9.73%	11.42%	10.15%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2024
Measurement Date:	June 30, 2024
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 2076
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

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TOWN OF LOS GATOS, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN NET OPEB LIABILITY

Measurement Date	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability								
Service cost	$ 1,134,000	$ 1,168,227	$ 1,203,274	$ 1,159,152	$ 1,115,309	$ 955,115	$ 940,674	$ 865,285
Interest	1,607,000	1,706,270	1,814,072	1,887,105	1,956,034	1,804,972	1,873,207	2,080,996
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)	(1,801,144)
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	1,145,137
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	33,331,226
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	$ 34,476,363
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	$ 1,818,298
Net investment income	1,049,000	1,082,977	1,009,315	652,656	5,529,824	(3,510,434)	1,468,115	2,672,858
Benefit payments	(1,269,000)	(1,326,313)	(1,298,623)	(1,399,933)	(1,494,906)	(1,591,150)	(1,716,592)	(1,801,144)
Administrative expense	(14,000)	(34,261)	(11,502)	(17,357)	(18,556)	(21,454)	(23,387)	(25,082)
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	2,664,930
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	24,321,780
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	$ 26,986,710
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	$ 7,489,653
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%	78.28%
Covered payroll	$ 14,985,716	$ 16,192,060	$ 17,338,201	$ 17,406,541	$ 17,982,237	$ 16,987,042	$ 17,809,965	$ 18,225,114
NOL as a % of cov. emp. payroll	74.50%	62.10%	52.64%	48.80%	13.86%	41.38%	50.59%	41.10%

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.

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Supplementary Information

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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.

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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, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Licenses & permits	$ 120,000	$ 120,000	$ 158,732	$ 38,732
Intergovernmental	1,701,196	8,003,839	7,830,241	(173,598)
Charges for services	958,381	898,553	898,553	-
Interest	-	-	200,349	200,349
Use of Property	96,000	96,000	91,284	(4,716)
Other	50,000	722,581	477,300	(245,281)
Total Revenues	2,925,577	9,840,973	9,656,459	(184,514)
EXPENDITURES				
Capital outlay	4,883,046	19,161,577	12,910,018	6,251,559
Total Expenditures	4,883,046	19,161,577	12,910,018	6,251,559
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,957,469)	(9,320,604)	(3,253,559)	6,067,045
OTHER FINANCING SOURCES (USES)				
Transfers in	1,765,416	1,765,416	1,783,080	17,664
Transfers (out)	(451,491)	(673,356)	(701,491)	(28,135)
Total Other Financing Sources (Uses)	1,313,925	1,092,060	1,081,589	(10,471)
CHANGE IN FUND BALANCE	$ (643,544)	$ (8,228,544)	(2,171,970)	$ 6,056,574
BEGINNING FUND BALANCE			19,065,570	
ENDING FUND BALANCE			$ 16,893,600	

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TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	CAPITAL PROJECTS FUNDS			
	Storm Drains	Construction Tax	Gas Tax	Total Capital Projects Funds
ASSETS				
Cash & investments	$ 3,105,895	$ 3,763,913	$ 2,046,207	$ 8,916,015
Restricted cash & investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental receivable	-	-	84,341	84,341
Leases receivable	-	-	-	-
Long term notes receivable	-	-	-	-
Total Assets	$ 3,105,895	$ 3,763,913	$ 2,130,548	$ 9,000,356
LIABILITIES				
Accounts payable	$ 280,661	$ -	$ -	$ 280,661
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	280,661	-	-	280,661
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCE				
Restricted for:				
Library	-	-	-	-
Repairs and maintenance	-	-	-	-
Capital projects	2,825,234	3,763,913	2,130,548	8,719,695
Committed to:				
Special revenue funds	-	-	-	-
Total Fund Balances	2,825,234	3,763,913	2,130,548	8,719,695
Total Liabilities and Fund Balances	$ 3,105,895	$ 3,763,913	$ 2,130,548	$ 9,000,356

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TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	SPECIAL REVENUE FUNDS		
	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
ASSETS			
Cash & investments	$ 94,352	$ 634,028	$ 196,901
Restricted cash & investments	58,344	-	-
Receivables:			
Accounts	-	34,173	-
Intergovernmental receivable	-	-	-
Leases receivable	-	-	-
Long term notes receivable	78,752	-	-
Total Assets	$ 231,448	$ 668,201	$ 196,901
LIABILITIES			
Accounts payable	$ -	$ 1,540	$ 3,295
Accrued payroll and benefits	-	2,493	-
Unearned revenue	64,795	-	-
Total Liabilities	64,795	4,033	3,295
DEFERRED INFLOWS OF RESOURCES			
Leases	-	-	-
FUND BALANCE			
Restricted for:			
Library	-	-	-
Repairs and maintenance	-	-	193,606
Capital projects	-	-	-
Committed to:			
Special revenue funds	166,653	664,168	-
Total Fund Balances	166,653	664,168	193,606
Total Liabilities and Fund Balances	$ 231,448	$ 668,201	$ 196,901

(Continued)

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TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	SPECIAL REVENUE FUNDS			
	LG Theatre	Library Trust	Total Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash & investments	$ 119,336	$ 561,166	$ 1,605,783	$ 10,521,798
Restricted cash & investments	-	-	58,344	58,344
Receivables:				
Accounts	176,991	-	211,224	211,224
Intergovernmental receivable	-	-	-	84,341
Leases receivable	225,652	-	225,652	225,652
Long term notes receivable	-	-	78,752	78,752
Total Assets	$ 521,979	$ 561,166	$ 2,179,755	$ 11,180,111
LIABILITIES				
Accounts payable	$ 6,022	$ 1,422	$ 12,339	$ 293,000
Accrued payroll and benefits	-	-	2,493	2,493
Unearned revenue	-	-	64,795	64,795
Total Liabilities	6,022	1,422	79,627	360,288
DEFERRED INFLOWS OF RESOURCES				
Leases	134,835	-	134,835	134,835
FUND BALANCE				
Restricted for:				
Library	-	559,744	559,744	559,744
Repairs and maintenance	-	-	193,606	193,606
Capital projects	-	-	-	8,719,695
Committed to:				
Special revenue funds	381,122	-	1,211,943	1,211,943
Total Fund Balances	381,122	559,744	1,965,293	10,684,988
Total Liabilities and Fund Balances	$ 521,979	$ 561,166	$ 2,179,755	$ 11,180,111

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TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	CAPITAL PROJECTS FUNDS			
	Storm Drain	Construction Tax	Gas Tax	Total Capital Projects Funds
REVENUES				
Property Taxes	$ -	$ -	$ -	$ -
Other Taxes	-	22,516	-	22,516
License and permits	97,939	-	-	97,939
Intergovernmental	-	-	1,850,488	1,850,488
Interest	146,669	157,146	77,927	381,742
Use of property	-	-	-	-
Other	-	-	-	-
Total Revenues	244,608	179,662	1,928,415	2,352,685
EXPENDITURES				
Current:				
Parks and public works	-	-	-	-
Library services	-	-	-	-
Sanitation and other	-	-	-	-
Capital Outlay	950,622	-	1,620,034	2,570,656
Total Expenditures	950,622	-	1,620,034	2,570,656
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(706,014)	179,662	308,381	(217,971)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(106,000)	(106,000)
Total Other Financing Sources (Uses)	-	-	(106,000)	(106,000)
Changes in Fund Balances	(706,014)	179,662	202,381	(323,971)
Fund Balances - Beginning of year	3,531,248	3,584,251	1,928,167	9,043,666
Fund Balances - End of year	$ 2,825,234	$ 3,763,913	$ 2,130,548	$ 8,719,695

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TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE FUNDS		
	Community Development	Non-Point Source Maintenance	Lighting and Landscaping
REVENUES			
Property Taxes	$ -	$ -	$ 38,650
Other Taxes	-	-	-
License and permits	-	163,690	-
Intergovernmental	-	-	-
Interest	-	-	7,926
Use of property	-	-	-
Other	-	20,532	-
Total Revenues	-	184,222	46,576
EXPENDITURES			
Current:			
Parks and public works	-	10,300	30,675
Library services	-	-	-
Sanitation and other	-	263,888	-
Capital Outlay	-	-	-
Total Expenditures	-	274,188	30,675
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(89,966)	15,901
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	-	(4,920)
Total Other Financing Sources (Uses)	-	-	(4,920)
Changes in Fund Balances	-	(89,966)	10,981
Fund Balances - Beginning of year	166,653	754,134	182,625
Fund Balances - End of year	$ 166,653	$ 664,168	$ 193,606

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TOWN OF LOS GATOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE FUNDS			
	LG Theatre	Library Trust	Total Special Revenue Funds	Total
REVENUES				
Property Taxes	$ -	$ -	$ 38,650	$ 38,650
Other Taxes	-	-	-	22,516
License and permits	-	-	163,690	261,629
Intergovernmental	-	-	-	1,850,488
Interest	-	25,436	33,362	415,104
Use of property	291,155	-	291,155	291,155
Other	-	60,322	80,854	80,854
Total Revenues	291,155	85,758	607,711	2,960,396
EXPENDITURES				
Current:				
Parks and public works	81,068	-	122,043	122,043
Library services	-	82,862	82,862	82,862
Sanitation and other	-	-	263,888	263,888
Capital Outlay	-	-	-	2,570,656
Total Expenditures	81,068	82,862	468,793	3,039,449
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	210,087	2,896	138,918	(79,053)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(4,920)	(110,920)
Total Other Financing Sources (Uses)	-	-	(4,920)	(110,920)
Changes in Fund Balances	210,087	2,896	133,998	(189,973)
Fund Balances - Beginning of year	171,035	556,848	1,831,295	10,874,961
Fund Balances - End of year	$ 381,122	$ 559,744	$ 1,965,293	$ 10,684,988

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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, 2025

	STORM DRAIN			CONSTRUCTION TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	30,000	22,516	(7,484)
License and permits	94,350	97,939	3,589	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	12,480	146,669	134,189	15,590	157,146	141,556
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	106,830	244,608	137,778	45,590	179,662	134,072
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	1,100,623	950,622	150,001	299,573	-	299,573
Total Expenditures	1,100,623	950,622	150,001	299,573	-	299,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(993,793)	(706,014)	287,779	(253,983)	179,662	433,645
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	$ (993,793)	(706,014)	$ 287,779	$ (253,983)	179,662	$ 433,645
BEGINNING FUND BALANCE		3,531,248			3,584,251	
ENDING FUND BALANCE		$ 2,825,234			$ 3,763,913	

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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, 2025

	GAS TAX			COMMUNITY DEVELOPMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	1,783,113	1,850,488	67,375	-	-	-
Interest	1,472	77,927	76,455	-	-	-
Use of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	1,784,585	1,928,415	143,830	-	-	-
EXPENDITURES						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	1,620,034.00	1,620,034	-	-	-	-
Total Expenditures	1,620,034	1,620,034	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	164,551	308,381	143,830	-	-	-
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	$ 58,551	202,381	$ 143,830	$ -	-	$ -
BEGINNING FUND BALANCE		1,928,167			166,653	
ENDING FUND BALANCE		$ 2,130,548			$ 166,653	

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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, 2025

	NON-POINT SOURCE MAINTENANCE			LIGHTING AND LANDSCAPING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ 38,220	$ 38,650	$ 430
Other taxes	-	-	-	-	-	-
License and permits	163,690	163,690	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	1,010	7,926	6,916
Use of property	-	-	-	-	-	-
Other	-	20,532	20,532	-	-	-
Total Revenues	163,690	184,222	20,532	39,230	46,576	7,346
EXPENDITURES						
Current:						
Parks and public works	-	-	-	35,480	30,675	4,805
Library services	-	-	-	-	-	-
Sanitation and other	294,706	274,188	20,518	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	294,706	274,188	20,518	35,480	30,675	4,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(131,016)	(89,966)	41,050	3,750	15,901	12,151
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	$ (131,016)	(89,966)	$ 41,050	$ (1,170)	10,981	$ 12,151
BEGINNING FUND BALANCE		754,134			182,625	
ENDING FUND BALANCE		$ 664,168			$ 193,606	

(Continued)

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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, 2025

	LG Theatre			Library Trust		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	5,900	25,436	19,536
Use of property	117,960	291,155	173,195	-	-	-
Other	-	-	-	60,500	60,322	(178)
Total Revenues	117,960	291,155	173,195	66,400	85,758	19,358
EXPENDITURES						
Current:						
Parks and public works	119,685	81,068	38,617	-	-	-
Library services	-	-	-	118,002	82,862	35,140
Sanitation and other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	119,685	81,068	38,617	118,002	82,862	35,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,725)	210,087	211,812	(51,602)	2,896	54,498
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	$ (1,725)	210,087	$ 211,812	$ (51,602)	2,896	$ 54,498
BEGINNING FUND BALANCE		171,035			556,848	
ENDING FUND BALANCE		$ 381,122			$ 559,744	

(Continued)

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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, 2025

	TOTALS		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	$ 38,220	$ 38,650	$ 430
Other taxes	30,000	22,516	(7,484)
License and permits	258,040	261,629	3,589
Intergovernmental	1,783,113	1,850,488	67,375
Interest	36,452	431,626	395,174
Use of property	117,960	274,633	156,673
Other	60,500	80,854	20,354
Total Revenues	2,324,285	2,960,396	636,111
EXPENDITURES			
Current:			
Parks and public works	155,165	111,743	43,422
Library services	118,002	82,862	-
Sanitation and other	294,706	274,188	20,518
Capital outlay	3,020,230	2,570,656	449,574
Total Expenditures	3,588,103	3,039,449	513,514
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,263,818)	(79,053)	1,184,765
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	$ (1,374,738)	(189,973)	$ 1,184,765
BEGINNING FUND BALANCE		10,874,961	
ENDING FUND BALANCE		$ 10,684,988	

(Concluded)

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.

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TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
ASSETS						
Cash & Investments	$ 3,893,502	$ 2,443,408	$ 313,777	$ 2,620,971	$ 400,250	$ 9,671,908
Restricted Cash & Investments	-	106,582	-	-	-	106,582
Accounts receivable	4,553	-	-	3,365	86,570	94,488
Leases receivable	-	-	-	-	1,217,607	1,217,607
Subscription assets, net	-	-	-	308,593	-	308,593
Total Assets	$ 3,898,055	$ 2,549,990	$ 313,777	$ 2,932,929	$ 1,704,427	$ 11,399,178
LIABILITIES						
Accounts Payable	$ 7,626	$ 3,964	$ 23,155	$ 50,581	$ 192,035	$ 277,361
Due to Other Governments	-	-	-	-	86	86
Interest payable	-	-	-	12,795	-	12,795
Claims Payable	-	1,286,054	81,875	-	-	1,367,929
Subscription liabilities	-	-	-	284,449	-	284,449
Total Liabilities	$ 7,626	$ 1,290,018	$ 105,030	$ 347,825	$ 192,121	$ 1,942,620
Deferred Inflows of Resources						
Leases	$ -	$ -	$ -	$ -	$ 692,207	$ 692,207
NET POSITION						
Net investment in capital assets	$ -	$ -	$ -	$ 24,144	$ -	$ 24,144
Restricted for:						
Wokers compensation claims	-	106,582	-	-	-	106,582
Unrestricted	3,890,429	1,153,390	208,747	2,560,960	820,099	8,633,625
Total Net Position	$ 3,890,429	$ 1,259,972	$ 208,747	$ 2,585,104	$ 820,099	$ 8,764,351

Draft

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services	$ 1,123,659	$ 1,474,500	$ 1,291,328	$ 948,821	$ 1,052,961	$ 5,891,269
Use of money and property	-	-	-	-	137,633	137,633
Other local taxes	-	-	-	-	22,516	22,516
Other revenue & reimbursements	43,409	330,789	-	-	-	374,198
Total Operating Revenues	1,167,068	1,805,289	1,291,328	948,821	1,213,110	6,425,616
OPERATING EXPENSES						
Insurance expenses	-	1,114,555	1,320,458	-	-	2,435,013
Services and supplies	563,191	17,009	-	684,644	1,439,205	2,704,049
Depreciation/amortization expense	-	-	-	202,422	-	202,422
Total Operating Expenses	563,191	1,131,564	1,320,458	887,066	1,439,205	5,341,484
Operating Income (loss)	603,877	673,725	(29,130)	61,755	(226,095)	1,084,132
NONOPERATING REVENUE (EXPENSES)						
Investment earnings	-	-	-	-	85,669	85,669
Income (loss) before transfers	603,877	673,725	(29,130)	61,755	(140,426)	1,169,801
TRANSFERS						
Transfers in	-	-	60,000	-	-	60,000
Change in Net Position	603,877	673,725	30,870	61,755	(140,426)	1,229,801
BEGINNING NET POSITION	3,286,552	586,247	177,877	2,523,349	960,525	7,534,550
ENDING NET POSITION	$ 3,890,429	$ 1,259,972	$ 208,747	$ 2,585,104	$ 820,099	$ 8,764,351

Draft

TOWN OF LOS GATOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Equipment	Workers' Comp	Self Insurance	Information Technology	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 1,167,068	$ 1,474,500	$ 1,291,328	$ 949,860	$ 1,218,005	$ 6,100,761
Payments to suppliers and providers	(556,540)	(1,144,331)	(1,329,462)	(656,659)	(1,402,097)	(5,089,089)
Insurance reimbursements	-	330,789	-	-	-	330,789
Claims paid	-	(429,543)	(82,622)	-	-	(512,165)
Net Cash Provided (Used) by Operating Activities	610,528	231,415	(120,756)	293,201	(184,092)	830,296
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	60,000	-	-	60,000
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	60,000	-	-	60,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest paid	-	-	-	(7,148)	-	(7,148)
Principal paid	-	-	-	(161,332)	-	(161,332)
Net Cash Used by Capital and Related Financing Activities	-	-	-	(168,480)	-	(168,480)
CASH FLOWS FROM INVESTING ACTIVITIES						
Collections from investment earnings	-	-	-	-	85,669	85,669
Net Cash Provided by Investing Activities	-	-	-	-	85,669	85,669
Net Increase(Decrease) in Cash and Investments	610,528	231,415	(60,756)	124,721	(98,423)	807,485
Cash and investments - beginning of year	3,282,974	2,318,575	374,533	2,496,250	498,673	8,971,005
Cash and investments - end of year	$ 3,893,502	$ 2,549,990	$ 313,777	$ 2,620,971	$ 400,250	$ 9,778,490
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income	$ 603,877	$ 673,725	$ (29,130)	$ 61,755	$ (226,095)	$ 1,084,132
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation/amortization	-	-	-	202,422	-	202,422
Change in assets and liabilities:						
Accounts receivable	-	-	-	1,039	(56,116)	(55,077)
Leases receivable	-	-	-	-	190,076	190,076
Deferred inflows of resources	-	-	-	-	(129,065)	(129,065)
Accounts payable	6,651	(12,767)	894	27,985	37,081	59,844
Claims payable	-	(429,543)	(92,520)	-	-	(522,063)
Cash Flows From Operating Activities	$ 610,528	$ 231,415	$ (120,756)	$ 293,201	$ (184,092)	$ 830,296

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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

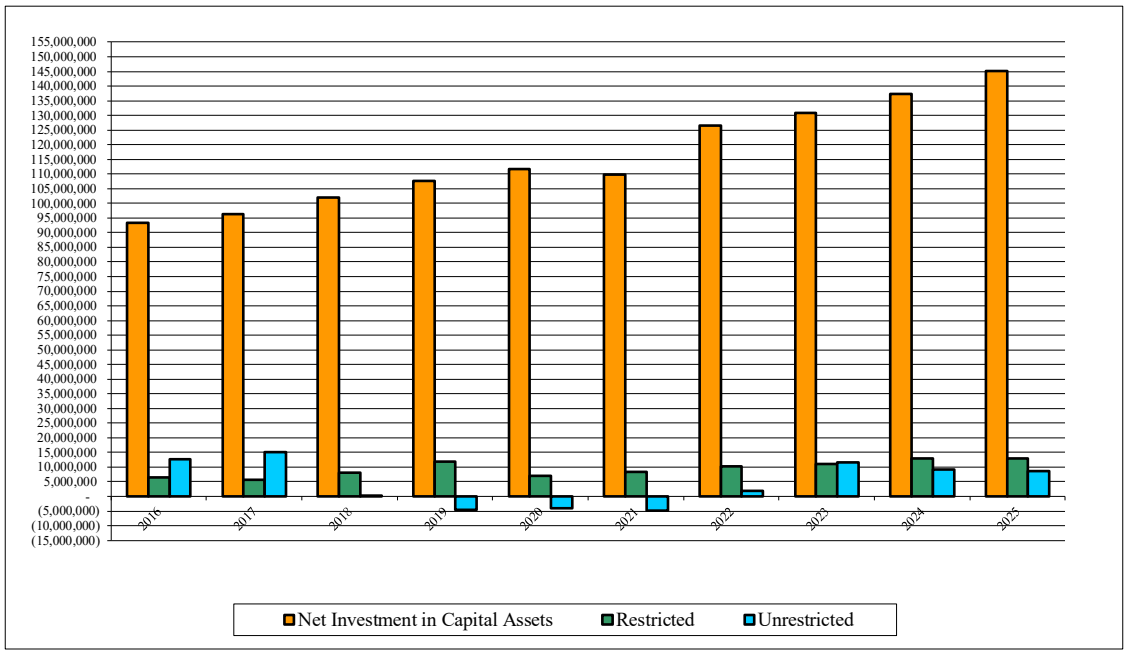
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's ACFR relates to the services the Town provides and activities it performs (Schedule 15 and Schedule 16).

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Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
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
2025	145,079,170	12,933,419	8,676,121	166,688,710

(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.

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Town of Los Gatos
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Expenses					
Governmental Activities:					
General Government	$ 6,993,661	$ 6,771,628	$ 7,948,918	$ 8,163,991	$ 7,405,368
Public Safety	12,825,688	14,587,597	15,545,521	16,635,726	20,446,188
Parks and Public Works	8,320,623	9,502,707	10,047,003	10,627,716	11,803,005
Community Development	3,227,224	5,093,459	4,667,609	5,064,637	5,001,958
Library Services	2,522,142	2,868,748	3,087,684	3,059,294	3,347,523
Sanitation	528,580	466,762	536,296	684,673	3,041
Interest	-	-	-	-	-
Total Governmental Activities	34,417,918	39,290,901	41,833,031	44,236,037	48,007,083
Program Revenues					
Charges for Services:					
General Government	1,517,012	1,669,020	1,701,146	1,562,683	1,470,324
Public Safety	3,278,585	2,076,688	1,888,359	1,745,889	1,549,207
Parks and Public Works	1,516,108	2,155,841	4,150,068	2,910,936	3,674,222
Community Development	4,359,146	3,803,626	3,456,390	4,155,231	3,351,753
Library Services	46,192	46,746	14,702	9,476	11,522
Sanitation	368,813	410,626	771,442	966,130	231,323
Operating Grants and Contributions:					
General Government	15,291	-	-	-	12,290
Public Safety	98,138	837,329	895,730	826,643	952,045
Parks and Public Works	749,300	665,779	953,294	1,301,152	2,824,638
Community Development	-	-	-	-	15,864
Library Services	12,228	-	57,200	47,482	49,351
Capital Grants and Contributions:					
General Government	-	-	-	-	8,258
Public Safety	-	-	-	-	9,100
Parks and Public Works	1,610,657	770,600	348,437	146,792	832,755
Community Development	-	9,280	-	-	-
Total Program Revenues	13,571,470	12,445,535	14,236,768	13,672,414	14,992,652
General Revenues and Special Items:					
Property Taxes	13,763,458	14,756,214	15,958,406	17,321,347	18,330,426
Sales Taxes	7,501,175	8,925,276	7,466,253	8,158,152	7,531,425
Franchise Taxes	2,258,892	2,366,908	2,474,814	2,475,916	2,495,792
Other Taxes	1,997,497	2,351,223	2,667,840	2,726,743	1,911,774
Motor Vehicle in Lieu	12,308	14,056	16,483	14,689	24,526
Developer Assessments	-	-	-	-	-
Investment Earnings	698,324	192,260	333,120	1,809,128	2,428,470
Miscellaneous	598,170	528,946	622,105	2,407,840	323,940
Insurance recoveries	-	-	-	-	-
Total General Revenues and Special Items	26,829,824	29,134,883	29,539,021	34,913,815	33,046,353
Change in Net Position	$ 5,983,376	$ 2,289,517	$ 1,942,758	$ 4,350,192	$ 31,922

Continued

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Town of Los Gatos
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Expenses					
Governmental Activities:					
General Government	$ 7,086,377	$ 15,681,345	$ 10,522,568	$ 11,113,238	$ 11,122,319
Public Safety	19,808,230	15,093,308	17,428,923	23,783,313	24,095,151
Parks and Public Works	13,141,034	12,969,615	12,258,626	14,075,171	17,745,141
Community Development	6,846,834	5,827,001	5,215,961	5,481,765	5,734,087
Library Services	3,496,153	2,969,954	3,653,642	3,853,748	3,716,806
Sanitation	185,981	178,575	208,262	263,706	276,528
Interest	-	-	29,221	26,137	41,403
Total Governmental Activities	50,564,609	52,719,798	49,317,203	58,597,078	62,731,435
Program Revenues					
Charges for Services:					
General Government	1,894,080	1,725,857	2,635,527	2,694,162	5,809,508
Public Safety	1,288,358	1,596,313	1,846,312	1,980,431	1,793,058
Parks and Public Works	4,209,048	5,090,014	3,590,936	4,211,420	4,095,474
Community Development	4,063,776	4,129,718	3,971,336	4,247,279	6,055,131
Library Services	-	521	2,039	2,514	2,515
Sanitation	299,478	231,323	359,950	359,950	163,690
Operating Grants and Contributions:					
General Government	-	2,766,833	-	63,088	112,216
Public Safety	1,061,344	1,144,226	4,622,373	917,317	869,926
Parks and Public Works	1,547,102	1,482,896	1,735,608	1,828,050	1,902,414
Community Development	223,129	670,929	616,937	692,151	95,126
Library Services	55,181	114,958	174,663	167,303	118,472
Capital Grants and Contributions:					
General Government	2,365	12,205,050	-	-	-
Public Safety	-	-	-	-	-
Parks and Public Works	843,980	10,021,156	3,915,175	5,668,252	6,710,310
Community Development	-	-	-	-	-
Total Program Revenues	15,487,841	41,179,794	23,470,856	22,831,917	27,727,840
General Revenues and Special Items:					
Property Taxes	19,878,835	21,132,098	22,746,842	24,224,142	25,252,782
Sales Taxes	7,933,604	8,483,673	8,806,477	8,071,735	8,330,978
Franchise Taxes	2,499,463	2,822,515	3,074,624	2,547,011	1,057,483
Other Taxes	1,126,887	2,042,580	2,292,008	2,422,849	2,417,630
Motor Vehicle in Lieu	23,058	35,624	34,406	41,461	50,036
Developer Assessments	-	1,735,571	614,820	12,880	52,733
Investment Earnings	227,136	(1,278,978)	797,587	3,129,616	3,783,217
Miscellaneous	1,528,039	755,400	1,029,864	1,199,422	1,341,229
Insurance recoveries	-	-	1,565,000	-	-
Total General Revenues and Special Items	33,217,022	35,728,483	40,961,628	41,649,116	42,286,088
Change in Net Position	$ (1,859,746)	$ 24,188,479	$ 15,115,281	$ 5,883,955	$ 7,282,493

Concluded

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Town of Los Gatos
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 3

	Fiscal Year				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	1,206,851	5,015,316	669,978
Committed	20,019,187	15,129,925	12,953,399	15,070,944	15,387,706
Assigned	9,555,085	14,050,699	17,475,285	18,256,895	13,277,813
Unassigned	-	-	-	-	-
Total General Fund	29,574,272	29,180,624	31,635,535	38,343,155	29,335,497
All Other Governmental Funds					
Restricted	6,386,014	5,627,707	6,992,747	6,903,372	6,448,006
Committed	3,696,000	10,354,584	5,571,087	2,579,997	-
Assigned	11,099,076	7,928,994	6,361,403	6,180,930	14,181,679
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	21,181,090	23,911,285	18,925,237	15,664,299	20,629,685
Total Fund Balances	$ 50,755,362	$ 53,091,909	$ 50,560,772	$ 54,007,454	$ 49,965,182

Continued

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Town of Los Gatos
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 3

	Fiscal Year				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
General Fund					
Nonspendable	$ 159,000	$ 159,000	$ 159,000	$ 159,000	$ 159,000
Restricted	-	690,000	1,444,501	2,532,997	3,090,731
Committed	11,220,970	12,283,132	13,150,130	14,364,143	17,041,278
Assigned	12,534,648	13,764,657	14,774,673	14,005,932	5,261,258
Unassigned	-	-	-	-	10,211,049
Total General Fund	23,914,618	26,896,789	29,528,304	31,062,072	35,763,316
All Other Governmental Funds					
Restricted	8,562,653	9,383,483	9,530,538	10,361,026	9,736,106
Committed	-	637,711	2,590,257	2,664,441	2,588,124
Assigned	15,360,481	13,944,155	19,536,429	16,915,064	15,254,358
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	23,923,134	23,965,349	31,657,224	29,940,531	27,578,588
Total Fund Balances	$ 47,837,752	$ 50,862,138	$ 61,185,528	$ 61,002,603	$ 63,341,904

Concluded

Draft

Town of Los Gatos
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 4

	Fiscal Year				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Revenues:					
Taxes	$ 23,269,892	$ 25,945,129	$ 26,253,026	$ 28,244,329	$ 27,811,665
Licenses & Permits	5,442,133	5,075,503	5,937,044	5,173,876	4,818,671
Intergovernmental	2,573,475	1,715,580	2,124,903	2,310,655	4,498,153
Charges for Services	4,773,001	4,210,174	5,395,057	5,584,504	5,309,470
Fines and Forfeitures	879,277	917,105	676,212	510,266	271,117
Franchise Fees	2,258,892	2,366,908	2,474,814	2,475,916	2,495,792
Developer Fees	-	-	-	-	-
Investment Income	698,308	192,978	332,938	1,809,164	2,428,453
Use of Property	31,723	32,096	32,206	32,960	31,039
Other	2,396,992	1,011,939	640,844	579,755	376,922
Total Revenues	42,323,693	41,467,412	43,867,044	46,721,425	48,041,282
Expenditures:					
Current					
General Government	9,144,797	8,390,959	8,770,082	8,004,254	13,024,146
Public Safety	13,763,316	13,251,288	14,423,554	14,945,407	15,793,815
Parks and Public Works	6,307,266	6,633,748	7,125,686	7,962,135	8,168,599
Community Development	3,695,504	3,793,930	4,192,165	4,577,495	4,473,790
Library Services	2,332,268	2,508,677	2,529,017	2,493,617	2,700,802
Sanitation & Other	452,726	466,762	521,147	628,240	162,837
Capital Outlay	3,241,657	6,867,034	9,778,058	7,888,914	7,861,972
Debt Service					
Principal Repayment	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	38,937,534	41,912,398	47,339,709	46,500,062	52,185,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,386,159	(444,986)	(3,472,665)	221,363	(4,144,679)
Other Financing Sources(Uses):					
Transfers In	3,315,846	7,907,692	3,176,760	4,264,131	8,935,260
Transfers Out	(1,284,514)	(7,612,012)	(3,880,131)	(3,323,756)	(8,628,719)
Gain from Sale of Property	-	-	378,219	1,912,316	1,566
Insurance Recoveries	-	-	-	-	-
Issuance of Debt	-	4,435	-	-	-
Total Other Financing Sources(Uses)	2,031,332	300,115	(325,152)	2,852,691	308,107
Net Change in Fund Balances	$ 5,417,491	$ (144,871)	$ (3,797,817)	$ 3,074,054	$ (3,836,572)
Capitalized Capital Outlay	$ 3,241,657	$ 6,867,034	$ 9,778,058	$ 7,861,972	$ 7,861,972
Debt Service as a Percentage of Non Capital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Continued

Draft

Town of Los Gatos
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 4

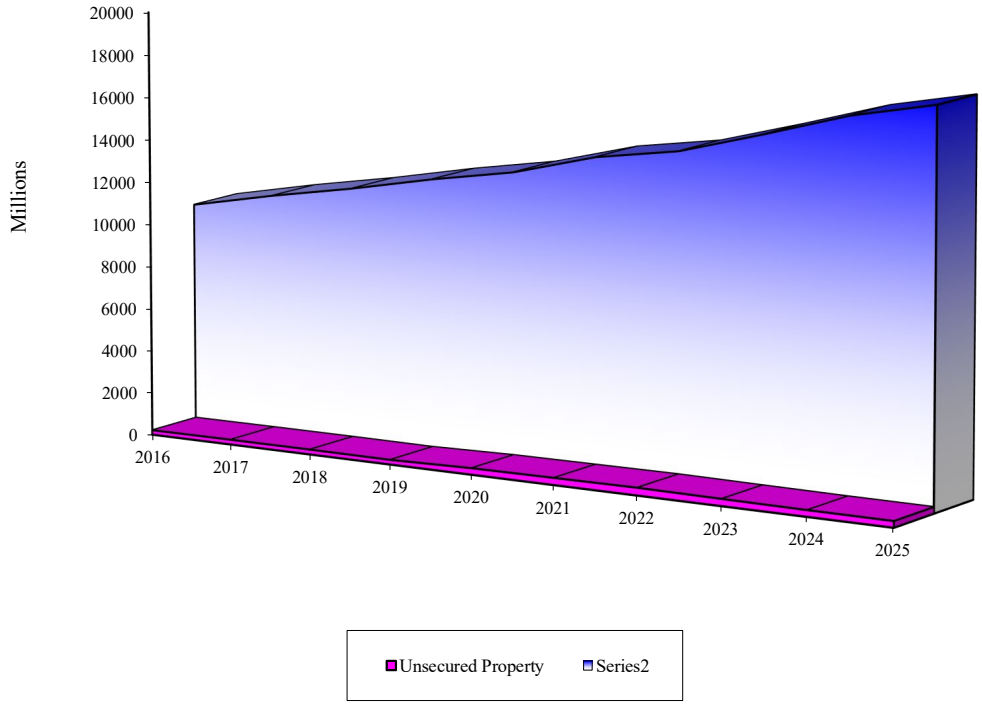
	Fiscal Year				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Revenues:					
Taxes	$ 28,977,919	$ 31,627,593	$ 33,851,411	$ 34,735,349	$ 36,081,643
Licenses & Permits	5,212,831	6,055,040	6,333,675	6,227,298	10,077,688
Intergovernmental	3,746,587	15,492,982	10,145,820	6,317,644	11,038,323
Charges for Services	6,035,659	6,925,359	5,718,714	7,051,179	6,648,503
Fines and Forfeitures	103,468	319,170	416,950	480,634	420,127
Franchise Fees	2,499,463	2,822,515	3,074,624	2,547,011	1,057,483
Developer Fees	-	1,735,571	614,820	12,880	-
Investment Income	227,940	(1,278,983)	797,582	3,108,100	3,783,218
Use of Property	40,372	144,901	237,647	297,501	442,078
Other	423,115	349,145	985,188	604,493	748,259
Total Revenues	47,267,354	64,193,293	62,176,431	61,382,089	70,297,322
Expenditures:					
Current					
General Government	14,040,134	15,953,968	8,828,779	9,573,022	10,884,414
Public Safety	16,570,836	16,451,190	18,446,048	20,718,781	20,827,888
Parks and Public Works	8,229,944	8,639,128	9,084,406	9,899,083	10,828,974
Community Development	5,195,302	6,313,511	5,065,412	5,246,729	5,637,742
Library Services	2,847,988	2,827,210	3,208,027	3,335,389	3,651,358
Sanitation & Other	166,173	194,969	204,097	252,605	274,188
Capital Outlay	5,707,439	10,478,670	8,917,075	12,366,255	15,545,674
Debt Service					
Principal Repayment	39,008	156,034	156,034	225,370	206,380
Interest	-	-	-	3,716	41,403
Total Expenditures	52,796,824	61,014,680	53,909,878	61,620,950	67,898,021
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,529,470)	3,178,613	8,266,553	(238,861)	2,399,301
Other Financing Sources(Uses):					
Transfers In	4,053,535	8,154,307	11,886,022	3,666,235	2,595,491
Transfers Out	(3,940,015)	(8,310,685)	(11,396,347)	(4,317,235)	(2,655,491)
Gain from Sale of Property	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)	2,875,225	(154,227)	2,056,837	55,936	(60,000)
Net Change in Fund Balances	$ (2,654,245)	$ 3,024,386	$ 10,323,390	$ (182,925)	$ 2,339,301
Capitalized Capital Outlay	$ 5,707,439	$ 9,180,716	$ 8,598,811	$ 12,016,644	$ 13,404,632
Debt Service as a Percentage of Non Capital Expenditures	0.08%	0.30%	0.35%	0.46%	0.38%

Concluded

Draft

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
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	1.0614
2021	308,749,655	-6.87%	14,599,669,332	8.06%	14,908,418,987	58,398,677,328	1.0509
2022	304,460,199	-1.39%	15,255,884,284	4.49%	15,560,344,483	61,023,537,136	1.0642
2023	357,370,065	17.38%	16,404,930,826	7.53%	16,762,300,891	65,619,723,304	1.0616
2024	432,381,651	20.99%	17,623,641,576	7.43%	18,056,023,227	70,494,566,304	1.0591
2025	326,140,681	-24.57%	18,478,666,192	4.85%	18,804,806,873	73,914,664,768	1.0540

Source: Santa Clara County Assessed Value Report

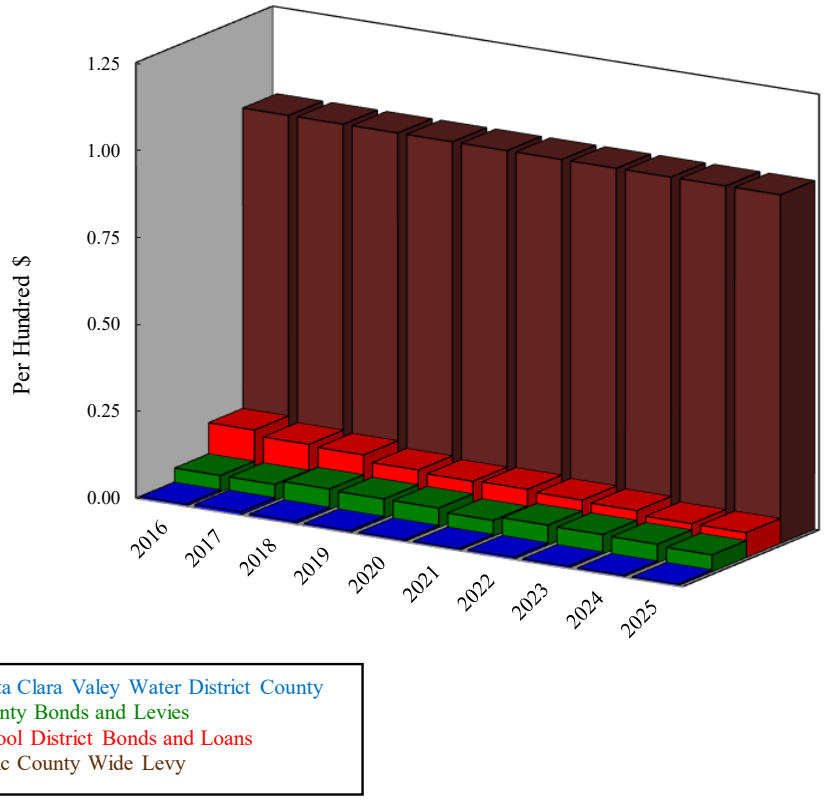
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Town of Los Gatos

Schedule 6

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years



Fiscal Year	Basic County Wide Levy	County Bonds and Levies	Santa Clara Special Districts	School District Bonds and Loans	Total
2016	1.0000	0.0476	0.0065	0.1373	1.1914
2017	1.0000	0.0474	0.0092	0.1217	1.1783
2018	1.0000	0.0597	0.0071	0.1168	1.1836
2019	1.0000	0.0565	0.0060	0.0988	1.1613
2020	1.0000	0.0557	0.0057	0.0919	1.1533
2021	1.0000	0.0457	0.0052	0.0944	1.1453
2022	1.0000	0.0576	0.0066	0.0887	1.1529
2023	1.0000	0.0559	0.0057	0.0841	1.1457
2024	1.0000	0.0538	0.0053	0.0720	1.1311
2025	1.0000	0.0486	0.0054	0.0716	1.1256

Source: Santa Clara County Book of Tax Rates

Draft

Town of Los Gatos
Principle Property Tax Payers
Last Ten Fiscal Years *

Schedule 7

ASSESSEE NAME	2015-16 Taxable Assessed Value	2015-16 Percentage of Total City Taxable Assessed Value	2016-17 Taxable Assessed Value	2016-17 Percentage of Total City Taxable Assessed Value	2017-18 Taxable Assessed Value	2017-18 Percentage of Total City Taxable Assessed Value	2018-19 Taxable Assessed Value	2018-19 Percentage of Total City Taxable Assessed Value	2019-20 Taxable Assessed Value	2019-20 Percentage of Total City Taxable Assessed Value
750 University LLC	$ 19,379,620	0.19%	$ 19,675,159	0.18%	$ 25,241,863	0.21%	$ 25,746,699	0.20%	$ 26,261,632	0.19%
980 JR LLC							$ 19,277,879	0.15%		
140 Toll House Hotel LLC										
17443 Farley Rd LLC										
Alberto Way Holdings LLC	24,188,966	0.23%	24,557,845	0.22%	25,048,998	0.21%	25,549,975	0.20%	24,158,350	0.18%
Ann R. Desantis										
A W Los Gatos LLC										
Boccardo Corporation	21,617,318	0.21%	21,918,921	0.20%	22,211,650	0.19%	22,651,732	0.18%	23,099,314	0.17%
CH Realty IV Downing LP										
CHL Ventures LP										
D&K Los Gatos LLC	16,293,163	0.16%								
David A. and Shari Flick Trustee										
Donahue Schriber Realty Group LP					53,872,083	0.45%	56,370,186	0.44%	57,497,587	0.43%
DS Downing Los Gatos LLC	21,980,568	0.21%	22,315,770	0.20%						
DS Village Square			22,799,599	0.20%						
El Camino Hospital	26,477,160	0.25%	26,880,933	0.24%	23,353,576	0.20%	28,596,104	0.22%	30,789,155	0.23%
EL Gato 15 LLC										
Equestrian 3 Investments LLC					29,584,251	0.25%	28,563,864	0.22%	25,525,880	0.19%
Fox Creek Fund LLC							21,558,664	0.17%		
Good Samaritan Hospital LP	19,880,366	0.19%	22,402,756	0.20%	22,516,823	0.19%	22,934,274	0.18%	23,391,289	0.17%
Grade Way Associations VI										
Green Eyes LLC										
Grosvenor USA Ltd.	23,449,975	0.23%								
Health Care REIT Inc,	20,089,903	0.19%	20,396,274	0.18%						
Hercules Holding II LLC										
International Hotel					30,144,617	0.25%	30,747,509	0.24%	31,362,458	0.23%
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%	28,864,942	0.21%
Knowles Los Gatos LLC	49,167,836	0.47%	49,917,644	0.44%	50,915,995	0.43%	51,934,313	0.41%	52,972,998	0.39%
KSL Capital Partners	30,134,614	0.29%	30,105,945	0.27%	25,893,946	0.22%	26,411,820	0.21%	33,069,058	0.24%
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	17,507,261	0.17%	31,070,572	0.28%						
LG Hotel LLC	15,497,395	0.15%								
Los Gatos Hotel Corp.	15,676,113	0.15%								
Lyon Baytree Apartments LLC										
Paul H. Roskoph										
Preylock Los Gatos LLC									89,141,472	0.66%
Safeway Inc.					24,394,468	0.20%			25,752,231	0.19%
San Jose Water Works	37,081,049	0.36%	38,710,728	0.34%	41,202,805	0.34%	46,150,577	0.36%	47,777,432	0.35%
Serramonte Corporate Center LLC							200,844,610	1.57%	204,861,501	1.52%
SF Los Gatos LLC										
SHP Newark LLC										
SI 32 LLC	141,348,894	1.36%	143,442,269	1.28%	146,317,944	1.22%	149,208,182	1.17%	152,166,578	1.13%
Sobrato Interests IV LLC	44,930,482	0.43%	42,240,994	0.38%	43,071,837	0.36%	43,919,879	0.34%	44,781,377	0.33%
SRI Old Town LLC	31,744,252	0.30%	32,228,351	0.29%	32,872,917	0.27%	33,530,374	0.26%	34,200,980	0.25%
Summerhill N40 LLC									56,244,782	0.42%
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%	115,777,792	0.86%
Wealthcap Los Gatos 31			84,000,000	0.75%	85,680,000	0.72%	87,393,600	0.68%		
Oaks at Los Gatos LP										
Total - Principal taxpayers	$ 1,296,723,012	6.37%	$ 814,164,568.00	7.24%	$ 916,633,381	7.66%	$ 1,061,033,843	8.29%	$ 1,127,696,808	8.35%
Total - All real properties assessed by the Town (1)	$10,416,786,877		$11,239,536,718		$11,968,031,792		$12,793,751,423		$13,509,034,656	

(1) Assessed value includes only net secured real properties.
(2) Excludes the value of tax-exempt properties

Source Data: California Municipal Statistics, Inc.

Continued

Draft

Town of Los Gatos
Principle Property Tax Payers
Last Ten Fiscal Years *

Schedule 7

ASSESSEE NAME	2020-21 Taxable Assessed Value	2020-21 Percentage of Total City Taxable Assessed Value	2021-22 Taxable Assessed Value	2021-22 Percentage of Total City Taxable Assessed Value	2022-23 Taxable Assessed Value	2022-23 Percentage of Total City Taxable Assessed Value	2023-24 Taxable Assessed Value	2023-24 Percentage of Total City Taxable Assessed Value	2024-25 Taxable Assessed Value	2024-25 Percentage of Total City Taxable Assessed Value
750 University LLC	$ 26,786,863	0.18%	$ 27,064,374	0.19%	$ 27,605,660	0.17%	28,157,772	0.16%	28,720,926	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%	28,677,162	0.16%
17443 Farley Rd LLC							29,000,000	0.16%	29,580,000	0.16%
Alberto Way Holdings LLC	24,641,514	0.17%	24,896,799	0.17%						
Ann R. Desantis										
A W Los Gatos LLC					26,749,500	0.16%				
Boccardo Corporation					24,268,078	0.15%				
CH Realty IV Downing LP										
CHL Ventures LP										
D&K Los Gatos LLC										
David A. and Shari Flick Trustee										
Donahue Schriber Realty Group LP	58,647,535	0.40%	59,255,121	0.41%	60,440,222	0.37%	61,649,025	0.35%	62,882,002	0.34%
DS Downing Los Gatos LLC										
DS Village Square										
El Camino Hospital	42,611,768	0.29%	50,456,560	0.35%	43,379,731	0.26%	42,156,737	0.24%	75,699,788	0.41%
EL Gato 15 LLC							36,719,999	0.21%	37,454,398	0.20%
Equestrian 3 Investments LLC	26,036,395	0.18%	26,306,130	0.18%	26,832,251	0.16%	27,368,894	0.16%	27,916,270	0.15%
Fox Creek Fund LLC			27,231,335	0.19%	27,078,255	0.17%	28,331,465	0.16%		
Good Samaritan Hospital LP	23,846,402	0.16%	24,111,608	0.17%	24,569,780	0.15%				
Grade Way Associations VI										
Green Eyes LLC										
Grosvenor USA Ltd.										
Health Care REIT Inc,										
Hercules Holding II LLC										
International Hotel	31,989,706	0.22%								
Kay K. & Go Sasaki Sr., Trustee	27,190,951	0.19%	27,471,495	0.19%	28,020,326	0.17%	28,585,258	0.16%	29,151,822	0.16%
Knowles Los Gatos LLC	54,032,455	0.37%	54,592,229	0.37%	55,684,072	0.34%	56,797,751	0.32%	57,933,704	0.31%
KSL Capital Partners	33,118,759	0.23%	33,037,818	0.23%	32,098,542	0.20%	31,484,883	0.18%	34,126,554	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.										
Lyon Baytree Apartments LLC										
Paul H. Roskoph										
Preylock Los Gatos LLC	95,880,000	0.66%	96,873,316	0.66%	98,810,782	0.60%	96,498,189	0.55%	98,428,152	0.53%
Safeway Inc.	25,577,034	0.18%								
San Jose Water Works	49,649,154	0.34%	53,320,614	0.37%	51,657,625	0.31%	52,511,158	0.30%	66,462,434	0.36%
Serramonte Corporate Center LLC	208,958,729	1.43%	211,123,540	1.45%	215,346,008	1.31%	219,652,926	1.25%	224,045,983	1.21%
SF Los Gatos LLC			33,214,527	0.23%						
SHP Newark LLC					32,435,541		31,799,550	0.18%	32,435,541	0.18%
SI 32 LLC	155,181,793	1.06%	158,132,236	1.08%	159,929,209	0.97%	163,243,322	0.93%	166,484,193	0.90%
Sobrato Interests IV LLC	45,682,006	0.31%	46,155,127	0.32%	47,067,863	0.29%	48,004,098	0.27%	48,969,831	0.27%
SRI Old Town LLC	34,884,999	0.24%	35,246,406	0.24%	35,951,333	0.22%	36,670,359	0.21%	37,403,765	0.20%
Summerhill N40 LLC	57,369,661	0.39%	59,462,462	0.41%	71,006,795	0.43%	42,705,086	0.24%	28,816,212	0.16%
Summerhill Prospect Avenue LLC										
Wealthcap Los Gatos 121	118,093,347	0.81%	119,316,793	0.82%	121,703,128	0.74%	124,137,190	0.70%	126,619,932	0.69%
Wealthcap Los Gatos 31										
Oaks at Los Gatos LP									33,020,269	0.18%
Total - Principal taxpayers	$ 1,175,222,251	8.05%	$ 1,202,767,594	8.24%	$ 1,245,442,767	7.39%	$ 1,220,964,252	6.93%	$ 1,274,828,938	6.90%
Total - All real properties assessed by the Town (1)	$14,598,027,652		$15,254,242,604		$16,403,289,146		$17,621,748,976		$18,476,773,592	

(1) Assessed value includes only net secured real properties.
(2) Excludes the value of tax-exempt properties

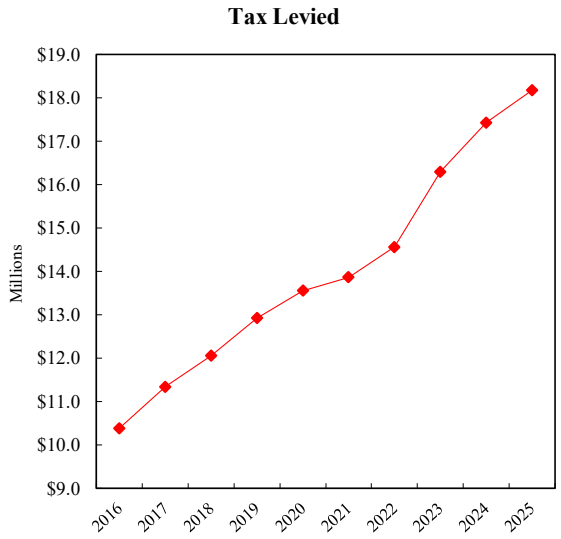
Source Data: California Municipal Statistics, Inc.

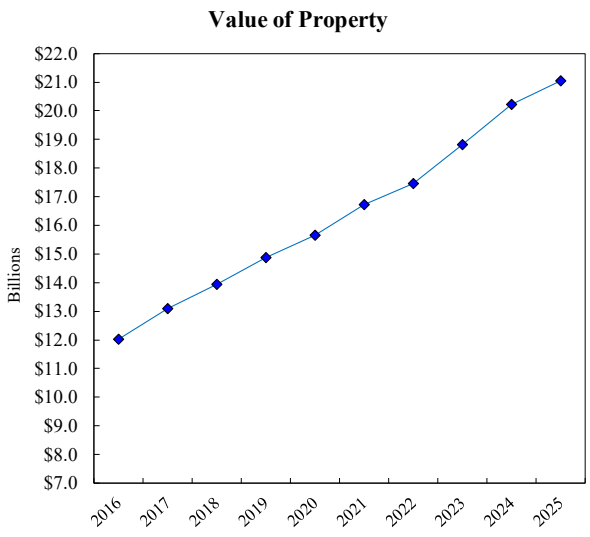
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Town of Los Gatos
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule 8





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
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
2025	18,178,096	-	18,178,096	18,804,806,873	2,238,952,783	21,043,759,656

Sources: Santa Clara County Auditor-Controller Office and the Town of Los Gatos

Draft

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
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	56.2%	48.91
2022	$ 1,352,291	$ -	$ 1,352,291	$ 1,352,291	44.3%	40.90
2023	$ 1,196,257	$ -	$ 1,196,257	$ 1,196,257	34.7%	36.14
2024	$ 1,040,223	$ 1,083,158	$ 2,123,381	$ 2,123,381	53.0%	63.90
2025	$ 884,190	$ 871,479	$ 1,755,669	$ 1,755,669	43.7%	52.64

Draft

Schedule 10

Town of Los Gatos
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

2024-25 Assessed Valuation:	$18,804,806,873		
DIRECT AND OVERLAPPING BONDED DEBT:	% Applicable (1)	Total Debt at June 30, 2025	Estimated Share of Direct and Overlapping Debt at June 30, 2025
Overlapping Tax & Assesment Debt			
Santa Clara County	2.704%	$ 1,217,905,000	$ 32,932,151
West Valley-Mission Community College District	9.385%	$ 631,255,000	$ 59,243,282
Campbell Union High School District	7.614%	$ 318,105,000	$ 24,220,515
Los Gatos-Saratoga Joint Union High School District	36.825%	$ 72,445,000	$ 26,677,871
Cambrian School District	0.464%	$ 113,749,944	$ 527,800
Campbell Union School District	7.363%	$ 240,714,324	$ 17,723,796
Los Gatos Union School District	74.199%	$ 116,965,000	$ 86,786,860
Saratoga Union School District	0.048%	$ 10,336,159	$ 4,961
Union School District	20.077%	$ 134,454,631	$ 26,994,456
Midpeninsula Regional Open Space District	4.399%	$ 114,920,000	$ 5,055,331
Santa Clara Valley Water District Benefit Assessment District	2.704%	$ 24,940,000	$ 674,378
Total Overlapping Tax and Assesmet Debt			**$ 280,841,401**
Overlapping General Fund Debt			
Santa Clara County General Fund Obligations	2.704%	$ 1,002,458,930	$ 27,106,489
Santa Clara County Pension Obligation Bonds	2.704%	$ 317,654,990	$ 8,589,391
Santa Clara County Board of Education Certificates of Participation	2.704%	$ 12,072,417	$ 326,438
West Valley-Mission Community College District General Fund Obligations	9.385%	$ 2,520,000	$ 236,502
Campbell Union High School District General Fund Obligations	7.614%	$ 12,500,000	$ 951,750
Campbell Union School District General Fund Obligations	7.363%	$ 855,000	$ 62,954
Saratoga Union School District Certificates of Participation	0.048%	$ 990,000	$ 475
Town of Los Gatos	**100%**	**$ 2,123,381**	**$ 2,123,381**
Santa Clara County Central Fire Protection District Certificates of Participation	26.116%	$ 26,475,000	$ 6,914,211
Midpeninsula Regional Open Space Park District General Fund Obligations	4.399%	$ 74,065,600	$ 3,258,146
Total Gross Overlapping General Fund Debt			**$ 49,569,737**
Less: Santa Clara County Supported Obligations			$ 65,437
Total Overlapping General Fund Debt			**$ 49,504,300**
Overlapping Tax Increment Debt (Successor Agency)			
Town of Los Gatos Certificated of Participations			$ 8,530,000
Total of Overlapping Tax Increment Debt			**$ 8,530,000**
Total Direct Debt			**$ 2,123,381**
Total Gross Overlapping Dept			$ 338,941,138
Total Net Overlapping Debt			$ 338,875,701
Gross Combined Total Debt			$ 338,941,138 (2)
Net Combined Total Debt			$ 338,875,701

(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 asessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:
- Total Overlapping Tax and Assessment Debt: 1.49%
- Total Direct Debt: 0.01%
- Gross Combined Total Debt: 1.79%
- Net Combined Total Debt: 1.79%

Ratios to Redevelpment Incremental Valuation ($1,992,831,755):
Total Overlapping Tax Increment Debt: 0.43%

Source Data: California Municipal Statistics, Inc.

Draft

Schedule 11

Town of Los Gatos
Legal Debt Margin Information,
Last Ten Fiscal Years
(In Thousands of Dollars)

	Legal Debt Margin Calculation for Fiscal Year 2024-25
Assessed Value	$ 18,804,806,873
Debt Limit	2,820,721,031
Debt Applicable to Limit:	-
Legal Debt Margin	$ 2,820,721,031

	Fiscal Year									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Debt Limit	$ 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	$ 2,820,721
Debt Applicable to Limit	-	-	-	-	-	-	1,352	1,196	1,040	1,756
Legal Debt Margin	$ 1,444,943	$ 1,556,252	$ 1,679,736	$ 1,789,097	$ 2,076,329	$ 2,236,263	$ 2,332,699	$ 2,513,149	$ 2,707,363	$ 2,818,965
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%	0.06%	0.05%	0.04%	0.06%

Notes:
(1) The Town of Los Gatos is a general law city and has a debt limit of 15%.
(2) Excludes RDA asessed valuation and debt transferred to the Successor Agency trust as a part of the RDA dissolution.

Draft

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)
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	47.55	5,895	3.7%
2024	33,230	$ 4,006,242	120,561	47.03	5,856	4.1%
2025	33,355	$ 4,021,312	120,561 (7)	47.55	5,860	4.6%

Source and Footnotes:

(1) California State Dept. of Finance - Population Research Unit (January 2025)
(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.
(7) US Census data was unavailable. Prior fiscal year's per capita personal income used.

Draft

Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

Schedule 13

	2015-16		2016-17		2017-18		2018-19		2019-20	
Principal Employers	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
Columbia Health Care Assoc/Mission Oaks Hospital	-	0.00%	-	0.00%		0.00%		0.00%		0.00%
El Camino Hospital, Los Gatos	560	3.53%	560	3.49%	560	3.43%	560	3.49%	560	3.49%
Los Gatos Union School District	280	1.76%	274	1.71%	267	1.64%	281	1.75%	281	1.75%
Los Gatos-Saratoga High School District	157	0.99%	370	2.30%	367	2.25%	367	2.28%	367	2.28%
Netflix	1,976	12.45%	1,864	11.61%	2,117	12.98%	2,314	14.41%	2,314	14.41%
Safeway	314	1.98%	314	1.95%	314	1.92%	314	1.95%	314	1.95%
Alain Pinel Realtors	146	0.92%	148	0.92%	131	0.80%	131	0.82%	131	0.82%
Courtside Tennis Club	440	2.77%	468	2.91%	542	3.32%	542	3.37%	542	3.37%
Town of Los Gatos	158	1.00%	160	1.00%	159	0.97%	160	1.00%	160	1.00%
Whole Foods	179	1.13%	179	1.11%	179	1.10%	125	0.78%	125	0.78%
Vasona Creek Health Care Center	233	1.47%	233	1.45%	233	1.43%	233	1.45%	233	1.45%
Good Samaritan Regional Cancer Center	200	1.26%	200	1.25%	200	1.23%	200	1.25%	200	1.25%
Roku	487	3.07%	554	3.45%	664	4.07%	516	3.21%	516	3.21%
Terraces of Los Gatos	228	1.44%	228	1.42%	228	1.40%	228	1.42%	228	1.42%

Source: Town of Los Gatos, Finance Department and Muniservices

Continued

Draft

Town of Los Gatos
Principal Employers
Last Ten Fiscal Years

Schedule 13

	2020-21		2021-22		2022-23		2023-24		2024-25	
Principal Employers	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
Columbia Health Care Assoc/Mission Oaks Hospital		0.00%		0.00%		0.00%		0.00%		0.00%
El Camino Hospital, Los Gatos	560	3.35%	517	3.20%	509	3.04%	548	3.45%	556	3.48%
Los Gatos Union School District	281	1.68%	281	1.74%	281	1.68%	287	1.81%	325	2.03%
Los Gatos-Saratoga High School District	320	1.92%	320	1.98%	320	1.91%	320	2.01%	320	2.00%
Netflix	2,524	15.11%	2,278	14.10%	2,263	13.53%	2444	15.39%	2503	15.65%
Safeway	314	1.88%	314	1.94%	314	1.88%	314	1.98%	314	1.96%
Alain Pinel Realtors		0.00%		0.00%		0.00%		0.00%		0.00%
Courtside Tennis Club	542	3.24%	542	3.36%	542	3.24%	342	2.15%	354	2.21%
Town of Los Gatos	161	0.96%	165	1.02%	163	0.97%	165	1.04%	208	1.30%
Whole Foods	125	0.75%	180	1.11%	132	0.79%	133	0.84%	140	0.88%
Vasona Creek Health Care Center	250	1.50%	250	1.55%	250	1.49%	250	1.57%	250	1.56%
Good Samaritan Regional Cancer Center	200	1.20%	200	1.24%	200	1.20%	111	0.70%	111	0.69%
Roku		0.00%		0.00%		0.00%		0.00%		0.00%
Terraces of Los Gatos	228	1.36%	200	1.24%	200	1.20%	230	1.45%	230	1.44%

Source: Town of Los Gatos, Finance Department and Muniservices

Concluded

Draft

Town of Los Gatos
Schedule 14
Full-time-Equivalent Employees by Function/Program
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of June 30									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Function/Program										
General Government	20.97	21.35	21.97	22.16	21.80	21.80	22.06	22.05	22.06	23.06
Police	59.00	59.00	59.00	59.00	60.00	60.00	60.00	60.00	60.00	60.00
Economic Development	0.63	0.63	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Library	11.00	12.25	12.25	12.50	12.50	12.50	12.50	13.50	13.50	13.50
Planning	19.00	19.26	19.63	20.08	20.08	20.20	20.20	20.20	20.45	20.45
Public Works	33.50	33.50	34.50	34.50	34.50	34.75	34.75	36.75	35.75	34.75
Total	144.10	145.98	148.10	148.99	149.63	150.00	150.26	153.25	152.51	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.

Page C-46 of Town Budget FY 2024-25

Draft

Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

Schedule 15

FUNCTION/PROGRAM	Fiscal Year				
General government	2015-16	2016-17	2017-18	2018-19	2019-20
Building Permits Issued					
Residential Permits Issued	899	744	849	814	898
Residential Permits Value	85,000,754	53,625,891	63,083,249	80,030,846	47,961,529
Commercial Permits Issued	147	135	105	122	92
Commercial Permits Value	20,185,884	50,024,177	16,626,196	13,295,999	12,389,688
Publically Owned Permits Issued	-	-	-	-	-
Publically Owned Permits Value	-	-	-	-	-
Residential Parking Permits					
Number of Special Event Permits Issued	107	118	113	78	-
Number of Annual Permits Issued	1,363	1,251	1,342	1,395	1,400
City Clerk					
Number of Council Resolutions Passed	61	69	69	59	57
Number of Ordinances Passed	11	5	17	11	24
Number of Contracts Passed	283	240	262	245	242
General Services					
Number of Purchase Orders Issued	334	331	322	343	359
Police					
Physical Arrests	987	1,030	1,164	1,138	616
Parking Violations	13,975	12,863	11,784	6,817	4,023
Traffic Violations	5,400	4,634	4,757	2,877	1,225
DUI Arrests	58	60	51	70	64
Library					
Number of Library Visits	-	-	-	-	-
Annual Circulation	-	-	-	-	-
Number of Library Card holders	-	-	-	-	-
Circulated e-audiobooks	7,761	10,006	8,844	12,130	57,839
Other Public Works					
Street Resurfacing/Overlay/Reconstruction (miles)	8.0	10.0	2.6	5.8	16.2
ADA Compliance: Curb Ramps	11	30	68	49	68
Traffic Circles	1	1	1	1	1
Street Poles	1,609	1,609	1,762	1,830	1,830
Planning and Development Department					
Building & Safety Inspections Performed	8,655	14,722	13,918	13,966	13,633
Redevelopment: Number of active projects	-	-	-	-	-

Source: Town of Los Gatos, Finance Department

Continued

Draft

Town of Los Gatos
Operating Indicators
Last Ten Fiscal Years

Schedule 15

FUNCTION/PROGRAM	Fiscal Year					
	2020-21	2021-22	2022-23	2023-24	2024-25	
General government						
Building Permits Issued						
Residential Permits Issued	1,128	1,144	1,118	957	912	
Residential Permits Value	111,242,724	132,784,439	73,432,645	63,352,925	74,306,221	
Commercial Permits Issued	68	117	84	62	68	
Commercial Permits Value	37,285,259	23,442,964	19,422,918	31,245,689	28,715,444	
Publically Owned Permits Issued	-	-	-	-	-	
Publically Owned Permits Value	-	-	-	-	-	
Residential Parking Permits						
Number of Special Event Permits Issued	-	-	-	-	-	(1)
Number of Annual Permits Issued	1,568	1,958	1,827	1,847	2,204	
City Clerk						
Number of Council Resolutions Passed	50	64	71	69	53	
Number of Ordinances Passed	9	14	10	14	15	
Number of Contracts Passed	205	296	275	322	297	
General Services						
Number of Purchase Orders Issued	376	306	296	302	281	
Police						
Physical Arrests	360	504	522	642	635	
Parking Violations	1,584	4,678	8,569	8,644	9,859	
Traffic Violations	764	1,245	1,427	1,787	1,640	
DUI Arrests	23	49	42	51	156	
Library						
Number of Library Visits	-	150,198	206,874	249,120	250,527	(3)
Annual Circulation	-	432,707	397,517	422,733	484,462	(3)
Number of Library Card holders	-	29,322	29,815	33,551	34,048	(3)
Circulated e-audiobooks	54,614	-	-	-	-	(2)
Other Public Works						
Street Resurfacing/Overlay/Reconstruction (miles)	10.0	9.9	10.9	10.1	2.7	
ADA Compliance: Curb Ramps	91	59	50	69	47	
Traffic Circles	1	1	1	1	1	
Street Poles	2,113	2,113	2,113	2,113	2,113	
Planning and Development Department						
Building & Safety Inspections Performed	13,806	16,906	16,641	14,696	14,560	
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

Draft

Town of Los Gatos
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Schedule 16

	Fiscal Year									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Function/Program										
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	112	112	112 (1)
Streetlights	1,609	1,609	1,762	1,830	1,830	2,113	2,113	2,113	2,113	2,113
Traffic Signals	30	30	30	31	31	31	31	31	31	31
Parks and Recreation										
Number of Parks	12	12	12	N/A	*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*	*17*	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	N/A	*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	1,269

Commission (MTC) funded Pavement Technical Assistance Program
(P-TAP) inventory for year 2022.

Source: Town of Los Gatos, Finance Department

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Other Independent Auditor's Reports

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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, 2025, 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 19, 2025.

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

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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 19, 2025

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
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Comments and questions on the FY 2024-25 Draft Annual

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.

In addition to the written comments submitted before the meeting, the Commissioners requested further clarification and a more detailed explanation of the Transmittal Letter, the Management Discussion and Analysis (MD&A), and other sections of the Annual Comprehensive Financial Report (ACFR). In addition, questions were raised that were either answered at the meeting verbally or were not relevant to the ACFR.

Questions, Comments related to the Transmittal Letter

1. On page 16, Letter of Transmittal, a comment is made that "current and previous Councils have allocated additional discretionary pension funding totaling $10.4 million". It may be helpful to provide a schedule of payments made in Note 11. There is reference on the Town website but the latest entry appears to be in June 2014. If there has been more recent activity it should be noted.

   Added. Staff removed the obsolete language from the Transmittal Letter. Staff will update the website with all the relevant information. All the CalPERS actuarial reports are available on the Town website.

~~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 should 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 $30.3 million in OPEB assets from zero in 2009.~~

2. Along the same lines in the Letter of Transmittal, there is reference to the Town providing "extensive information on pension and OPEB information on the Town's website". Can you confirm the Town website is up to date? When I viewed the Town Pension and OPEB Plans Information on the website the Unfunded Accrued Liability data was as of 2021.

   Not Added. Staff will review and update the website to ensure that the most up-to-date information is available.

3. Transmittal Letter - Provide a year-over-year comparison and remove any reference to the current year.

Added. Please see the updated language below.

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 for three fiscal years. Salaries increased $0.8 million from the prior year. ~~While important for the consistent delivery of high quality services for the Town, these actions impact the balance between ongoing revenues and expenditures. Due to conservative fiscal practice and significant salary savings, General Fund expenditures were lower due to salary savings; however, not every department was able to achieve the targeted 4.6% vacancy savings. As the Town continues successful hiring, tradeoffs to achieve projected savings will be necessary should a 4.6% vacancy factor not be achievable.~~ In addition, non-pension benefits increased by $0.7 million, primarily due to rising costs associated with health insurance, and related employee benefit programs. These increases are reflected in the overall personnel expenditures and contribute to the year-over-year variance.

4. Transmittal Letter – Clarify the Sales Tax year-over-year comparison; the explanation is not consistent.

Added. Staff removed non-relevant language. See updated information.

The Town also depends on sales tax revenues to fund General Fund operations, which made up about 14.4% of total General Fund revenues in FY 2024–25. Sales tax receipts for the year reached $8.3 million, a $0.3 million increase from the previous year, indicating modest growth. ~~This trend reflects broader changes in the local economy and shopping habits, such as increased use of electric vehicles, which has led to decreased fuel purchases.~~

5. Transmittal Letter – Add information related to the growth in the pension expense.

Added. See updated information.

The Town also continues to adjust and prepare for pension employer costs to continue to be a primary expense in conjunction with salaries. Pension-related benefits increased by $0.8 million compared to the previous year. For the year ended June 30, 2025, the Town recognized a pension expense of $12 million compared to $11.2 million in the prior fiscal year. 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 2024 CalPERS actuarial valuations, the unfunded actuarial liability for pensions was $ 62.2 million and $7.5 million for OPEB, as determined by an actuarial valuation as of June 30, 2023.

Questions, Comments related to the MD&A

6. MD&A – Net Position Change – Provide a more detailed explanation.

Added. See updated information.

- The Town's total net position increased by $7.3 million in FY 2024-25. The overall increase of $7.3 million is primarily due to the combined effects of the $7.5 million increase in Capital Assets ~~infrastructure capitalization and changes in pension expense,~~ $7.8 million decrease in Deferred Outflows, and $1.8 million decrease in Deferred Inflows related to Pension and OPEB expenses; and $5.3 million decrease in liabilities. These combined changes reflect the Town's continued investment in infrastructure and the impact of variability in net pension and OPEB obligations. This variability is influenced by the difference between the plans' actual investment earnings and the assumed rate of return during the measurement period.

7. MD&A – Statement of Activity - Charges for Services - Provide a more detailed explanation.

Added. See updated information.

Total Government-Wide Revenues increased by $5.5 million.

Program revenues increased by approximately $4.9 million compared to the prior fiscal year. A key component of this increase—$1.5 million—is due to a reclassification of fees collected from the garbage hauler company. In FY 2023–24, these fees were reclassified from franchise fees to license and permit fees as a result of changes in the JPA agreement, and are now reported under the Charges for Services category in the Statement of Activities. This reclassification resulted in a $1.5 million decrease in franchise fees and a corresponding $1.5 million increase in Charges for Services, with no net change in total collections from the garbage hauler company; however, it does affect year-over-year comparability. The remaining $2.9 million increase in program revenues is primarily attributable to a $1.5 million increase in business license tax collections, due to timing differences in license payments crossing fiscal years, and a $1.7 million increase from increased development activity, partially offset by a $0.3 million decrease in revenues from street sweeping and crossing guard services, which were contracted out in FY 2024–25.

~~The majority of this increase, $4.4 million, was due to higher charges for services driven by a rise in development activity and increased encroachment fee collections from the Town's garbage hauler.~~

The Town's general revenues related to governmental activities increased by approximately $0.6 million compared to the prior year. This increase was primarily driven by a $1.0 million rise in property tax revenues, a $0.7 million increase in investment earnings, including mark-to-market adjustments on the Town's investment portfolio—and a $0.3 million increase in sales tax collections. These gains were partially offset by a $1.5 million decrease in franchise fee collections. ~~Starting in March 2024, due to a change in the JPA agreement, Garbage Franchise Fees were categorized as Licenses and Permits under Charges for Services.~~ The total amount of the Encroachment Fee was $2.3 million in FY 2024-25 and $0.8 million in FY 2023-24.

Property tax is the Town's largest individual revenue source, and collections for the year were $1.0 million more than the previous year. This increase was primarily due to a $0.8 million rise in general property tax collection and a $0.2 million increase in the Vehicle License Fee (VLF) Property Tax In-Lieu fee. It is important to note that assessed valuations for FY 2024-25 were established on the tax roll in January 2024 and collected during FY 2024-25.

Sales taxes totaled $8.3 million for the fiscal year, making them the second-largest individual General Fund revenue source for the Town. This represents an increase of $0.3 million from the prior year. The modest growth reflects stable sales tax collections from business-to-business transactions. ~~Additionally, reduced activity at gas service stations, attributed to the growing adoption of electric vehicles—also contributed to the slower pace of sales tax growth.~~

~~Franchise taxes finished the year at $1.1 million, reflecting a decrease of $1.5 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.~~

8. MD&A – Break out the $2.3 million Salaries and Benefits increases components

   Added. See updated information. Please note, information included in multiple areas, all of these were updated.

Total Governmental Funds revenues increased by $8.9 million, or 14.5%, compared to the prior year, primarily due to higher capital grant activity and increased collections from property taxes, interest income, sales taxes, and business license taxes. On the expenditure side, total spending rose by $6.3 million, or 10.2%, mainly driven by a $3.2 million increase in capital outlay, a $2.3 million rise in salar~~y~~ies ($0.8 million) and benefits ($1.5 million) costs, and $0.9 million in additional internal service charges combined with operational changes.

9. MD&A – Expand and clarify the interest income comparison, emphasize the non-spendable nature of the mark-to-market adjustment.

Added. See updated information.

Investment earnings for the fiscal year ended June 30, 2025, totaled $2.6 million, representing an increase of $1.2 million from the prior year. This growth reflects improved interest income from the Town's investment portfolio, due to a higher interest rate environment. Additionally, the Town recorded $1.2 million in unrealized gains from mark-to-market adjustments, which, while positive, were $0.5 million lower than the prior year's unrealized gains of $1.7 million. ~~Overall, the combined increase in realized earnings and moderate unrealized gains contributed positively to the Town's general revenues and financial position.~~ The $1.2 million unrealized gain is an increase in the value of the asset that has not been sold and is not available for spending.

10. In the MD&A section regarding the change in the JPA agreement, is there any further explanation that can be provided? Because this generates a significant increase in License & Permits, it may be useful to offer some additional details for the shift in contract or policy.

Added. Staff rewrote sections of the explanation to ensure that the reclassification and related year-over-year change explanation is clear. Please see the redlined version under Question 7.

11. Further down the MD&A discussion, there is comments made on investment earnings. Given the potential for variability in this category, it might be beneficial to include a disclosure addressing the non-spendable nature and the risk of reversal of this item. Expand and clarify the interest income comparison, emphasizing the non-spendable nature of the mark-to-market adjustment.

Added. Staff clarified the language regarding the item's non-spendable nature. Please note that the Market fluctuation reserve is explained in Note 10. See redlined version below.

Investment earnings for the fiscal year ended June 30, 2025, totaled $2.6 million, representing an increase of $1.2 million from the prior year. This growth reflects improved interest income from the Town's investment portfolio, due to a higher interest rate environment. Additionally, the Town recorded $1.2 million in unrealized gains from mark-to-market adjustments, which, while positive, were $0.5 million lower than the prior year's unrealized gains of $1.7 million. ~~Overall, the combined increase in realized earnings and moderate unrealized gains contributed positively to the Town's general revenues and financial position.~~ The $1.2 million unrealized gain is an increase in the value of the asset that has not been sold and is not available for spending.

12. There is an entry for “Miscellaneous Revenue” in the Statement of Activities on page 35. I was not able to determine the components. Would staff be able to provide a breakdown of the items included or direct me to the appropriate disclosure? The amount seems material enough to specify.

    Added. Please see the added language.

Miscellaneous Revenue increased by $0.1 million from the prior year. This category includes many different items, primarily $0.5 million in revenue recognized for Capital Projects, received through developer contributions and cost-sharing agreements with local governments and utility companies. Additionally, the Town received $0.4 million in insurance reimbursements related to property damage and workers’ compensation claims. Another $0.2 million was contributed by nonprofit organizations, including the Friends of the Library and the Police Foundation.

13. Provide clarification regarding the total expenses change in the Statement of Activities

    Added. Please see the added language.

Total expenses for the year, as reported in the Statement of Activities, were $62.7 million, an increase of $4.1 million from the prior year’s total of $58.6 million. The primary driver of this increase was in $3.5 million ~~in capital~~ expenses in the capital program that ~~did not meet the criteria for capitalization~~ is not capitalizable and reported under Parks and Public Works expenses in the Statement of Activities. These expenditures included costs related to vegetation management, implementation of the parking program, and the creation of storm drain system maps.

Questions, Comments related to the Required Supplementary Information

14. Page 111, Schedule of Pension Plan Contributions, details the Safety Plan and a substantial increase in the "Contributions as a % of Covered Payroll”. Can staff explain the primary drivers of this increase and how these factors are reflected in the Town’s long-term financial projections?

    Not added. The covered payroll figure reflects the actual payroll reported to CalPERS. The Pension Plan Contribution includes both the normal cost and the CalPERS-required lump sum payment. It is important to note that the Police Department experienced significant vacancies, which contributed to a decrease in the covered payroll. However, despite the reduction in payroll, both the normal contribution rate and the required lump sum payment have increased. The Town anticipates that pension costs will increase in the future, as highlighted in the ACFR.

Additional Questions

15. Were there any adjustments or reclassifications to the statements as prepared by the Town's staff in the accounting department?

    Not added. The Independent Auditor addressed the Commissioner's question, and there were no significant adjustments or reclassifications per the Auditor.

16. Were there any recommendations for improving the internal accounting controls?

    Not added. The Independent Auditor confirmed that there were no recommendations for improving internal accounting controls by the Auditor

17. In Note 13, I learned we have two JVs. These are PLAN JPA and LAWCX. These are not integrated into our financial statements because different boards administer them. However, we, as the Finance Commission, we are advising on the size and purpose of the catastrophic and stabilization reserves… so it would be very helpful to understand how these JVs could protect us in a crisis… such as in the case of a forest fire?

    Not Added. Staff addressed this question verbally during the meeting. This is essential information, and staff will review it with the Consultant and the Finance Commission during the Asset Liability Management (ALM) Study.

18. Why only 0.75 FTE in economic development? I'd welcome the chance to see what this person is working on whether a more robust ED team might find ways to increase town revenues.IE Can we think of an economic development person (FTE) as an investment in the future? With an expected return in terms of future revenues?

    Not Added. This is not relevant to the ACFR. The Town verbally addressed this question at the meeting. The Town FY 2025-26 Adopted Budget, starting on page D-51, describes the Town's Economic and Community Vitality Department Work. Together with the Community Development Department and other Town Departments, Economic Vitality staff strives to provide high-quality customer assistance and cross-departmental coordination that is tailored to the needs of individual businesses with the end goal of assisting each business with finding a successful path forward in Los Gatos. Additionally, Economic Vitality staff facilitates contact for services with the Los Gatos Chamber of Commerce for the implementation of Visit Los Gatos, the Town's visitor information center, website, and destination marketing program; and coordinates and implements the Town's Leadership Los Gatos program. Increasing the team and effort is a good question to consider in future budgetary planning.

Changes recommended by additional staff review.

Staff identified additional updates to the draft ACFR to ensure consistency throughout the document. One such update corrects the 2024–25 Contractually Required Contribution to $3,929,739 on page 98, aligning it with the presentation on page 82. This correction was previously shared with the Finance Commission in the December 1, 2025, Desk Item.

Another update adjusts the Market Fluctuation Reserve from $1,340,098 to $1,201,824 and increases the Pension/OPEB Reserve from $1,000,000 to $1,300,000, in accordance with the General Fund Reserve Policy. The Unassigned Fund Balance is also revised—reflecting both an increase of $238,274 and a decrease of $300,000—resulting in a new total of $10,211,049. These changes are reflected across multiple schedules, including the Governmental Funds Balance Sheet (page 41), Note 11 – Fund Balance, the Governmental Funds Statistical Schedule (page 131), and related graphs and references in the MD&A. Additionally, footnotes in the Statistical Section – Net Position by Component were updated to match the prior year's schedule, correcting a portion of the footnote that was unintentionally omitted on page 127. All updates have been redlined in the attached ACFR.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 8

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Notice of Completion for the Civic Center HR Offices and ADA Ramp Project (CIP No. 821-2117) and Authorize Staff to Record the Notice of Completion**

RECOMMENDATION: Accept the Civic Center Human Resources Offices and ADA Ramp Project (CIP No. 821-2117) and authorize the Town Manager to execute a Notice of Completion; and direct staff to record the Notice of Completion.

FISCAL IMPACT:

There are no fiscal impacts associated with this action. The contract amount and associated expenses are accounted for within the adopted Capital Improvement Program Budget for the Civic Center HR Offices Project (CIP No. 821-2117).

STRATEGIC PRIORITY:

This item is not associated with a strategic priority. However, the project supports the Town's Core Goal of Quality Public Infrastructure by providing an entryway to the lower level of the Civic Center that is compliance with the Americans with Disabilities Act, creating new offices for the Town's Human Resources staff.

BACKGROUND:

Construction bids were opened on September 18, 2024, and eight contractors submitted bids. On October 15, 2024, Town Council authorized the Town Manager to execute a Construction Agreement with Alex Kushner General Inc. for this project in the amount of $540,000, including a 20% contingency for unforeseen services.

PREPARED BY: Dan Keller
Facilities and Fleet Operations Manager

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

DISCUSSION:

Construction of this project was completed on November 18, 2025. The work has been completed to the satisfaction of the Fleet and Facilities Operations Manager and the Director of Parks and Public Works as noted in Attachment 2. A summary of project accounting is below.

Civic Center Improvements		
CIP Project 821-2117 (4118710)		
Budget		
Existing Appropriations		
GFAR	$	980,000
Subtotal	**$**	**980,000**
Expenditures		
Existing Expenditures including Encumbrances		
Construction Services - Alex Kushner General Inc	$	517,620
Consultation Services - SHI International Corp	$	10,174
Consultation Services -The KPA Group	$	205,759
Other Project Costs	$	33,757
Subtotal	**$**	**767,310**
Balance	**$**	**212,690**

CONCLUSION:

With Council's authorization of the recommended action, the construction contract with Alex Kushner General Inc. will be formally closed and staff will proceed with the remaining project closeout steps.

COORDINATION:

This staff report was coordinated with the Town Attorney and Finance Director.

ENVIRONMENTAL ASSESSMENT:

This is not a project as defined under CEQA; therefore, no environmental review is required.

Attachments:
1. Certificate of Acceptance and Notice of Completion
2. Verification of Work

Recording Requested By:
Town of Los Gatos

When Recorded Mail To:
Town Clerk
Town of Los Gatos
110 E Main St
Los Gatos, CA 95030

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE § 27383

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION
Civil Code §§ 9204 and 9208

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the agent of the owner of the Project described below.

2. Owner's full name is: Town of Los Gatos

3. Town's address is: 110 E. Main St., Los Gatos, CA, 95030

4. The nature of Town's interest in the Project is:
_____ Fee Ownership __X___ Other:_____

5. Construction work on the Project performed on Town's behalf is generally described as follows: Furnishing all labor, materials, tools, equipment, and services required for completion of the Los Gatos Civic Center Human Resources Office Expansion and Re-building the lower-level ADA Ramp, Located in the Town of Los Gatos, County of Santa Clara, State of California.

6. The name of the original Contractor for the Project is: Alex Kushner General Inc. located at 2364 Funston Ave, San Francisco, CA 94116.

7. The Project was accepted as complete on: November 18, 2024.

8. The Project is located at: The lower level Civic Center at 110 E. Main St. Los Gatos CA, 95030

Verification: In signing this document, I, the undersigned, declare under penalty of perjury under the laws of the State of California that I have read this notice, and I know and understand the contents of this notice, and that the facts stated in this notice are true and correct.

_____ _____
Date and Place Signature

_____
Chris Constantin, Town Manager

EXEMPT FROM NOTARY ACKNOWLEDGMENT REQUIREMENTS PER GOVERNMENT CODE § 27287 AND CIVIL CODE § 9208

TOWN OF LOS GATOS

PARKS AND PUBLIC WORKS COMMENTS

To: Chris Constantin

From: Nicolle Burnham

Date: December 9, 2025

Subject: Notice of Acceptance

Acceptance of Work for the Civic Center Improvements Project (CIP No. 821-2117). The work performed under this contract was inspected by authorized representatives of the Town, Contractor and Architect, and determined to be complete. The Parks and Public Works Director acknowledges the completion of this project and requests the Town Manger to sign the Certificate of Acceptance form.

Date of Final Inspection: 11/18/2025

Project Participants: Dan Keller, Joseph Gamboa, Danny Murdock, Ross Bayer, Sai Kim, Jeffrey Cheung (Town of Los Gatos), KPA Architects, Alex Kushner General Contractor Inc.

1. All construction and punch list items have been completed? Yes
2. All change orders have been executed? Yes
3. Claims if any have been resolved? Yes

REVIEWED AND APPROVED BY:

Don Keller

FLEET AND FACILITIES OPERATIONS MANAGER

DATE: 12/9/2025

Nicolle Burnham

DIRECTOR OF PUBLIC WORKS

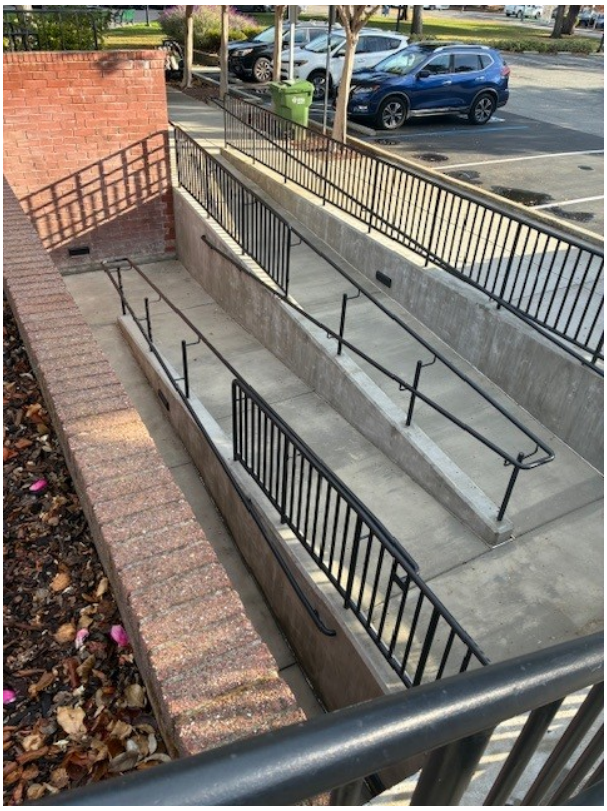
12/9/25

DATE:

TOWN OF LOS GATOS

PARKS AND PUBLIC WORKS COMMENTS





TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 9

DATE: December 11, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution Setting the Compensation and Benefits for Management and Confidential Employees**

RECOMMENDATION: Adopt a resolution setting the salary and benefits for employees in the Management and Confidential employee groups.

FISCAL IMPACT:

This resolution does not have an additional fiscal impact as the majority of the terms of the resolution have already been approved by Town Council, and this action will codify certain salaries and benefits for the Management and Confidential employee groups that they are already receiving and therefore already in the Fiscal Year 2025/26 Operating Budget. The exception to this is granting the Town Manager the ability to grant additional personal leave to employees in increments up to five (5) days in a calendar year. This action does not carry an additional fiscal impact as the leave does not accrue, so it is not paid out when an employee separates or retires from Town service, leaving the impact as a potential loss of productivity should the Town Manager decide to grant this benefit.

STRATEGIC PRIORITY:

This item does not relate to a strategic priority.

BACKGROUND:

Management and Confidential employees are considered at-will employees under the Town's Personnel Rules, and they are not represented by a bargaining unit. In the past, Council approved the "Management Compensation Plan" for employees who were unrepresented in the Management Employee Group. However, it does not appear that Council approved a plan for employees in the Confidential employee group. Since 2008, there does not appear to be a

PREPARED BY: Cheryl Parkman
Human Resources Director

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

source resolution or plan that collectively refers to the compensation and benefits for these two employee groups. This has made it difficult to research the history of changes and determine when the Town Manager was given discretion to grant certain benefits, such as management administrative leave.

DISCUSSION:

To provide a comprehensive governing document, the Resolution includes all standard compensation and benefit provisions currently provided to these employee groups, including medical, dental, vision, vacation, sick leave, disability insurance, tuition reimbursement, out of classification pay, and other existing benefits.

While the document serves to codify existing compensation and benefits that employees are currently receiving, there are two distinctions with the resolution. The first is that the resolution adds the ability of the Town Manager to grant up to five (5) days or forty (40) hours of personal leave to employees who have performed exceptionally in their duties as a Town employee. This is a new benefit that would be at the discretion of the Town Manager for exemplary service. The second is that the resolution does not outline retirement benefits (pension and other post employment benefits). Those benefits are contained in other resolutions and the contract with CalPERS.

CONCLUSION:

It is recommended that the Management and Confidential Salary and Compensation Resolution be adopted by Town Council.

COORDINATION:

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

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Management and Confidential Salary and Benefits Resolution

RESOLUTION 20 -xx

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS SETTING THE COMPENSATION AND BENEFITS FOR MANAGEMENT AND CONFIDENTIAL EMPLOYEES

WHEREAS, the Town Manager has presented to Town Council of the Town of Los Gatos a recommended set of salary ranges and benefits for the Management and Confidential employees; and

WHEREAS, the Town Council has reviewed said recommendations;

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby declare, determine, and order as follows:

Section 1 – Salary Ranges

A. Effective July 6, 2025, base salaries for the Management employee group will increase by 3%, except for those in the Police Chief and Police Captain Classifications whose salaries will increase by 5%. See Salary Schedules attached as Exhibit A.
B. Effective July 5, 2026, base salaries for the Confidential employee group will increase by 3%. See Salary Schedules attached as Exhibit B.
C. The Town Manager will establish the monthly compensation for the classifications in Management and will have final approval for the salaries of the classifications in Confidential before the final offer is made to the employee.
D. The Salary Schedules referred to in this Resolution may from time to time be revised and amended by the Town Council.
E. Employees in Management and Confidential employee groups are eligible for step or salary increases based on the completion of performance evaluation. The narrative of the performance evaluation must warrant an increase in compensation.

Section 2 – General Benefit Provisions

A. Holidays

a. The Town will grant the following paid holidays to employees in Management and Confidential. All holidays are paid at 8 hours unless otherwise noted:

i. New Year's Day
ii. Martin Luther King, Jr. Day
iii. Presidents' Day
iv. Memorial Day
v. Juneteenth
vi. Independence Day
vii. Labor Day
viii. Veterans Day
ix. Thanksgiving Day
x. Day after Thanksgiving
xi. Christmas Eve (4 hours)
xii. Christmas Day
xiii. New Year's Eve (4 hours)

b. Holidays are paid at a rate of eight hours of time off; employees on an Alternate Work Schedule must use additional leave balances to receive full pay on a holiday.

B. Sick Leave Accrual

a. Employees in Management and Confidential will accrue sick leave on the basis of 8 hours of sick leave per month (96 hours per year)

i. Management employees have a cap of 1,100 hours of sick leave.
ii. Confidential employees have a cap of 1,000 hours of sick leave.

b. Employees hired before August 22, 2018, may cash out their accumulated sick leave based on the employee's hourly rate of pay at retirement as follows:

i. 1 - 59 months of service at 25%

ii. 60 - 119 months of service at 37.5%

iii. 120 months or more of service at 50%

c. Active employees may make an irrevocable election to cash out sick leave in accordance with the above amounts and the requirements of the Irrevocable Cash Out Program. Eligible cash out hours will be cashed out in whole hour increments which will be earned in the following calendar year at the employee's base rate of pay. In the first payroll check of December in the following year, the employee will receive cash for the amount of the eligible sick leave the employee irrevocably elected to cash out in the prior year. However, if the employee's sick leave balance is less than the amount the employee elected to cash out in the prior calendar year the employee will receive cash for the amount of sick leave the employee has accrued at the time of the cash out. An employee must have a sick leave balance of at least 150 hours after the annual cash-out to qualify.

d. All employees hired prior to November 15, 2004 who retire may convert up to 100% of this accumulated sick leave to a dollar equivalent at their hourly rate of pay at the time of retirement. This amount shall be held in an account.

C. Vacation Leave Accrual

a. Each employee in Management will accrue vacation at the following intervals based on Town Service:

Vacation Accrual Caps	
0 to 60 months of service	15 Days = 120 hrs
61 to 120 months of service	20 Days = 160 hrs
121 to 180 months of service	23 Days = 184 hrs
181 months of service and over	25 Days = 200 hrs

i. The maximum vacation accrual for an employee in Management will be 500 hours.

ii. The Town Manager may approve and negotiate with new employees or rehired employees to determine if prior public service will be taken into account for the months of service related to vacation accrual.

b. Each employee in Confidential will accrue vacation at the following intervals based on Town service:

Vacation Accrual Caps	
0 to 36 months of service	10 Days = 80 hrs
37 to 60 months of service	16 Days = 128 hrs
61 to 120 months of service	21 Days = 168 hrs
121 to 180 months of service	23 Days = 184 hrs
181 months of service and over	25 Days = 200 hrs

i. The maximum vacation accrual for an employee in Confidential will be 320 hours.

ii. The Town Manager may approve and negotiate with new employees or rehired employee to determine if prior public service will be taken into account for the months of service related to vacation accrual.

c. Employees in Management and Confidential may cash out their accrued vacation at separation and twice per year. Employees in Management may cash up to 200 hours cumulatively, and Employees in Confidential may cash out at 160 hours cumulatively.

D. Personal Leave

a. Employees in Management will receive 48 hours of personal leave on a calendar year basis. These hours do not accrue and must be used in the calendar year in which they are given.

b. Employees in Confidential will receive 24 hours of personal leave on a calendar year basis. These hours do not accrue and must be used in the calendar year in which they are given.

c. Should the Town Manager decide that an employee in Management and Confidential performed exceptionally, the Town Manager may grant up to 5 additional personal leave (40 hours) days to an employee. These hours must be used in the calendar year they were received.

d. Personal leave is pro-rated based on an employee's date of hire.

E. Compensatory Leave

a. Employees in Confidential who work in excess of 40 hours in a designated workweek may be permitted by their Department Director to take compensatory time in lieu of paid overtime. It shall not be regarded as hours worked for the purposes of overtime calculations. There is a maximum of 80 hours.

F. Management Administrative Leave

a. On an annual basis, the Town Manager may authorize up to 40 hours of management administrative leave based on performance to the employees in Management. These hours are granted in the calendar year and must be taken within that calendar year.

G. Bereavement Leave

a. A maximum of 40 paid leave hours is available upon the death of a family member for employees in Management and Confidential. For the purposes of this section, family member is defined as parent, step-parent, parent-in-law, spouse/domestic partner, child, stepchild, foster child, dependent, sibling, sibling-in-law, grandparent, step-grandparent, grandparent-in-law, and grandchild. Days of bereavement leave need not be consecutive but shall be completed within three (3) months of the date of the death of the family member. If requested by the Town, the employee shall provide documentation of the death of the family member within 30 days of the first day of the leave. Appropriate documentation for this purpose is defined in the California Government Code section 12945.7(f).

H. Tuition Reimbursement

a. The Town will reimburse employees in Management and Confidential the cost of books, university/school fees (except parking) and tuition up to the maximum reimbursable rate of $3,000 per fiscal year.

i. The reimbursement shall be only for courses that are directly related to the employee's position as determined by the Town Manager, including general education courses that are generally related to attainment of a job-related degree or certification. General education courses not generally related to the employee's position will not be eligible for reimbursement. Reimbursement shall be taxed pursuant to State and Federal regulations.

b. Application for tuition reimbursement shall be made to the Town before the course begins. Prior to reimbursement of costs, all course work must be completed with a passing grade of "C" or equivalent when numerical score or pass/fail is given.

c. Any employee who terminates employment with the Town within one year from the completion of a class or classes, for which tuition reimbursement was paid shall refund all tuition paid under this provision, unless required to attend by the appointing authority.

I. Life and Disability Insurance

a. The Town shall pay the premiums for the short-term disability, long-term disability and group life insurance plans. The Town Manager shall have the discretion to change these contributions or the provider for employees in Management and Confidential.

J. Deferred Compensation Plan

a. The Town will offer a voluntary 457(b) deferred compensation plan to Management and Confidential Employees. The contributions into the deferred compensation plan will be voluntary for each employee.

K. Out-of-Classification Pay

a. Compensation for out-of-classification work shall be an additional 5% of the regular pay of the employee's permanent classification or the first step of the higher classification, whichever is greater.
b. Out-of-Classification Pay applies only to actual time worked and does not apply to paid leaves. Employees appointed to work out-of-class will receive out-of-classification pay beginning the first day of the out-of-classification assignment. Performance of duties as a vacation relief does not automatically qualify as out-of-classification.
c. For purposes of this section, an out-of-classification assignment is defined as the full-time performance of the essential functions of an authorized, funded, permanent position in another classification by a qualified employee. "Essential functions" shall be as defined in the Essential Functions section of the appropriate job specification.
d. Any employee who believes they are working out-of-class may request a review of their classification.

L. Cell Phone Stipend
   a. The Town Manager established a cell phone stipend that is available to Employees in Management and Confidential. It may be changed from time to time based on the Town Manager’s discretion.

M. Bilingual Pay
   a. Employees in the Confidential employee group may be certified as bilingual. They may receive bilingual pay if they are in a classification that requires bilingual ability and pass the certified examination. The Town may discontinue an employee’s bilingual pay at any time dependent on operational need. Bilingual pay is compensated at 2.5% above the employee’s current pay. This is special compensation and shall be reported as such to CalPERS, pursuant to Title 2 CCR Section 571(a)(4) and 571.1(b)(3) as Bilingual Premium.

N. Medical Benefits

a. The Town contracts with CalPERS for the purpose of providing employees and their eligible dependents with medical insurance benefits. The Town will provide active employees with a medical allowance equal to 100% of the cost of the Kaiser Bay Area Medical Insurance Program premium offered by the Public Employees' Retirement System Health Benefit Medical Program at the Employee Only level of participation. For dependents, the Town will pay 90% of the difference between Kaiser Employee Only and Kaiser level of participation (Employee Plus One or Employee Family, depending on family status). If the employee chooses medical coverage under a program more expensive than Kaiser Bay Area, the employee will pay the difference between the Town-provided medical allowance and the cost of the more expensive program through payroll deduction. The Town's contribution towards medical insurance set forth in Section 13 (the PEMHCA minimum) will be deducted from the amount of contribution provided by this Section.

O. Dental Benefits

a. Employees will be provided 100% of the Delta Dental DPO Plan premium less a $15.00 employee contribution. If the premium cost of the dental plan exceeds the Town contribution, the employee shall pay through payroll deductions the difference between the monthly premium and the amount contributed by the Town. The Town will pay 100% of the premium for employees choosing to participate in the DeltaCare USA Plan.

P. Vision Benefits

a. The Town shall pay for employee-only coverage under the Town's Vision Service Plan (VSP). Employees may enroll eligible dependents at their own cost.

Q. Cash-In-Lieu Plan

a. Employees have the option of choosing all available coverages or, upon providing proof of other medical coverage, may choose to opt out of the

Town's coverage and be provided with cash-in-lieu. Employees who choose to receive the cash-in-lieu must first show proof of alternative minimum essential medical coverage for the employee and employee's tax family (individuals for whom the employee expects to claim a personal exemption deduction). Individual coverage, and individual coverage from Covered California does not qualify as alternative minimum essential coverage under this section. Employees must provide reasonable evidence of alternative minimum essential coverage each plan year, during open enrollment. The Town will not make the cash payment if it knows or has reason to know that the employee or tax family does not have alternative minimum essential coverage. Any amount received in cash is taxable. Employees choosing to receive taxable cash will have the option of receiving it in two equal amounts in December and June, or the first two paychecks of each month (24 times a year).

i. For Management employees hired before November 15, 2004, the Town contribution to the Cash-In-Lieu program will be equal to Nine Hundred and Fifty Dollars ($950) per month.
ii. For Management employees hired after November 15, 2004, the Town contribution to the Cash-In-Lieu program will be Four Hundred Dollars ($400) per month.
iii. For Confidential employees hired before November 15, 2004, the Town contribution to the Cash-In-Lieu program will be equal to Eight Hundred Dollars ($800) per month.
iv. For Confidential employees hired after November 15, 2004, the Town contribution to the Cash-In-Lieu program will be Four Hundred Dollars ($400) per month.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 16th day of December 2025 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: 12/16/2025
ITEM NO: 10

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Reopen the Los Gatos Creek Trailhead Connector Project (4118503, 4218503; CIP 832-4505), Authorize Associated Budget Adjustments, and Authorize the Town Manager to Execute an Amendment to the Agreement for Services with Zoon Engineering**

RECOMMENDATION: Authorize an expenditure budget adjustment in the amount of $89,726 from previously awarded One Bay Area Grant funds; authorize an expenditure budget adjustment in the amount of $421 from previously awarded Transportation Fund for Clean Air Grant funds; authorize an expenditure budget adjustment in the amount of $3,188 from the General Fund Appropriations Reserve; and authorize the Town Manager to execute the Second Amendment to the Agreement with Zoon Engineering to extend the agreement date to March 31, 2026.

FISCAL IMPACT:

This item reopens the Los Gatos Creek Trailhead Connector Project (4118503, 4218503, CIP 832-4505) including an expenditure budget adjustment for One Bay Area Grant (OBAG) funding in the amount of $89,726, an expenditure adjustment of previously awarded but unallocated TFCA grant funding in the amount of $421, and an expenditure adjustment from the General Fund Appropriations Reserve for the Capital Improvement Program projects in the amount of $3,188.

STRATEGIC PRIORITY:

The recommended action is not associated with a strategic priority. However, it does support the Town's Core Goals of Community Character and Quality Public Infrastructure.

PREPARED BY: Gary Heap
Town Engineer

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

BACKGROUND:

The Los Gatos Creek Trailhead Connector to Highway 9 Project resulted in the construction of switchback trail access from the north side of Highway 9 and the Los Gatos Creek Trail and bicycle/pedestrian trail access on the south side of Highway 9 from University Avenue.

Construction bids were opened on April 6, 2023, and five contractors submitted bids. On August 1, 2023, the Town Council authorized the Town Manager to execute a construction agreement with Granite Construction in the amount of $6,529,396 and authorized a 10% construction contingency in the amount of $652,940. At that same meeting, the Town Council authorized the Town Manager to execute an agreement with Zoon Engineering in the amount of $1,220,822 and authorized a 2.39% construction contingency in the amount of $29,178. Zoon was contracted to provide construction management and construction inspection services on behalf of the Town. This service is critically important given the complexity of the project and associated funding sources.

Construction was completed on April 5, 2025. On June 3, 2025, the Town Council accepted the Los Gatos Creek Trailhead Connector project construction, directed staff to record a Notice of Competition with the County of Santa Clara, and approved the first amendment to the agreement for services with Zoon Engineering. The First Amendment to the Agreement for Consultant Services moved funding within tasks of the agreement but did not add funding or extend the time. The First Amendment was executed on July 24, 2025.

DISCUSSION:

The June action by the Town Council accepted the project, but there were remaining close-out tasks to be completed prior to the closure of the project. It was anticipated that the close-out activities would be completed by December 31, 2025. The Town Council action to accept the project was reflected in the adopted FY25-26 budget, which closed and defunded the project on June 30, 2025. Post-acceptance discussions with Granite and the filing of Caltrans project documentation have delayed the anticipated project close-out date until early 2026. Due to the delay, there have been invoices received from vendors after June 30, 2025, including those from Mott McDonald, Zoon, and Clare Gibson Attorney at Law. The recommended budget adjustments are needed to re-allocate the original project budget and pay the outstanding invoices.

Zoon continues to provide project management services and has remaining project close-out work that is expected to be completed in early 2026, after the current agreement expiration date of December 31, 2025. Staff recommends that the agreement performance period with Zoon Engineering be extended to March 31, 2026, to accommodate this remaining close-out work, which primarily consists of the submittal of various Caltrans forms and final invoicing. No additional funds are necessary to complete this work.

Trailhead Connector to Highway 9 Project		
CIP Project 832-4505 (4118503, 4218503)		
Budget		
Existing Appropriations		
GFAR	$	1,428,127
Grant - OBAG	$	6,536,000
Grant - TFCA	$	755,500
Grant - Measure B	$	693,500
Grant - TDA	$	68,884
GFAR - project closeout 6/30	$	(143,209)
Grants -project closeout 6/30	$	(164,294)
Appropriations Recommended with this Staff Report		
GFAR	$	3,188
Grant - OBAG	$	89,305
Grant - TFCA	$	421
Subtotal	**$**	**9,267,422**
Expenditures		
Existing Expenditures		
Consultation Services - Mott MacDonald Group	$	813,680
Construction Contract - Granite Construction	$	6,897,041
Consultation Services - Zoon	$	1,167,961
Staff Labor	$	252,450
Other Project Costs	$	43,376
Expenditures Recommended with this Staff Report		
Consultation Services - Mott MacDonald Group	$	7,687
Consultation Services - Zoon	$	82,039
Legal Expenses	$	3,188
Subtotal	**$**	**9,267,422**
Balance	**$**	**0**

CONCLUSION:

Staff recommend that Town Council reopen the Los Gatos Creek Trailhead Connector Project (4118503, 4218503, CIP 832-4505) to complete previously planned construction and consultation services that were delayed due to unforeseen circumstances. The recommendation includes an expenditure budget adjustment of OBAG grant funding in the amount of $89,726, an expenditure adjustment of previously awarded but as yet unallocated

TFCA grant funding in the amount of $421, and an expenditure adjustment from the General Fund Appropriations Reserve for CIP Projects in the amount of $3,188. The item also extends the term of the Agreement with Zoon Engineering to March 31, 2026.

COORDINATION:

This project has been coordinated with the Town Manager's Office, the Town Clerk's Office, the Town's Finance Department, and the vendor.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorically Exempt (Section 15301). A Notice of Exemption was filed.

Attachments:
1. Second Amendment to the Agreement for Services – Zoon Engineering
2. Original Agreement and First Amendment

AMENDMENT TO AGREEMENT

PREAMBLE

This AMENDMENT TO AGREEMENT amends that certain agreement titled Agreement for Consultant Services dated August 1, 2023, made by and between the Town of Los Gatos, ("Town,") and Zoon Engineering (“Consultant.”), identified as an S Corporation and whose address is 3960 Adeline Street, Suite 3, Emeryville, CA 94608.

I. RECITALS

A. Town and Consultant entered into an Agreement for Consultant Services on August 1, 2023, (“Agreement”)

B. First Amendment to Agreement for Consultant Services on July 24, 2025

C. The parties desire to amend the Agreement in order to extend the performance period end date from December 31, 2025 to March 31, 2026

II. AMENDMENT

A. Article IV (A) Performance Period is amended to read:
This AGREEMENT shall go into effect on August 01, 2023 contingent upon approval by LOCAL AGENCY, and CONSULTANT shall commence work after notification to proceed by LOCAL AGENCY’S Contract Administrator. The AGREEMENT shall end at the earlier of the final project construction and close out activities, or on March 31, 2026 unless extended by an amendment to the AGREEMENT.

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

TOWN OF LOS GATOS

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

CONTRACTOR: Zoon Engineering

SIGNATURE

Nabil Hissen

CONTRACTOR SIGNATORY'S FULL NAME

CEO

CONTRACTOR SIGNATORY'S TITLE

DATE SIGNED

Approved as to form:

SIGNATURE

Gabrielle Whelan

FULL NAME

Town Attorney

TITLE

DATE SIGNED

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

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AGREEMENT FOR CONSULTANT SERVICES

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ATTACHMENTS :

EXHIBIT A – SCOPE OF SERVICES

EXHIBIT B – COST PROPOSALS

EXHIBIT C – CONSULTANT CONTRACT DBE COMMITMENT – EXHIBITS 10-O1 and 10-O2

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ARTICLE I INTRODUCTION

This AGREEMENT is made and entered into on 1st day of August 2023 by and between the TOWN OF LOS GATOS, a California municipal corporation, hereinafter referred to as LOCAL AGENCY and ZOON ENGINEERING, INC, hereinafter referred to as, CONSULTANT, identified as an S Corporation and whose address is 3960 Adeline Street, Suite 3, Emeryville, CA 94608

A. The CONSULTANT is incorporated in the State of CALIFORNIA.

The Project Manager for the "CONSULTANT" will be NABIL HISSEN.

The Contract Administrator for the LOCAL AGENCY will be the Town Engineer.

B. The work to be performed under this AGREEMENT is described in Article III Statement of Work and "Exhibit A – Scope of Services" attached hereto and incorporated by reference and the approved CONSULTANT's Cost Proposals dated July 3 2023. The approved CONSULTANT's Cost Proposal is attached hereto as "Exhibit B" and incorporated by reference. If there is any conflict between the approved Cost Proposal and this AGREEMENT, this AGREEMENT shall take precedence.

C. CONSULTANT agrees to the fullest extent permitted by law, to indemnify, protect, defend, and hold harmless LOCAL AGENCY, its officers, officials, agents, employees and volunteers from and against any and all claims, damages, demands, liability, costs, losses and expenses, including without limitation, court costs and reasonable attorneys' and expert witness fees, arising out of any failure to comply with applicable law, any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise arising out of the performance of the work described herein, to the extent caused by a negligent act or negligent failure to act, errors, omissions, recklessness or willful misconduct incident to the performance of this AGREEMENT on the part of CONSULTANT, except such loss or damage which was caused by the sole negligence, or willful misconduct of LOCAL AGENCY, as determined by a Court of competent jurisdiction. The provisions of this section shall survive termination or suspension of this AGREEMENT.

D. CONSULTANT in the performance of this AGREEMENT, shall act in an independent capacity. It is understood and agreed that CONSULTANT (including CONSULTANT's employees) is an independent Contractor and that no relationship of employer-employee exists between the Parties hereto. CONSULTANT's assigned personnel shall not be entitled to any benefits payable to employees of City.

E. LOCAL AGENCY is not required to make any deductions or withholdings from the compensation payable to CONSULTANT under the provisions of the AGREEMENT, and is not required to issue W-2 Forms for income and employment tax purposes for any of CONSULTANT's assigned personnel. CONSULTANT, in the performance of its obligation hereunder, is only subject to the control or direction of the LOCAL AGENCY as to the designation of tasks to be performed and the results to be accomplished.

F. Any third party person(s) employed by CONSULTANT shall be entirely and exclusively under the direction, supervision, and control of CONSULTANT. CONSULTANT hereby indemnifies and holds LOCAL AGENCY harmless from any and all claims that may be made against City based upon any contention by any third party that an employer-employee relationship exists by reason of this AGREEMENT.

G. Except as expressly authorized herein, CONSULTANT's obligations under this AGREEMENT are not assignable or transferable, and CONSULTANT shall not subcontract any work, without the prior written approval of the LOCAL AGENCY. However, claims for money due or which become due to CONSULTANT from City under this AGREEMENT may be assigned to a financial institution or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the LOCAL AGENCY.

H. CONSULTANT shall be as fully responsible to the LOCAL AGENCY for the negligent acts and omissions of its Contractors and subcontractors or subconsultants, and of persons either directly or indirectly employed by them, in the same manner as persons directly employed by CONSULTANT.

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I. No alteration or variation of the terms of this AGREEMENT shall be valid, unless made in writing and signed by the parties authorized to bind the parties; and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

J. The consideration to be paid to CONSULTANT as provided herein, shall be in compensation for all of CONSULTANT's expenses incurred in the performance hereof, including travel and per diem, unless otherwise expressly so provided.

ARTICLE II CONSULTANT'S REPORTS OR MEETINGS

A. CONSULTANT shall meet weekly with project team and submit progress reports following each meeting. The reports should be sufficiently detailed for the LOCAL AGENCY's Contract Administrator to determine, if CONSULTANT is performing to expectations, or is on schedule; to provide communication of interim findings, and to sufficiently address any difficulties or special problems encountered, so remedies can be developed.
B. CONSULTANT's Construction Manager/Resident Engineer shall meet with LOCAL AGENCY's Project Manager, as needed, to discuss progress on the AGREEMENT.
C. This AGREEMENT requires conferences, meetings, daily site inspection of the construction project as the LOCAL AGENCY'S representative, to ensure compliance with local, State and Federal requirements. These costs are to be included in the Consultant's Cost Proposal for the AGREEMENT Scope of Services.

ARTICLE III STATEMENT OF WORK

A. CONSULTANT agrees to perform the services as outlined in "Exhibit A – Scope of Services" within the time frames specified therein, and accept payment as outlined in "Exhibit B – CONSULTANT'S Cost Proposal" which are hereby incorporated by reference and attached. In the performance of the Scope of Services for this AGREEMENT, the responsible CONSULTANT Construction Manager/Resident Professional Engineer shall sign and stamp with registration number, any plans, certifications, and other engineering reports as required.

B. Right of Way – Not applicable to this AGREEMENT. All construction work shall be performed by the construction contractor within the existing Caltrans right of way per the construction contract documents under the supervision of the CONSULTANT per Exhibit A – Scope of Services.

C. Surveys – Not applicable to this AGREEMENT. Survey work for the construction contract shall be performed by the construction contractor per the construction contract documents, under the supervision of CONSULTANT per Exhibit A – Scope of Services.

D. Subsurface Investigations, where needed, are to be performed by the construction contractor per the construction documents, under the supervision of the CONSULTANT per Exhibit A – Scope of Services.

E. Local Agency Obligations - All data applicable to the project and in possession of LOCAL AGENCY, another agency, or government agency that are to be made available to CONSULTANT are referred to in the AGREEMENT, Exhibit A – Scope of Services. Any other assistance or services to be furnished to CONSULTANT are to be stated clearly.

F. Conferences, Site Visits, Inspection of Work. This AGREEMENT provides for conferences as needed, visits to the site, and inspection of the work by representatives of the LOCAL AGENCY, State, and/or FHWA. Costs incurred by CONSULTANT for meetings, subsequent to the initial meeting shall be included in the fee per the AGREEMENT.

G. Checking Shop Drawings. CONSULTANT shall provide shop drawing review per this AGREEMENT, Exhibit A -Scope of Services.

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H. CONSULTANT Services During Construction - CONSULTANT's services during the course of construction, including construction management, resident engineering, inspection, and material testing, are to be specified in the AGREEMENT – Exhibit A Scope of Services together with Exhibit B – Cost Proposals for the method of payment for such services.

I. Documentation and Schedules – This AGREEMENT provides that CONSULTANT document the results of the work to the satisfaction of LOCAL AGENCY, and if applicable, the State and FHWA. This may include preparation of progress and final reports, plans, specifications and estimates, or similar evidence of attainment of the AGREEMENT objectives

J. Deliverables and Number of Copies - The number of copies or documents to be furnished, such as reports, brochures, sets of plans, specifications, or Right of Way parcel maps shall be as specified in this AGREEMENT Exhibit A – Scope of Services.

ARTICLE IV PERFORMANCE PERIOD

A. This AGREEMENT shall go into effect on August 01, 2023 contingent upon approval by LOCAL AGENCY, and CONSULTANT shall commence work after notification to proceed by LOCAL AGENCY'S Contract Administrator. The AGREEMENT shall end at the earlier of the final project construction and Close out activities, or on 12/31/2025 unless extended by an amendment to the AGREEMENT.
B. CONSULTANT is advised that any recommendation for AGREEMENT award is not binding on LOCAL AGENCY until the AGREEMENT is fully executed by the LOCAL AGENCY.

ARTICLE V ALLOWABLE COSTS AND PAYMENTS

Task 3 – Materials Testing

A. The method of payment for the following items shall be at the rate specified for each item, as described in this Article. The specified rate shall include full compensation to CONSULTANT for the item as described, including but not limited to, any repairs, maintenance, or insurance, and no further compensation will be allowed therefore.
B. The specified rate to be paid for vehicle expense for CONSULTANT's field personnel shall be $(0) per approved Cost Proposal. This rate shall be for fully equipped vehicle(s) specified in Article III Statement of Work, as applicable. The specified rate to be paid for equipment shall be, as listed in the approved Cost Proposal.
C. The method of payment for **Task 3 –Materials Testing** of this AGREEMENT, except those items to be paid for on a specified rate basis, will be based on cost per unit of work. LOCAL AGENCY will reimburse CONSULTANT for actual costs (including labor costs, employee benefits, travel, equipment-rental costs, overhead and other direct costs) incurred by CONSULTANT in performance of the work. CONSULTANT will not be reimbursed for actual costs that exceed the estimated wage rates, employee benefits, travel, equipment rental, overhead and other estimated costs set forth in the approved Cost Proposal, unless additional reimbursement is provided for, by AGREEMENT amendment. In no event, will CONSULTANT be reimbursed for overhead costs at a rate that exceeds LOCAL AGENCY approved overhead rate set forth in the approved Cost Proposal. In the event, LOCAL AGENCY determines that changed work from that specified in the approved Cost Proposal and AGREEMENT is required; the actual costs reimbursable by LOCAL AGENCY may be adjusted by AGREEMENT amendment to accommodate the changed work. The maximum total cost as specified in Paragraph "I," of this article shall not be exceeded unless authorized by AGREEMENT amendment
D. In addition to the allowable incurred costs, LOCAL AGENCY will pay CONSULTANT a fixed fee of $(0) zero dollars. The fixed fee is nonadjustable for the term of the AGREEMENT, except in the event of a significant change in the scope of work and such adjustment is made by AGREEMENT amendment.
E. Reimbursement for transportation and subsistence costs shall not exceed the rates specified in the approved Cost Proposal.
F. When milestone cost estimates are included in the approved Cost Proposal, CONSULTANT shall

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obtain prior written approval for a revised milestone cost estimate from the Contract Administrator before exceeding such cost estimate.

G. Progress payments will be made monthly in arrears based on services provided and allowable incurred costs. A pro rata portion of CONSULTANT's fixed fee will be included in the monthly progress payments. If CONSULTANT fails to submit the required deliverable items according to the schedule set forth in Article III Statement of Work, LOCAL AGENCY shall have the right to delay payment or terminate this AGREEMENT.

H. No payment will be made prior to approval of any work, nor for any work performed prior to approval of this AGREEMENT.

I. CONSULTANT will be reimbursed promptly according to California Regulations upon receipt by LOCAL AGENCY's Contract Administrator of itemized invoices in duplicate. Invoices shall be submitted no later than thirty (30) calendar days after the performance of work for which CONSULTANT is billing. Any changes to the progress payment process must be pre-approved in writing by the Town and Consultant. Invoices shall detail the work performed on each milestone and each project as applicable. Invoices shall follow the format stipulated for the approved Cost Proposal and shall reference this AGREEMENT number and project title. Progress payments shall made accordance with Exhibit B – Cost Proposal by Task for Progress Payment Purposes. Final invoice must contain the final cost and all credits due LOCAL AGENCY including any equipment purchased under the provisions of Article XI Equipment Purchase. The final invoice should be submitted within sixty (60) calendar days after completion of CONSULTANT's work. Invoices shall be mailed to LOCAL AGENCY's Contract Administrator at the following address:

Town of Los Gatos – Parks and Public Works Department
ATTN: Nicolle Burnham, Parks and Public Works Director
41 Miles Avenue
Los Gatos, CA 95030

J. The total amount payable by LOCAL AGENCY including the fixed fee for TASK 3 shall not exceed $(265,115.64).

K. For personnel subject to prevailing wage rates as described in the California Labor Code, all salary increases, which are the direct result of changes in the prevailing wage rates are reimbursable.

Task 1 – Construction Management; Task 2 – Construction Inspection; Task 4- Labor, DBE, Federal Trainee Compliance; Task 5 - Supplemental Reports and Services

A. The method of payment for **Tasks 1, 2, 4, and 5** of this AGREEMENT will be based on lump sum. The total lump sum price paid to CONSULTANT will include compensation for all work and deliverables, including travel and equipment described in Article III Statement of Work. No additional compensation will be paid to CONSULTANT, unless there is a change in the scope of the work or the scope of the project. In the instance of a change in the scope of work or scope of the project, adjustment to the total lump sum compensation will be negotiated between CONSULTANT and LOCAL AGENCY. Adjustment in the total lump sum compensation will not be effective until authorized by AGREEMENT amendment and approved by LOCAL AGENCY.

B. Progress payments may be made monthly in arrears based on the percentage of work completed by CONSULTANT. If CONSULTANT fails to complete the work or submit the required deliverable items according to the schedule set forth in Article III Statement of Work, LOCAL AGENCY shall have the right to delay payment or terminate this AGREEMENT in accordance with the provisions of Article VI Termination. Progress payments shall made accordance with Exhibit B – Cost Proposal by Task for Progress Payment Purposes. Any changes to the progress payment process must be pre-approved in writing by the Town and Consultant.

C. CONSULTANT shall not commence performance of work or services until this AGREEMENT has been approved by LOCAL AGENCY and notification to proceed has been issued by LOCAL AGENCY'S Contract Administrator. No payment will be made prior to approval of any work, or for any work performed prior to approval of this AGREEMENT.

D. CONSULTANT will be reimbursed within thirty (30) days upon receipt by LOCAL AGENCY'S Contract Administrator of itemized invoices in duplicate. Invoices shall be submitted no later than thirty (30) calendar days after the performance of work for which CONSULTANT is billing. Invoices shall detail the

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work performed on each milestone, on each project as applicable. Invoices shall follow the format stipulated for the approved Cost Proposal and shall reference this AGREEMENT number and project title. Final invoice must contain the final cost and all credits due LOCAL AGENCY that include any equipment purchased under the provisions of Article XI Equipment Purchase. The final invoice must be submitted within sixty (60) calendar days after completion of CONSULTANT's work unless a later date is approved by the LOCAL AGENCY. Invoices shall be mailed to LOCAL AGENCY's Contract Administrator at the following address:

Town of Los Gatos – Parks and Public Works Department
ATTN: Parks and Public Works Director
Los Gatos Creek Trail to Highway 9 Trailhead Connector Project
41 Miles Avenue
Los Gatos, CA 95030

E. The total amount payable by LOCAL AGENCY for TASKS 1, 2, 4 and 5 shall not exceed $(955,706.43).

ARTICLE VI TERMINATION

A. This AGREEMENT may be terminated by LOCAL AGENCY, provided that LOCAL AGENCY gives not less than thirty (30) calendar days' written notice (delivered by certified mail, return receipt requested) of intent to terminate. Upon termination, LOCAL AGENCY shall be entitled to all work, including but not limited to, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not.
B. LOCAL AGENCY may temporarily suspend this AGREEMENT, at no additional cost to LOCAL AGENCY, provided that CONSULTANT is given written notice (delivered by certified mail, return receipt requested) of temporary suspension. If LOCAL AGENCY gives such notice of temporary suspension, CONSULTANT shall immediately suspend its activities under this AGREEMENT. A temporary suspension may be issued concurrent with the notice of termination.
C. Notwithstanding any provisions of this AGREEMENT, CONSULTANT shall not be relieved of liability to LOCAL AGENCY for damages sustained by City by virtue of any breach of this AGREEMENT by CONSULTANT, and City may withhold any payments due to CONSULTANT until such time as the exact amount of damages, if any, due City from CONSULTANT is determined.
D. In the event of termination, CONSULTANT shall be compensated as provided for in this AGREEMENT. Upon termination, LOCAL AGENCY shall be entitled to all work, including but not limited to, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not.

ARTICLE VII COST PRINCIPLES AND ADMINISTRATIVE REQUIREMENTS

A. The CONSULTANT agrees that 48 CFR 31, Contract Cost Principles and Procedures, shall be used to determine the allowability of individual terms of cost.
B. The CONSULTANT also agrees to comply with Federal procedures in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
C. Any costs for which payment has been made to the CONSULTANT that are determined by subsequent audit to be unallowable under 48 CFR 31 or 2 CFR 200 are subject to repayment by the CONSULTANT to LOCAL AGENCY.
D. When a CONSULTANT or subconsultant is a Non-Profit Organization or an Institution of Higher Education, the Cost Principles for Title 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards shall apply.

ARTICLE VIII RETENTION OF RECORD/AUDITS

For the purpose of determining compliance with Gov. Code § 8546.7, the CONSULTANT, subconsultants, and LOCAL AGENCY shall maintain all books, documents, papers, accounting records, Independent CPA Audited Indirect Cost Rate workpapers, and other evidence pertaining to the performance of the AGREEMENT including, but not limited to, the costs of administering the AGREEMENT. All parties, including the CONSULTANT's Independent CPA, shall make such workpapers and materials available at their respective offices at all

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reasonable times during the AGREEMENT period and for three (3) years from the date of final payment under the AGREEMENT and records for real property and equipment acquired with federal funds must be retained for three (3) years after final disposition. LOCAL AGENCY, Caltrans Auditor, FHWA, or any duly authorized representative of the Federal government having jurisdiction under Federal laws or regulations (including the basis of Federal funding in whole or in part) shall have access to any books, records, and documents of the CONSULTANT,,subconsultants, and the CONSULTANT's Independent CPA, that are pertinent to the AGREEMENT for audits, examinations, workpaper review, excerpts, and transactions, and copies thereof shall be furnished if requested without limitation.

ARTICLE IX AUDIT REVIEW PROCEDURES

A. Any dispute concerning a question of fact arising under an interim or post audit of this AGREEMENT that is not disposed of by AGREEMENT, shall be reviewed by LOCAL AGENCY'S Chief Financial Officer.
B. Not later than thirty (30) calendar days after issuance of the final audit report, CONSULTANT may request a review by LOCAL AGENCY'S Chief Financial Officer of unresolved audit issues. The request for review will be submitted in writing.
C. Neither the pendency of a dispute nor its consideration by LOCAL AGENCY will excuse CONSULTANT from full and timely performance, in accordance with the terms of this AGREEMENT.
D. CONSULTANT and subconsultant AGREEMENTs, including cost proposals and Indirect Cost Rates (ICR), may be subject to audits or reviews such as, but not limited to, an AGREEMENT audit, an incurred cost audit, an ICR Audit, or a CPA ICR audit work paper review. If selected for audit or review, the AGREEMENT, cost proposal and ICR and related work papers, if applicable, will be reviewed to verify compliance with 48 CFR 31 and other related laws and regulations. In the instances of a CPA ICR audit work paper review it is CONSULTANT's responsibility to ensure federal, LOCAL AGENCY, or local government officials are allowed full access to the CPA's work papers including making copies as necessary. The AGREEMENT, cost proposal, and ICR shall be adjusted by CONSULTANT and approved by LOCAL AGENCY Contract Administrator to conform to the audit or review recommendations. CONSULTANT agrees that individual terms of costs identified in the audit report shall be incorporated into the AGREEMENT by this reference if directed by LOCAL AGENCY at its sole discretion. Refusal by CONSULTANT to incorporate audit or review recommendations, or to ensure that the federal, LOCAL AGENCY or local governments have access to CPA work papers, will be considered a breach of AGREEMENT terms and cause for termination of the AGREEMENT and disallowance of prior reimbursed costs.
E. Consultant's Cost Proposal may be subject to a CPA ICR Audit Work Paper Review and/or audit by the Independent Office of Audits and Investigations (IOAI). IOAI, at its sole discretion, may review and/or audit and approve the CPA ICR documentation. The Cost Proposal shall be adjusted by the CONSULTANT and approved by the LOCAL AGENCY Contract Administrator to conform to the Work Paper Review recommendations included in the management letter or audit recommendations included in the audit report. Refusal by the CONSULTANT to incorporate the Work Paper Review recommendations included in the management letter or audit recommendations included in the audit report will be considered a breach of the AGREEMENT terms and cause for termination of the AGREEMENT and disallowance of prior reimbursed costs.
    1. During IOAI's review of the ICR audit work papers created by the CONSULTANT's independent CPA, IOAI will work with the CPA and/or CONSULTANT toward a resolution of issues that arise during the review. Each party agrees to use its best efforts to resolve any audit disputes in a timely manner. If IOAI identifies significant issues during the review and is unable to issue a cognizant approval letter, LOCAL AGENCY will reimburse the CONSULTANT at an accepted ICR until a FAR (Federal Acquisition Regulation) compliant ICR {e.g. 48 CFR Part 31; GAGAS (Generally Accepted Auditing Standards); CAS (Cost Accounting Standards), if applicable; in accordance with procedures and guidelines of the American Association of State Highways and Transportation Officials (AASHTO) Audit Guide; and other applicable procedures and guidelines}is received and approved by IOAI.

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Accepted rates will be as follows:

a. If the proposed rate is less than one hundred fifty percent (150%) -the accepted rate reimbursed will be ninety percent (90%) of the proposed rate.
b. If the proposed rate is between one hundred fifty percent (150%) and two hundred percent (200%) -the accepted rate will be eighty-five percent (85%) of the proposed rate.
c. If the proposed rate is greater than two hundred percent (200%) -the accepted rate will be seventy-five percent (75%) of the proposed rate.

2. If IOAI is unable to issue a cognizant letter per paragraph E.1. above, IOAI may require CONSULTANT to submit a revised independent CPA-audited ICR and audit report within three (3) months of the effective date of the management letter. IOAI will then have up to six (6) months to review the CONSULTANT's and/or the independent CPA's revisions.
3. If the CONSULTANT fails to comply with the provisions of this paragraph E, or if IOAI is still unable to issue a cognizant approval letter after the revised independent CPA audited ICR is submitted, overhead cost reimbursement will be limited to the accepted ICR that was established upon initial rejection of the ICR and set forth in paragraph E.1. above for all rendered services. In this event, this accepted ICR will become the actual and final ICR for reimbursement purposes under this AGREEMENT.
4. CONSULTANT may submit to LOCAL AGENCY final invoice only when all of the following items have occurred: (1) IOAI accepts or adjusts the original or revised independent CPA audited ICR; (2) all work under this AGREEMENT has been completed to the satisfaction of LOCAL AGENCY; and, (3) IOAI has issued its final ICR review letter. The CONSULTANT MUST SUBMIT ITS FINAL INVOICE TO LOCAL AGENCY no later than sixty (60) calendar days after occurrence of the last of these items. The accepted ICR will apply to this AGREEMENT and all other agreements executed between LOCAL AGENCY and the CONSULTANT, either as a prime or subconsultant, with the same fiscal period ICR.
5. The ICR period shall extend beyond the one-year period and shall be fixed for the life of the contract.

ARTICLE X SUBCONTRACTING

A. Nothing contained in this AGREEMENT or otherwise, shall create any contractual relation between the LOCAL AGENCY and any subconsultants, and no subagreement shall relieve the CONSULTANT of its responsibilities and obligations hereunder. The CONSULTANT agrees to be as fully responsible to the LOCAL AGENCY for the acts and omissions of its subconsultants and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the CONSULTANT. The CONSULTANT's obligation to pay its subconsultants is an independent obligation from the LOCAL AGENCY's obligation to make payments to the CONSULTANT.
B. The CONSULTANT shall perform the work contemplated with resources available within its own organization and no portion of the work shall be subcontracted without written authorization by the LOCAL AGENCY Contract Administrator, except that which is expressly identified in the CONSULTANT's approved Cost Proposal.
C. Any subagreement entered into as a result of this AGREEMENT, shall contain all the provisions stipulated in this entire AGREEMENT to be applicable to subconsultants unless otherwise noted.
D. CONSULTANT shall pay its subconsultants within Fifteen (15) calendar days from receipt of each payment made to the CONSULTANT by the LOCAL AGENCY.
E. Any substitution of subconsultants must be approved in writing by the LOCAL AGENCY Contract Administrator in advance of assigning work to a substitute subconsultant.
F. Prompt Progress Payment

CONSULTANT or subconsultant shall pay to any subconsultant, not later than fifteen (15) days after receipt of each progress payment, unless otherwise agreed to in writing, the respective amounts allowed CONSULTANT on account of the work performed by the subconsultants, to the extent of each subconsultant's interest therein. In the event that there is a good faith dispute over all or any portion of the amount due on a progress payment from CONSULTANT or subconsultant to a subconsultant, CONSULTANT or subconsultant may withhold no more than 150 percent of the disputed amount. Any violation of this requirement shall constitute a cause for disciplinary action and shall subject the licensee to a penalty, payable to the subconsultant, of 2 percent of the amount due per month for every month that payment is not made.

In any action for the collection of funds wrongfully withheld, the prevailing party shall be entitled to his or her attorney's fees and costs. The sanctions authorized under this requirement shall be separate

from, and in addition to, all other remedies, either civil, administrative, or criminal. This clause applies to both DBE and non-DBE subconsultants.

G. Prompt Payment of Withheld Funds to subconsultants

The LOCAL AGENCY may hold retainage from CONSULTANT and shall make prompt and regular incremental acceptances of portions, as determined by the LOCAL AGENCY, of the contract work, and pay retainage to CONSULTANT based on these acceptances. The LOCAL AGENCY shall designate one of the methods below in the contract to ensure prompt and full payment of any retainage kept by CONSULTANT or subconsultant to a subconsultant.

No retainage will be held by the LOCAL AGENCY from progress payments due to CONSULTANT. CONSULTANTS and subconsultants are prohibited from holding retainage from subconsultants. Any delay or postponement of payment may take place only for good cause and with the LOCAL AGENCY's prior written approval. Any violation of these provisions shall subject the violating CONSULTANT or subconsultant to the penalties, sanctions, and other remedies specified in Section 3321 of the California Civil Code. This requirement shall not be construed to limit or impair any contractual, administrative or judicial remedies, otherwise available to CONSULTANT or subconsultant in the event of a dispute involving late payment or nonpayment by CONSULTANT, deficient subconsultant performance and/or noncompliance by a subconsultant. This clause applies to both DBE and non-DBE subconsultants.

Any violation of these provisions shall subject the violating CONSULTANT or subconsultant to the penalties, sanctions and other remedies specified therein. These requirements shall not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to CONSULTANT or subconsultant in the event of a dispute involving late payment or nonpayment by CONSULTANT, deficient subcontract performance, or noncompliance by a subconsultant.

ARTICLE XI EQUIPMENT PURCHASE AND OTHER CAPITAL EXPENDITURES

A. Prior authorization in writing by LOCAL AGENCY's Contract Administrator shall be required before CONSULTANT enters into any unbudgeted purchase order, or subcontract exceeding five thousand dollars ($5,000) for supplies, equipment, or CONSULTANT services. CONSULTANT shall provide an evaluation of the necessity or desirability of incurring such costs.

B. For purchase of any item, service, or consulting work not covered in CONSULTANT's approved Cost Proposal and exceeding five thousand dollars ($5,000), with prior authorization by LOCAL AGENCY's Contract Administrator, three competitive quotations must be submitted with the request, or the absence of proposal must be adequately justified.

C. Any equipment purchased with funds provided under the terms of this AGREEMENT is subject to the following:

1. CONSULTANT shall maintain an inventory of all nonexpendable property. Nonexpendable property is defined as having a useful life of at least two years and an acquisition cost of five thousand dollars ($5,000) or more. If the purchased equipment needs replacement and is sold or traded in, LOCAL AGENCY shall receive a proper refund or credit at the conclusion of the AGREEMENT, or if the AGREEMENT is terminated, CONSULTANT may either keep the equipment and credit LOCAL AGENCY in an amount equal to its fair market value, or sell such equipment at the best price obtainable at a public or private sale, in accordance with established LOCAL AGENCY procedures; and credit LOCAL AGENCY in an amount equal to the sales price. If CONSULTANT elects to keep the equipment, fair market value shall be determined at CONSULTANT's expense, on the basis of a competent independent appraisal of such equipment. Appraisals shall be obtained from an appraiser mutually agreeable to by LOCAL AGENCY and CONSULTANT, if it is determined to sell the equipment, the terms and conditions of such sale must be approved in advance by LOCAL AGENCY.
2. Regulation 2 CFR 200 requires a credit to Federal funds when participating equipment with a fair market value greater than five thousand dollars ($5,000) is credited to the project

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ARTICLE XII STATE PREVAILING WAGE RATES

A. No CONSULTANT or subconsultant may be awarded an AGREEMENT containing public work elements unless registered with the Department of Industrial Relations (DIR) pursuant to Labor Code §1725.5. Registration with DIR must be maintained throughout the entire term of this AGREEMENT, including any subsequent amendments.

B. The CONSULTANT shall comply with all of the applicable provisions of the California Labor Code requiring the payment of prevailing wages. The General Prevailing Wage Rate Determinations applicable to work under this AGREEMENT are available and on file with the Department of Transportation's Regional/District Labor Compliance Officer (https://dot.ca.gov/programs/construction/labor-compliance). These wage rates are made a specific part of this AGREEMENT by reference pursuant to Labor Code §1773.2 and will be applicable to work performed at a construction project site. Prevailing wages will be applicable to all inspection work performed at LOCAL AGENCY construction sites, at LOCAL AGENCY facilities and at off-site locations that are set up by the construction Contractor or one of its subcontractors solely and specifically to serve LOCAL AGENCY projects. Prevailing wage requirements do not apply to inspection work performed at the facilities of vendors and commercial materials suppliers that provide goods and services to the general public

C. General Prevailing Wage Rate Determinations applicable to this project may also be obtained from the Department of Industrial Relations website at http://www.dir.ca.gov

D. Payroll Records

1. Each CONSULTANT and subconsultant shall keep accurate certified payroll records and supporting documents as mandated by Labor Code §1776 and as defined in 8 CCR §16000 showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the CONSULTANT or subconsultant in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:
   a. The information contained in the payroll record is true and correct.
   b. The employer has complied with the requirements of Labor Code §1771, §1811, and §1815 for any work performed by his or her employees on the public works project.
2. The payroll records enumerated under paragraph (1) above shall be certified as correct by the CONSULTANT under penalty of perjury. The payroll records and all supporting documents shall be made available for inspection and copying by LOCAL AGENCY representatives at all reasonable hours at the principal office of the CONSULTANT. The CONSULTANT shall provide copies of certified payrolls or permit inspection of its records as follows:
   a. A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or the employee's authorized representative on request.
   b. A certified copy of all payroll records enumerated in paragraph (1) above, shall be made available for inspection or furnished upon request to a representative of LOCAL AGENCY, the Division of Labor Standards Enforcement and the Division of Apprenticeship Standards of the Department of Industrial Relations. Certified payrolls submitted to LOCAL AGENCY, the Division of Labor Standards Enforcement and the Division of Apprenticeship Standards shall not be altered or obliterated by the CONSULTANT.
   c. The public shall not be given access to certified payroll records by the CONSULTANT. The CONSULTANT is required to forward any requests for certified payrolls to the LOCAL AGENCY Contract Administrator by both email and regular mail on the business day following receipt of the request.
3. Each CONSULTANT shall submit a certified copy of the records enumerated in paragraph (1) above, to the entity that requested the records within ten (10) calendar days after receipt of a written request.

4. Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by LOCAL AGENCY shall be marked or obliterated in such a manner as to prevent disclosure of each individual's name, address, and social security number. The name and address of the CONSULTANT or subconsultant performing the work shall not be marked or obliterated.
5. The CONSULTANT shall inform LOCAL AGENCY of the location of the records enumerated under paragraph (1) above, including the street address, city and county, and shall, within five (5) working days, provide a notice of a change of location and address.
6. The CONSULTANT or subconsultant shall have ten (10) calendar days in which to comply subsequent to receipt of written notice requesting the records enumerated in paragraph (1) above. In the event the CONSULTANT or subconsultant fails to comply within the ten (10) day period, he or she shall, as a penalty to LOCAL AGENCY, forfeit one hundred dollars ($100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Such penalties shall be withheld by LOCAL AGENCY from payments then due. CONSULTANT is not subject to a penalty assessment pursuant to this section due to the failure of a subconsultant to comply with this section.

E. When prevailing wage rates apply, the CONSULTANT is responsible for verifying compliance with certified payroll requirements. Invoice payment will not be made until the invoice is approved by the LOCAL AGENCY Contract Administrator

F. Penalty
1. The CONSULTANT and any of its subconsultants shall comply with Labor Code §1774 and §1775. Pursuant to Labor Code §1775, the CONSULTANT and any subconsultant shall forfeit to the LOCAL AGENCY a penalty of not more than two hundred dollars ($200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of DIR for the work or craft in which the worker is employed for any public work done under the AGREEMENT by the CONSULTANT or by its subconsultant in violation of the requirements of the Labor Code and in particular, Labor Code §§1770 to 1780, inclusive.
2. The amount of this forfeiture shall be determined by the Labor Commissioner and shall be based on consideration of mistake, inadvertence, or neglect of the CONSULTANT or subconsultant in failing to pay the correct rate of prevailing wages, or the previous record of the CONSULTANT or subconsultant in meeting their respective prevailing wage obligations, or the willful failure by the CONSULTANT or subconsultant to pay the correct rates of prevailing wages. A mistake, inadvertence, or neglect in failing to pay the correct rates of prevailing wages is not excusable if the CONSULTANT or subconsultant had knowledge of the obligations under the Labor Code. The CONSULTANT is responsible for paying the appropriate rate, including any escalations that take place during the term of the AGREEMENT.
3. In addition to the penalty and pursuant to Labor Code §1775, the difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the CONSULTANT or subconsultant.
4. If a worker employed by a subconsultant on a public works project is not paid the general prevailing per diem wages by the subconsultant, the prime CONSULTANT of the project is not liable for the penalties described above unless the prime CONSULTANT had knowledge of that failure of the subconsultant to pay the specified prevailing rate of wages to those workers or unless the prime CONSULTANT fails to comply with all of the following requirements:
    a. The AGREEMENT executed between the CONSULTANT and the subconsultant for the performance of work on public works projects shall include a copy of the requirements in Labor Code §§ 1771, 1775, 1776, 1777.5, 1813, and 1815.
    b. The CONSULTANT shall monitor the payment of the specified general prevailing rate of per diem wages by the subconsultant to the employees by periodic review of the

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certified payroll records of the subconsultant.

c. Upon becoming aware of the subconsultant's failure to pay the specified prevailing rate of wages to the's workers, the CONSULTANT shall diligently take corrective action to halt or rectify the failure, including but not limited to, retaining sufficient funds due the subconsultant for work performed on the public works project

d. Prior to making final payment to the subconsultant for work performed on the public works project, the CONSULTANT shall obtain an affidavit signed under penalty of perjury from the subconsultant that the subconsultant had paid the specified general prevailing rate of per diem wages to the subconsultant's employees on the public works project and any amounts due pursuant to Labor Code §1813.

5. Pursuant to Labor Code §1775, LOCAL AGENCY shall notify the CONSULTANT on a public works project within fifteen (15) calendar days of receipt of a complaint that a subconsultant has failed to pay workers the general prevailing rate of per diem wages.
6. If LOCAL AGENCY determines that employees of a subconsultant were not paid the general prevailing rate of per diem wages and if LOCAL AGENCY did not retain sufficient money under the AGREEMENT to pay those employees the balance of wages owed under the general prevailing rate of per diem wages, the CONSULTANT shall withhold an amount of moneys due the subconsultant sufficient to pay those employees the general prevailing rate of per diem wages if requested by LOCAL AGENCY

G. Hours of Labor: Eight (8) hours labor constitutes a legal day's work. The CONSULTANT shall forfeit, as a penalty to the LOCAL AGENCY, twenty-five dollars ($25) for each worker employed in the execution of the AGREEMENT by the CONSULTANT or any of its subconsultants for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code, and in particular §§1810 to 1815 thereof, inclusive, except that work performed by employees in excess of eight (8) hours per day, and forty (40) hours during any one week, shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day and forty (40) hours in any week, at not less than one and one-half (1.5) times the basic rate of pay, as provided in §1815.

H. Employment of Apprentices

1. Where either the prime AGREEMENT or the subagreement exceeds thirty thousand dollars ($30,000), the CONSULTANT and any subconsultants under him or her shall comply with all applicable requirements of Labor Code §§ 1777.5, 1777.6 and 1777.7 in the employment of apprentices.
2. CONSULTANTs and subconsultants are required to comply with all Labor Code requirements regarding the employment of apprentices, including mandatory ratios of journey level to apprentice workers. Prior to commencement of work, CONSULTANT and subconsultants are advised to contact the DIR Division of Apprenticeship Standards website at https://www.dir.ca.gov/das/, for additional information regarding the employment of apprentices and for the specific journey-to-apprentice ratios for the AGREEMENT work. The CONSULTANT is responsible for all subconsultants' compliance with these requirements. Penalties are specified in Labor Code §1777.7

ARTICLE XIII CONFLICT OF INTEREST

A. During the term of this AGREEMENT, the CONSULTANT shall disclose any financial, business, or other relationship with LOCAL AGENCY that may have an impact upon the outcome of this AGREEMENT or any ensuing LOCAL AGENCY construction project. The CONSULTANT shall also list current clients who may have a financial interest in the outcome of this AGREEMENT or any ensuing LOCAL AGENCY construction project which will follow.

B. CONSULTANT certifies that it has disclosed to LOCAL AGENCY any actual, apparent, or potential conflicts of interest that may exist relative to the services to be provided pursuant to this AGREEMENT. CONSULTANT agrees to advise LOCAL AGENCY of any actual, apparent or potential conflicts of interest

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that may develop subsequent to the date of execution of this AGREEMENT. CONSULTANT further agrees to complete any statements of economic interest if required by either LOCAL AGENCY ordinance or State law.

C. The CONSULTANT hereby certifies that it does not now have nor shall it acquire any financial or business interest that would conflict with the performance of services under this AGREEMENT.

D. The CONSULTANT hereby certifies that the CONSULTANT or subconsultant and any firm affiliated with the CONSULTANT or subconsultant that bids on any construction contract or on any Agreement to provide construction inspection for any construction project resulting from this AGREEMENT, has established necessary controls to ensure a conflict of interest does not exist. An affiliated firm is one, which is subject to the control of the same persons, through joint ownership or otherwise.

ARTICLE XIV REBATES, KICKBACKS OR OTHER UNLAWFUL CONSIDERATION

The CONSULTANT warrants that this AGREEMENT was not obtained or secured through rebates, kickbacks or other unlawful consideration either promised or paid to any LOCAL AGENCY employee. For breach or violation of this warranty, LOCAL AGENCY shall have the right, in its discretion, to terminate this AGREEMENT without liability, to pay only for the value of the work actually performed, or to deduct from this AGREEMENT price or otherwise recover the full amount of such rebate, kickback or other unlawful consideration

ARTICLE XV PROHIBITION OF EXPENDING LOCAL AGENCY, STATE, OR FEDERAL FUNDS FOR LOBBYING

A. The CONSULTANT certifies, to the best of his or her knowledge and belief, that:

1. No State, Federal, or LOCAL AGENCY appropriated funds have been paid or will be paid, by or on behalf of the CONSULTANT, to any person for influencing or attempting to influence an officer or employee of any local, State, or Federal agency, a Member of the State Legislature or United States Congress, an officer or employee of the Legislature or Congress, or any employee of a Member of the Legislature or Congress in connection with the awarding or making of this AGREEMENT, or with the extension, continuation, renewal, amendment, or modification of this AGREEMENT.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this AGREEMENT, the CONSULTANT shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

B. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. §1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than ten thousand dollars ($10,000) and not more than one hundred thousand dollars ($100,000) for each such failure.

C. The CONSULTANT also agrees by signing this document that he or she shall require that the language of this certification be included in all lower tier subagreements, which exceed one hundred thousand dollars ($100,000), and that all such subrecipients shall certify and disclose accordingly.

ARTICLE XVI NON-DISCRIMINATION CLAUSE AND STATEMENT OF COMPLIANCE

A. The CONSULTANT’s signature affixed herein and dated shall constitute a certification under penalty of perjury under the laws of the State of California that the CONSULTANT has, unless exempt, complied with the nondiscrimination program requirements of Gov. Code §12990 and 2 CCR § 8103.

B. During the performance of this AGREEMENT, CONSULTANT and its subconsultants shall not deny the AGREEMENT’s benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they

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unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. CONSULTANT and subconsultants shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

C. CONSULTANT and subconsultants shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 et seq.), the applicable regulations promulgated there under (2 CCR §11000 et seq.), the provisions of Gov. Code §§11135-11139.5, and the regulations or standards adopted by LOCAL AGENCY to implement such article. The applicable regulations of the Fair Employment and Housing Commission implementing Gov. Code §12990 (a-f), set forth 2 CCR §§8100-8504, are incorporated into this AGREEMENT by reference and made a part hereof as if set forth in full.

D. CONSULTANT shall permit access by representatives of the Department of Fair Employment and Housing and the LOCAL AGENCY upon reasonable notice at any time during the normal business hours, but in no case less than twenty-four (24) hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or LOCAL AGENCY shall require to ascertain compliance with this clause.

E. CONSULTANT and its subconsultants shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

F. CONSULTANT shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this AGREEMENT.

G. The CONSULTANT, with regard to the work performed under this AGREEMENT, shall act in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. §2000d et seq.). Title VI provides that the recipients of federal assistance will implement and maintain a policy of nondiscrimination in which no person in the United States shall, on the basis of race, color, national origin, religion, sex, age, disability, be excluded from participation in, denied the benefits of or subject to discrimination under any program or activity by the recipients of federal assistance or their assignees and successors in interest.

H. The CONSULTANT shall comply with regulations relative to non-discrimination in federally-assisted programs of the U.S. Department of Transportation (49 CFR 21 -Effectuation of Title VI of the Civil Rights Act of 1964). Specifically, the CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by 49 CFR §21.5, including employment practices and the selection and retention of subconsultants.

I. CONSULTANT, subrecipient or subconsultant will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR 26 on the basis of race, color, sex, or national origin. In administering the LOCAL AGENCY components of the DBE Program Plan, CONSULTANT, subrecipient or subconsultant will not, directly, or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE Program Plan with respect to individuals of a particular race, color, sex, or national origin.

ARTICLE XVII DEBARMENT AND SUSPENSION CERTIFICATION

A. The CONSULTANT's signature affixed herein shall constitute a certification under penalty of perjury under the laws of the State of California, that the CONSULTANT or any person associated therewith in the capacity of owner, partner, director, officer or manager:

1. Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency;
2. Has not been suspended, debarred, voluntarily excluded, or determined ineligible by any federal agency within the past three (3) years;
3. Does not have a proposed debarment pending; and
4. Has not been indicted, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three (3) years.

B. Any exceptions to this certification must be disclosed to LOCAL AGENCY. Exceptions will not necessarily result in denial of recommendation for award, but will be considered in determining responsibility. Disclosures must indicate the party to whom the exceptions apply, the initiating agency, and the dates of agency action.

C. Exceptions to the Federal Government excluded parties (https://sam.gov/content/home) maintained by the U.S. General Services Administration are to be determined by FHWA.

ARTICLE XVIII DISADVANTAGED BUSINESS ENTERPRISES (DBE) PARTICIPATION

A. CONSULTANT, subrecipient (LOCAL AGENCY), or subconsultant shall take necessary and reasonable steps to ensure that DBEs have opportunities to participate in the contract (49 CFR 26). To ensure equal participation of DBEs provided in 49 CFR 26.5, the LOCAL AGENCY shows a contract goal for DBEs. CONSULTANT shall make work available to DBEs and select work parts consistent with available DBE subconsultants and suppliers.

CONSULTANT shall meet the DBE goal shown elsewhere in these special provisions or demonstrate that they made adequate good faith efforts to meet this goal. It is CONSULTANT's responsibility to verify at date of proposal opening that the DBE firm is certified as a DBE by using the California Unified Certification Program (CUCP) database and possesses the most specific available North American Industry Classification System (NAICS) codes or work code applicable to the type of work the firm will perform on the contract. Additionally, the CONSULTANT is responsible to document the verification record by printing out the CUCP data for each DBE firm. A list of DBEs certified by the CUCP can be found at https://dot.ca.gov/programs/civil-rights/dbe-search.

All DBE participation will count toward the California Department of Transportation's federally mandated statewide overall DBE goal. Credit for materials or supplies CONSULTANT purchases from DBEs counts towards the goal in the following manner:

- 100 percent counts if the materials or supplies are obtained from a DBE manufacturer.
- 60 percent counts if the materials or supplies are purchased from a DBE regular dealer.
- Only fees, commissions, and charges for assistance in the procurement and delivery of materials or supplies count if obtained from a DBE that is neither a manufacturer nor regular dealer. 49 CFR 26.55 defines "manufacturer" and "regular dealer."

This AGREEMENT is subject to 49 CFR 26 entitled "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs". CONSULTANTs who enter into a federally-funded agreement will assist the LOCAL AGENCY in a good faith effort to achieve California's statewide overall DBE goal.

B. The goal for DBE participation for this AGREEMENT is 22%. Participation by DBE CONSULTANT or subconsultants shall be in accordance with information contained in Exhibit 10O2: Consultant Contract DBE Commitment attached hereto and incorporated as part of the AGREEMENT. If a DBE subconsultant is unable to perform, CONSULTANT must make a good faith effort to replace him/her with another DBE subconsultant, if the goal is not otherwise met.

C. CONSULTANT can meet the DBE participation goal by either documenting commitments to DBEs to meet the AGREEMENT goal, or by documenting adequate good faith efforts to meet the AGREEMENT goal. An adequate good faith effort means that the CONSULTANT must show that it took all necessary and reasonable steps to achieve a DBE goal that, by their scope, intensity, and appropriateness to the objective, could reasonably be expected to meet the DBE goal. If CONSULTANT has not met the DBE goal, complete and submit Exhibit 15-H: DBE Information – Good Faith Efforts to document efforts to meet the goal. Refer to 49 CFR 26 for guidance regarding evaluation of good faith efforts to meet the DBE goal.

D. Contract Assurance

Under 49 CFR 26.13(b):

CONSULTANT, subrecipient or subconsultant shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. CONSULTANT shall carry out applicable requirements of 49 CFR 26 in the award and administration of federal-aid contracts.

Failure by the CONSULTANT to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate, which may include, but is not limited to:

(1) Withholding monthly progress payments;
(2) Assessing sanctions;
(3) Liquidated damages; and/or
(4) Disqualifying CONSULTANT from future proposing as non-responsible

E. Termination and Substitution of DBE subconsultants

CONSULTANT shall utilize the specific DBEs listed to perform the work and supply the materials for which each is listed unless CONSULTANT or DBE subconsultant obtains the LOCAL AGENCY's written consent. CONSULTANT shall not terminate or substitute a listed DBE for convenience and perform the work with their own forces or obtain materials from other sources without authorization from the LOCAL AGENCY. Unless the LOCAL AGENCY's consent is provided, the CONSULTANT shall not be entitled to any payment for work or material unless it is performed or supplied by the listed DBE on the Exhibit 10-02: Consultant Contract DBE Commitment form, included in the Bid.

The LOCAL AGENCY authorizes a request to use other forces or sources of materials if CONSULTANT shows any of the following justifications

1. Listed DBE fails or refuses to execute a written contract based on plans and specifications for the project.
2. The LOCAL AGENCY stipulated that a bond is a condition of executing the subcontract and the listed DBE fails to meet the LOCAL AGENCY's bond requirements.
3. Work requires a Consultant's license and listed DBE does not have a valid license under Contractors License Law
4. Listed DBE fails or refuses to perform the work or furnish the listed materials (failing or refusing to perform is not an allowable reason to remove a DBE if the failure or refusal is a result of bad faith or discrimination)
5. Listed DBE's work is unsatisfactory and not in compliance with the contract.
6. Listed DBE is ineligible to work on the project because of suspension or debarment.
7. Listed DBE becomes bankrupt or insolvent.
8. Listed DBE voluntarily withdraws with written notice from the Contract
9. Listed DBE is ineligible to receive credit for the type of work required.
10. Listed DBE owner dies or becomes disabled resulting in the inability to perform the work on the Contract.
11. The LOCAL AGENCY determines other documented good cause.

CONSULTANT shall notify the original DBE of the intent to use other forces or material sources and provide the reasons and provide the DBE with 5 days to respond to the notice and to advise CONSULTANT and the LOCAL AGENCY of the reasons why the use of other forces or sources of materials should not occur.

CONSULTANT's request to use other forces or material sources must include:

1. One or more of the reasons listed in the preceding paragraph.
2. Notices from CONSULTANT to the DBE regarding the request.
3. Notices from the DBEs to CONSULTANT regarding the request.

If a listed DBE is terminated or substituted, CONSULTANT must make good faith efforts to find another DBE to substitute for the original DBE. The substitute DBE must perform at least the same amount of work as the original DBE under the contract to the extent needed to meet or exceed the DBE goal.

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F. Commitment and Utilization

The LOCAL AGENCY's DBE program must include a monitoring and enforcement mechanism to ensure that DBE commitments reconcile to DBE utilization.

The LOCAL AGENCY shall request CONSULTANT to:

1. Notify the LOCAL AGENCY's contract administrator or designated representative of any changes to its anticipated DBE participation
2. Provide this notification before starting the affected work
3. Maintain records including:
   - Name and business address of each 1st-tier subconsultant
   - Name and business address of each DBE subconsultant, DBE vendor, and DBE trucking company, regardless of tier
   - Date of payment and total amount paid to each business (see Exhibit 9-F: Monthly Disadvantaged Business Enterprise Payment)

If CONSULTANT is a DBE CONSULTANT, they shall include the date of work performed by their own forces and the corresponding value of the work.

If a DBE is decertified before completing its work, the DBE must notify CONSULTANT in writing of the decertification date. If a business becomes a certified DBE before completing its work, the business must notify CONSULTANT in writing of the certification date. CONSULTANT shall submit the notifications to the LOCAL AGENCY. On work completion, CONSULTANT shall complete a Disadvantaged Business Enterprises (DBE) Certification Status Change, Exhibit 17-O, form and submit the form to the LOCAL AGENCY within 30 days of contract acceptance.

Upon work completion, CONSULTANT shall complete Exhibit 17-F: Final Report – Utilization of Disadvantaged Business Enterprises (DBE), First-Tier Subcontractors and submit it to the LOCAL AGENCY within 90 days of contract acceptance. The LOCAL AGENCY will withhold $10,000 until the form is submitted. The LOCAL AGENCY will release the withheld funds upon submission of the completed form.

In the LOCAL AGENCY's reports of DBE participation to Caltrans, the LOCAL AGENCY must display both commitments and attainments.

G. A DBE is only eligible to be counted toward the AGREEMENT goal if it performs a commercially useful function (CUF) on the AGREEMENT. CUF must be evaluated on an agreement by agreement basis. A DBE performs a CUF when it is responsible for execution of the work of the AGREEMENT and is carrying out its responsibilities by actually performing, managing, and supervising the work involved. To perform a CUF, the DBE must also be responsible, with respect to materials and supplies used on the AGREEMENT, for negotiating price, determining quality and quantity, ordering the material and installing (where applicable), and paying for the material itself. To determine whether a DBE is performing a CUF, evaluate the amount of work subcontracted, industry practices, whether the amount the firm is to be paid under the AGREEMENT is commensurate with the work it is actually performing, and other relevant factors.

H. A DBE does not perform a CUF if its role is limited to that of an extra participant in a transaction, AGREEMENT, or project through which funds are passed in order to obtain the appearance of DBE participation. In determining whether a DBE is such an extra participant, examine similar transactions, particularly those in which DBEs do not participate.

I. If a DBE does not perform or exercise responsibility for at least thirty percent (30%) of the total cost of its AGREEMENT with its own work force, or the DBE subcontracts a greater portion of the work of the AGREEMENT than would be expected on the basis of normal industry practice for the type of work involved, it will be presumed that it is not performing a CUF.

J. CONSULTANT shall maintain records of materials purchased or supplied from all subcontracts entered into

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with certified DBEs. The records shall show the name and business address of each DBE or vendor and the total dollar amount actually paid each DBE or vendor, regardless of tier. The records shall show the date of payment and the total dollar figure paid to all firms. DBE CONSULTANT's shall also show the date of work performed by their own forces along with the corresponding dollar value of the work.

K. If a DBE subconsultant is decertified during the life of the AGREEMENT, the decertified subconsultant shall notify CONSULTANT in writing with the date of decertification. If a subconsultant becomes a certified DBE during the life of the AGREEMENT, the subconsultant shall notify CONSULTANT in writing with the date of certification. Any changes should be reported to LOCAL AGENCY's Contract Administrator within thirty (30) calendar days.

L. After submitting an invoice for reimbursement that includes a payment to a DBE, but no later than the 10th of the following month, the prime Contractor/Consultant shall complete and email the Exhibit 9-F: Disadvantaged Business Enterprise Running Tally of Payments to business.support.unit@dot.ca.gov with a copy to the Agency.

M. Any subcontract entered into as a result of this AGREEMENT shall contain all of the provisions of this section.

ARTICLE XIX INSURANCE

Without limiting CONSULTANT's obligation to indemnify and hold harmless TOWN of LOS GATOS (TOWN) and VTA, CONSULTANT must procure and maintain for the duration of the AGREEMENT insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work by CONSULTANT, its agents, representatives, employees, or subconsultants. The cost of such insurance must be borne exclusively by CONSULTANT. In the event of any material change in the AGREEMENT Scope of Services, TOWN AND VTA reserve the right to change the insurance requirements set forth herein. CONSULTANT must furnish complete copies of all insurance policies, within three (3) business days of any request for such by TOWN or VTA.

A. Liability and Workers' Compensation Insurance

1. Minimum Scope of Coverage

Coverage must be at least as broad as:

a. General Liability coverage; Insurance Services Office "occurrence" form CG 0001. General Liability insurance written on a "claims made" basis is not acceptable. Completed Operations coverage must be continuously maintained for at least two (2) years after Final Acceptance of the Work.

b. Business Auto Coverage, Insurance Services Office form number CA 0001, covering Automobile Liability, code 1 "any auto." Auto Liability written on a "claims-made" basis is not acceptable.

c. Workers' Compensation insurance, as required by the Labor Code of the State of California, and Employer's Liability insurance.

d. Professional Liability, including limited contractual liability coverage, covering liability arising out of any negligent act, error, mistake or omission in the performance of CONSULTANT'S services under this AGREEMENT. This coverage must be continuously maintained for a minimum of two (2) years following completion of this AGREEMENT. This coverage may be written on a "claims made" basis, if so, please see special provisions in Section B.

e. CONSULTANT'S Pollution/Environmental Impairment Liability: covering liability arising out of the treatment, handling, storage, transportation, or accidental release of any hazardous material.

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2. Minimum Limits of Insurance

a. CONSULTANT must maintain limits no less than:

1. General Liability (including umbrella/excess liability): $5,000,000 limit per occurrence for bodily injury, personal injury, and property damage. If General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit must apply separately to this project/location or the general aggregate limit must be twice the required occurrence limit. This requirement may be satisfied by a combination of General Liability with Excess or Umbrella, but in no event may the General Liability primary policy limit per occurrence be less than $2,000,000, unless Umbrella/Excess policies feature inception and expiration dates concurrent with the underlying General Liability policy, “Follow Form” coverage, and a “Drop Down” provision.

2. Automobile Liability (including umbrella/excess liability): $4,000,000 limit per accident for bodily injury and property damage. This requirement may be satisfied by a combination of Auto with Excess or Umbrella, but in no event may the Automobile Liability primary policy limit per occurrence be less than $2,000,000, unless Excess policies feature inception and expiration dates concurrent with the underlying auto liability policy, “Follow Form” coverage, and a “Drop Down” provision.

3. Workers’ Compensation and Employer’s Liability: Statutory Workers’ Compensation limits and Employer’s Liability limits of $1,000,000 per accident.

   CONSULTANT is familiar with the Workers' Compensation laws of California (generally contained in Section 3700 of the Labor Code), including those provisions which provide for specific exemptions from the requirement that all employers must carry Workers' Compensation insurance, and CONSULTANT maintains they are exempted under the law from the requirement to maintain Workers' Compensation insurance coverage.

   In addition, during the term of any work for TOWN under said agreement:
   (1) CONSULTANT will not employ any person in any manner so as to become subject to the Workers' Compensation laws of California, or (2) should CONSULTANT become subject to the Workers' Compensation provisions of Section 3700 of the Labor Code for any reason, CONSULTANT shall forthwith comply with those provisions and send evidence of financial compliance to TOWN.

4. Professional Liability: $2,000,000 each occurrence/aggregate minimum limit per claim. This requirement may be satisfied by a combination of Professional Liability insurance with Excess or Umbrella policies, but in no event may the Professional Liability primary policy limit per occurrence be less than $2,000,000, unless Umbrella/Excess policies feature inception and expiration dates concurrent with the underlying policy, “Follow Form” coverage, and a “Drop Down” provision.

5. CONSULTANT’S Pollution/Environmental Impairment Liability: $3,000,000 per occurrence. This requirement may be satisfied by a combination of Pollution Liability insurance with Excess or Umbrella policies. Umbrella/Excess policies must feature inception and expiration dates concurrent with the underlying policy, “Follow Form” coverage, and a “Drop Down” provision.

b. Notwithstanding any language in this AGREEMENT to the contrary, if CONSULTANT carries insurance limits exceeding the minima stated in Section 2(a)(1)-(5) immediately above, such greater limits will apply to this AGREEMENT.

3. Self-Insured Retention

The certificate of insurance must disclose the actual amount of any deductible or self-insured retention for all coverages required herein. Any self-insured retention or deductible must be declared to and approved by TOWN and VTA. To apply for approval for a level of retention or deductible CONSULTANT must provide a current financial report including balance sheets and income

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statements for the past three years, so that TOWN and VTA can assess CONSULTANT's ability to pay claims falling within the self-insured retention or deductible. Upon review of the financial report, if deemed necessary by TOWN and VTA in their sole discretion, TOWN and VTA may elect one of the following options: to accept the existing self-insured retention or deductible; require the insurer to reduce or eliminate the self-insured retention or deductible as respects TOWN and VTA, its directors, officers, officials, employees and volunteers; or to require CONSULTANT to procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses. Applicable costs resulting therefrom will be borne solely by CONSULTANT. CONSULTANT may request execution of a nondisclosure agreement prior to submission of financial reports.

B. Reserved.

C. Claims Made Provisions

Claims-made coverage is never acceptable for General Liability or Auto Liability. Claims-made may be considered for Professional, Environmental/Pollution, or Cyber. For coverage written on a claims-made basis, it must be clearly stated on the Certificate of Insurance. In addition to all other coverage requirements, such policy must provide that:

1. The policy retroactive date must be no later than the date of this AGREEMENT.
2. If any policy is not renewed or the retroactive date of such policy is to be changed, CONSULTANT must obtain or cause to be obtained the broadest extended reporting period coverage available in the commercial insurance market. This extended reporting provision must cover at least two (2) years.
3. No prior acts exclusion may be added to the policy during the AGREEMENT period.
4. The policy allows for reporting of circumstances or incidents that might give rise to future claims.

D. Other Provisions

The policies must contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability

a. The TOWN and VTA, its directors, officers, officials, employees and volunteers are to be named as additional insureds as respects: liability arising out of activities performed by or on behalf of CONSULTANT, including TOWN'S general supervision of CONSULTANT; products and completed operations of CONSULTANT and its SUBCONSULTANTS; premises owned, occupied or used by CONSULTANT; or automobiles owned, leased, hired or borrowed by CONSULTANT. The coverage must contain no special limitations on the scope of protection afforded to TOWN and VTA, its directors, officers, officials, employees, or volunteers. Additional Insured endorsements must provide coverage at least as broad as afforded by the combination of ISO CG 20 10 10 01 and CG 20 37 10 01.

b. Any failure to comply with reporting provisions of the policies may not affect coverage provided to TOWN and VTA, its directors, officers, officials, employees, or volunteers.

c. CONSULTANT's insurance must apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

d. The General Liability General Aggregate limit must apply per project, not per policy.

2. All Coverages

a. The insurer must agree to waive all rights of subrogation against TOWN and VTA, its directors, officers, officials, employees, and volunteers for losses arising from work performed by CONSULTANT and its subconsultants for TOWN and VTA.

b. CONSULTANT's insurance coverage must be primary insurance as respects TOWN AND VTA, its directors, officers, officials, employees, and volunteers. Self-insurance or insurance that may be maintained by TOWN AND VTA, its directors, officers, officials, employees, or volunteers may

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apply only as excess to CONSULTANT's insurance. CONSULTANT's insurance must not seek contribution from TOWN or VTA's insurance programs.

c. Each insurance policy required shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced coverage or in limits except after a thirty (30) calendar days prior written notice by certified mail, return receipt required, has been given to TOWN.

d. TOWN will not be responsible for any premiums or assessments on the CONSULTANT'S policies.

e. In the event CONSULTANT employs subconsultants as part of the work covered by this AGREEMENT, it shall be the responsibility of CONSULTANT to ensure that all subconsultants are included as additional insured under the CONSULTANTS policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein and shall comply with the same insurance requirements that are stated in this AGREEMENT.

3. Other Insurance Provisions

a. For all lines of coverage, the Certificate must disclose the actual amount of the Deductible or Self-Insured Retention and shall be subject to TOWN'S approval.

b. If any coverage forms or endorsements required by this AGREEMENT are updated by their publishers, whether they be the insurance carrier(s), the Insurance Services Office, or the American Association of Insurance Services, during the duration of this AGREEMENT, TOWN AND VTA reserves the rights to require CONSULTANT to procure said coverage forms or endorsements using the updated versions upon the next renewal cycle.

c. CONSULTANT agrees that the bodily injury liability insurance herein provided for, shall be in effect at all times during the term of this AGREEMENT. In the event that said insurance coverage expires at any time or times during the term of this AGREEMENT, CONSULTANT agrees to provide at least thirty (30) calendar days prior notice to said expiration date; and a new Certificate of Insurance evidencing the insurance coverage as provided for herein, for not less than either the remainder of the term of the AGREEMENT, or for a period of not less than one (1) year. New Certificates of Insurance are subject to the approval of the TOWN. In the event CONSULTANT fails to keep in effect at all times insurance coverage as herein provided, TOWN may, in addition to any other remedies it may have, terminate the AGREEMENT upon occurrence of such event.

d. Approval of the insurance by TOWN or acceptance of the Certificate of Insurance by TOWN shall not relieve or decrease the extent to which CONSULTANT may be held responsible for payment of damages resulting from CONSULTANT'S services or operation pursuant to this AGREEMENT, nor shall it be deemed a waiver of TOWN'S rights to insurance coverage hereunder.

e. If, for any reason, CONSULTANT fails to maintain insurance coverage that is required pursuant to this AGREEMENT, the same shall be deemed a material breach of contract. TOWN, at its sole option, may terminate this AGREEMENT and obtain damages from CONSULTANT resulting from said breach.

E. Acceptability of Insurers

Insurance and bonds must be placed with insurers with an A.M. Best's rating of no less than A VII (financial strength rating of no less than A and financial size category of no less than VII), unless specific prior written approval has been granted by TOWN and VTA.

F. Certificates of Insurance

CONSULTANT must furnish TOWN with Certificates of Insurance and with original endorsements effecting coverage required. The certificates and endorsements for each insurance policy must be signed by an authorized representative of that insurer. The certificates must be issued on a standard ACORD Form. CONSULTANT must instruct their insurance broker/agent to submit all insurance certificates and

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endorsements and required notices electronically in PDF format to the TOWN. All endorsements must be attached to the ACORD certificate in a single PDF document. All insurance must be in effect for the duration of the AGREEMENT. The absence of insurance or a reduction of the stated limits shall cause all work on the project to cease. Any delays shall not increase costs to TOWN or increase the duration of the project. The TOWN reserves the right to require complete, certified copies of all required insurance policies, at any time.

The certificates must (1) identify the insurers, the types of insurance, the insurance limits, the deductibles or lack thereof, and the policy term, (2) include copies of all the actual policy endorsements required herein, and (3) in the "Certificate Holder" box include:

Town of Los Gatos
41 Miles Avenue
Los Gatos, CA 95030

Santa Clara Valley Transportation Authority ("VTA")
3331 North First Street
San Jose, CA 95134-1906

In the Description of Operations/Locations/Vehicles/Special Items Box, the TOWN and VTA property leased must appear, the list of policies scheduled as underlying on the Umbrella/Excess policy must be listed, Certificate Holder must be named as additional insured, and Waiver of Subrogation must be indicated as endorsed to all policies as stated in the AGREEMENT documents.

It is a condition precedent to granting of this AGREEMENT that all insurance certificates and endorsements be received and approved by TOWN and VTA before AGREEMENT execution. No occupancy may be taken until insurance is in full compliance. TOWN and VTA reserve the rights to require complete, certified copies of all required insurance policies, at any time.

If CONSULTANT receives notice that any of the insurance policies required by this Exhibit may be cancelled or coverage reduced for any reason whatsoever, CONSULTANT must immediately provide written notice to TOWN that such insurance policy required by this Exhibit is canceled or coverage is reduced.

G. Maintenance of Insurance

If CONSULTANT fails to maintain insurance as required herein, TOWN, at its option, may suspend the AGREEMENT until a new policy of insurance is in effect.

H. Hold Harmless

CONSULTANT hereby agrees to and shall hold TOWN and VTA, its elective and appointive boards, commissions, officers, agents, registered volunteers, and employees harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage and any other claims of any sort what so ever, including, but not limited to, any liabilities, claims, losses, or expenses in any manner caused by, arising out of, or in connection with, either directly or indirectly, the construction or installation of the work, the guarding of the work, the use of improper materials in construction of the work, or the negligent, willful, or intentional acts or omissions by CONSULTANT or CONSULTANT's subconsultants, agents, or employee operations under this AGREEMENT, whether such operations by CONSULTANT or by any of CONSULTANT's subconsultants, or by any one or more persons directly or indirectly employed by, or acting as agent for CONSULTANT or any of CONSULTANT's subconsultants during the progress of the work or at any time before its completion and final acceptance, excepting suits and actions brought by the CONSULTANT for default of this AGREEMENT or arising from the sole active negligence or willful misconduct of the TOWN. The Town Council may retain as much of the money due to the CONSULTANT as shall be reasonably necessary to protect the TOWN, until disposition has been made of such suits or claims for damages as aforesaid.

CONSULTANT agrees to and shall pay TOWN's cost of defense (or, at the sole option of the TOWN, CONSULTANT shall defend with counsel approved by the TOWN Attorney) and indemnify TOWN and its

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elective and appointive boards, commissions, officers, agents, and employees from any suits or actions at law or in equity arising out of the execution, adoption or implementation of this AGREEMENT (exclusive of any such actions brought by CONSULTANT), such indemnification to include all costs of defense, judgments, and any awards of attorneys' fees.

Should any accident or incident causing death, personal injury or property damage occur between the date CONSULTANT is notified that its General Liability and/or Workers Compensation Insurance is canceled and the effective date of such cancellation, CONSULTANT's obligation to indemnify, defend and save harmless the TOWN, as provided for hereinabove, shall in no manner be affected by the fact that the TOWN had not received the notice of cancellation prior to the date of such accident or incident.

ARTICLE XX FUNDING REQUIREMENTS

A. It is mutually understood between the parties that this AGREEMENT may have been written before ascertaining the availability of funds or appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays that would occur if the AGREEMENT were executed after that determination was made.
B. This AGREEMENT is valid and enforceable only if sufficient funds are made available to LOCAL AGENCY for the purpose of this AGREEMENT. In addition, this AGREEMENT is subject to any additional restrictions, limitations, conditions, or any statute enacted by the Congress, State Legislature, or LOCAL AGENCY governing board that may affect the provisions, terms, or funding of this AGREEMENT in any manner.
C. It is mutually agreed that if sufficient funds are not appropriated, this AGREEMENT may be amended to reflect any reduction in funds.
D. LOCAL AGENCY has the option to terminate the AGREEMENT pursuant to Article VI Termination, or by mutual agreement to amend the AGREEMENT to reflect any reduction of funds.

ARTICLE XXI CHANGE IN TERMS

A. This AGREEMENT may be amended or modified only by mutual written agreement of the parties.
B. CONSULTANT shall only commence work covered by an amendment after the amendment is executed and notification to proceed has been provided by LOCAL AGENCY's Contract Administrator.
C. There shall be no change in CONSULTANT's Project Manager or members of the project team, as listed in the approved Cost Proposal, which is a part of this AGREEMENT without prior written approval by LOCAL AGENCY's Contract Administrator.

ARTICLE XXII CONTINGENT FEE

CONSULTANT warrants, by execution of this AGREEMENT that no person or selling agency has been employed, or retained, to solicit or secure this AGREEMENT upon an agreement or understanding, for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees, or bona fide established commercial or selling agencies maintained by CONSULTANT for the purpose of securing business. For breach or violation of this warranty, LOCAL AGENCY has the right to annul this AGREEMENT without liability; pay only for the value of the work actually performed, or in its discretion to deduct from the AGREEMENT price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

ARTICLE XXIII DISPUTES

Prior to either party commencing any legal action under this AGREEMENT, the parties agree to try in good faith, to settle any dispute amicably between them. If a dispute has not been settled after forty-five (45) days of good-faith negotiations and as may be otherwise provided herein, then either party may commence legal action against the other.

A. Any dispute, other than audit, concerning a question of fact arising under this AGREEMENT that is not disposed of by agreement shall be decided by a committee consisting of LOCAL AGENCY's Contract Administrator and Park and Public Works Director who may consider written or verbal information submitted by CONSULTANT.
B. Not later than thirty (30) calendar days after completion of all work under the AGREEMENT, CONSULTANT

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may request review by LOCAL AGENCY Governing Board of unresolved claims or disputes, other than audit. The request for review will be submitted in writing.

C. Neither the pendency of a dispute, nor its consideration by the committee will excuse CONSULTANT from full and timely performance in accordance with the terms of this AGREEMENT.

ARTICLE XXIV INSPECTION OF WORK

CONSULTANT and any subconsultant shall permit LOCAL AGENCY, the State, and the FHWA if federal participating funds are used in this AGREEMENT; to review and inspect the project activities and files at all reasonable times during the performance period of this AGREEMENT.

ARTICLE XXV SAFETY

A. CONSULTANT shall comply with OSHA regulations applicable to CONSULTANT regarding necessary safety equipment or procedures. CONSULTANT shall comply with safety instructions issued by LOCAL AGENCY Safety Officer and other LOCAL AGENCY representatives. CONSULTANT personnel shall wear hard hats and safety vests at all times while working on the construction project site.

B. Pursuant to the authority contained in Vehicle Code §591, LOCAL AGENCY has determined that such areas are within the limits of the project and are open to public traffic. CONSULTANT shall comply with all of the requirements set forth in Divisions 11, 12, 13, 14, and 15 of the Vehicle Code. CONSULTANT shall take all reasonably necessary precautions for safe operation of its vehicles and the protection of the traveling public from injury and damage from such vehicles.

C. Any subcontract entered into as a result of this contract, shall contain all of the provisions of this Article.

D. CONSULTANT must have a Division of Occupational Safety and Health (CAL-OSHA) permit(s), as outlined in Labor Code §6500 and §6705, prior to the initiation of any practices, work, method, operation, or process related to the construction or excavation of trenches which are five (5) feet or deeper.

ARTICLE XXVI OWNERSHIP OF DATA

A. It is mutually agreed that all materials prepared by CONSULTANT under this AGREEMENT shall become the property of City, and CONSULTANT shall have no property right therein whatsoever. Immediately upon termination, City shall be entitled to, and CONSULTANT shall deliver to City, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not, and other such materials as may have been prepared or accumulated to date by CONSULTANT in performing this AGREEMENT which is not CONSULTANT's privileged information, as defined by law, or CONSULTANT's personnel information, along with all other property belonging exclusively to City which is in CONSULTANT's possession. Publication of the information derived from work performed or data obtained in connection with services rendered under this AGREEMENT must be approved in writing by City.

B. Additionally, it is agreed that the Parties intend this to be an AGREEMENT for services and each considers the products and results of the services to be rendered by CONSULTANT hereunder to be work made for hire. CONSULTANT acknowledges and agrees that the work (and all rights therein, including, without limitation, copyright) belongs to and shall be the sole and exclusive property of City without restriction or limitation upon its use or dissemination by City.

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C. Nothing herein shall constitute or be construed to be any representation by CONSULTANT that the work product is suitable in any way for any other project except the one detailed in this Contract. Any reuse by City for another project or project location shall be at City's sole risk.

D. Applicable patent rights provisions regarding rights to inventions shall be included in the contracts as appropriate (48 CFR 27 Subpart 27.3 -Patent Rights under Government Contracts for federal-aid contracts).

E. LOCAL AGENCY may permit copyrighting reports or other agreement products. If copyrights are permitted; the AGREEMENT shall provide that the FHWA shall have the royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use; and to authorize others to use, the work for government purposes.

ARTICLE XXVII CLAIMS FILED BY LOCAL AGENCY's CONSTRUCTION CONTRACTOR

A. If claims are filed by LOCAL AGENCY's construction Contractor relating to work performed by CONSULTANT's personnel, and additional information or assistance from CONSULTANT's personnel is required in order to evaluate or defend against such claims; CONSULTANT agrees to make its personnel available for consultation with LOCAL AGENCY'S construction contract administration and legal staff and for testimony, if necessary, at depositions and at trial or arbitration proceedings.

B. CONSULTANT's personnel that LOCAL AGENCY considers essential to assist in defending against construction Contractor claims will be made available on reasonable notice from LOCAL AGENCY. Consultation or testimony will be reimbursed at the same rates, including travel costs that are being paid for CONSULTANT's personnel services under this AGREEMENT.

C. Services of CONSULTANT's personnel in connection with LOCAL AGENCY's construction Contractor claims will be performed pursuant to a written contract amendment, if necessary, extending the termination date of this AGREEMENT in order to resolve the construction claims.

ARTICLE XXVIII CONFIDENTIALITY OF DATA

A. All financial, statistical, personal, technical, or other data and information relative to LOCAL AGENCY's operations, which are designated confidential by LOCAL AGENCY and made available to CONSULTANT in order to carry out this AGREEMENT, shall be protected by CONSULTANT from unauthorized use and disclosure.

B. Permission to disclose information on one occasion, or public hearing held by LOCAL AGENCY relating to the AGREEMENT, shall not authorize CONSULTANT to further disclose such information, or disseminate the same on any other occasion.

C. CONSULTANT shall not comment publicly to the press or any other media regarding the AGREEMENT or LOCAL AGENCY's actions on the same, except to LOCAL AGENCY's staff, CONSULTANT's own personnel involved in the performance of this AGREEMENT, at public hearings, or in response to questions from a Legislative committee.

D. CONSULTANT shall not issue any news release or public relations item of any nature, whatsoever, regarding work performed or to be performed under this AGREEMENT without prior review of the contents thereof by LOCAL AGENCY, and receipt of LOCAL AGENCY'S written permission.

E. Any subcontract entered into as a result of this contract shall contain all of the provisions of this Article.

ARTICLE XXIX NATIONAL LABOR RELATIONS BOARD CERTIFICATION

In accordance with Public Contract Code §10296, CONSULTANT hereby states under penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against

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CONSULTANT within the immediately preceding two-year period, because of CONSULTANT's failure to comply with an order of a federal court that orders CONSULTANT to comply with an order of the National Labor Relations Board.

ARTICLE XXX EVALUATION OF CONSULTANT

CONSULTANT's performance will be evaluated by LOCAL AGENCY. A copy of the evaluation will be sent to CONSULTANT for comments. The evaluation together with the comments shall be retained as part of the AGREEMENT record.

ARTICLE XXXI PROMPT PAYMENT FROM THE LOCAL AGENCY TO CONSULTANT

The LOCAL AGENCY shall make any progress payment within 30 days after receipt of an undisputed and properly submitted payment request from CONSULTANT on a professional service contract. If the LOCAL AGENCY fails to pay promptly, the LOCAL AGENCY shall pay interest to the Contractor, which accrues at the rate of 10 percent per annum on the principal amount of a money judgment remaining unsatisfied. Upon receipt of a payment request, the LOCAL AGENCY shall act in accordance with both of the following:

(1) Each payment request shall be reviewed by the LOCAL AGENCY as soon as practicable after receipt for the purpose of determining that the payment request is a proper payment request.

(2) Any payment request determined not to be a proper payment request suitable for payment shall be returned to CONSULTANT as soon as practicable, but not later than seven (7) days, after receipt. A request returned pursuant to this paragraph shall be accompanied by a document setting forth in writing the reasons why the payment request is not proper.

ARTICLE XXXII TITLE VI ASSURANCES

APPENDICES A - E of the TITLE VI ASSURANCES

APPENDIX A

During the performance of this Agreement, the Contractor, for itself, its assignees and successors in interest (hereinafter collectively referred to as CONSULTANT) agrees as follows:

a. Compliance with Regulations: CONSULTANT shall comply with the regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation, Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the REGULATIONS), which are herein incorporated by reference and made a part of this agreement.

b. Nondiscrimination: CONSULTANT, with regard to the work performed by it during the AGREEMENT, shall not discriminate on the grounds of race, color, sex, national origin, religion, age, or disability in the selection and retention of sub-applicants, including procurements of materials and leases of equipment. CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the agreement covers a program set forth in Appendix B of the Regulations.

c. Solicitations for Sub-agreements, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by CONSULTANT for work to be performed under a Sub-agreement, including procurements of materials or leases of equipment, each potential sub-applicant or supplier shall be notified by CONSULTANT of the CONSULTANT'S obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.

d. Information and Reports: CONSULTANT shall provide all information and reports required by the Regulations, or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the recipient or FHWA to be pertinent to ascertain compliance with such Regulations or directives. Where any information required of CONSULTANT is in the exclusive possession of another who fails or refuses to furnish this information, CONSULTANT shall so certify to the recipient or FHWA as appropriate, and shall set forth what efforts CONSULTANT has made to obtain the information.

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e. Sanctions for Noncompliance: In the event of CONSULTANT's noncompliance with the nondiscrimination provisions of this agreement, the recipient shall impose such agreement sanctions as it or the FHWA may determine to be appropriate, including, but not limited to:

i. withholding of payments to CONSULTANT under the Agreement within a reasonable period of time, not to exceed 90 days; and/or

ii. cancellation, termination or suspension of the Agreement, in whole or in part.

f. Incorporation of Provisions: CONSULTANT shall include the provisions of paragraphs (1) through (6) in every sub-agreement, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto.

CONSULTANT shall take such action with respect to any sub-agreement or procurement as the recipient or FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance, provided, however, that, in the event CONSULTANT becomes involved in, or is threatened with, litigation with a sub-applicant or supplier as a result of such direction, CONSULTANT may request the recipient enter into such litigation to protect the interests of the State, and, in addition, CONSULTANT may request the United States to enter into such litigation to protect the interests of the United States.

APPENDIX B CLAUSES FOR DEEDS TRANSFERRING UNITED STATES PROPERTY

The following clauses will be included in deeds effecting or recording the transfer of real property, structures, or improvements thereon, or granting interest therein from the United States pursuant to the provisions of Assurance 4:

NOW THEREFORE, the U.S. Department of Transportation as authorized by law and upon the condition that the recipient will accept title to the lands and maintain the project constructed thereon in accordance with Title 23 U.S.C., the regulations for the administration of the preceding statute, and the policies and procedures prescribed by the FHWA of the U.S. Department of Transportation in accordance and in compliance with all requirements imposed by Title 49, Code of Federal Regulations,
U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation pertaining to and effectuating the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252; 42 U.S.C. § 2000d to 2000d-4), does hereby remise, release, quitclaim and convey unto the recipient all the right, title and interest of the U.S. Department of Transportation in and to said lands described in Exhibit A attached hereto and made a part hereof.

(HABENDUM CLAUSE)

TO HAVE AND TO HOLD said lands and interests therein unto the recipient and its successors forever, subject, however, to the covenants, conditions, restrictions and reservations herein contained as follows, which will remain in effect for the period during which the real property or structures are used for a purpose for which Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits and will be binding on the recipient, its successors and assigns. The recipient, in consideration of the conveyance of said lands and interest in lands, does hereby covenant and agree as a covenant running with the land for itself, its successors and assigns, that (1) no person will on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination with regard to any facility located wholly or in part on, over, or under such lands hereby conveyed [,] [and]* (2) that the recipient will use the lands and interests in lands and interest in lands so conveyed, in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations and Acts may be amended [, and (3) that in the event of breach of any of the above mentioned non-discrimination conditions, the Department will have a right to enter or re-enter said lands and facilities on said lands, and that above described land and facilities will thereon revert to and vest in and become the absolute property of the U.S. Department of Transportation and its assigns as such interest existed prior to this instruction].*
(*Reverter clause and related language to be used only when it is determined that such a clause is necessary in order to make clear the purpose of Title VI.)

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APPENDIX C

CLAUSES FOR TRANSFER OF REAL PROPERTY ACQUIRED OR IMPROVED UNDER THE ACTIVITY, FACILITY, OR PROGRAM

The following clauses will be included in deeds, licenses, leases, permits, or similar instruments entered into by the recipient pursuant to the provisions of Assurance 7(a):

A. The (grantee, lessee, permittee, etc. as appropriate) for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree [in the case of deeds and leases add “as a covenant running with the land”] that:

1. In the event facilities are constructed, maintained, or otherwise operated on the property described in this (deed, license, lease, permit, etc.) for a purpose for which a U.S. Department of Transportation activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) will maintain and operate such facilities and services in compliance with all requirements imposed by the Acts and Regulations(as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

B. With respect to licenses, leases, permits, etc., in the event of breach of any of the above Nondiscrimination covenants, the recipient will have the right to terminate the (lease, license, permit, etc.) and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the (lease, license, permit, etc.) had never been made or issued.*

C. With respect to a deed, in the event of breach of any of the above Non-discrimination covenants, the recipient will have the right to enter or re-enter the lands and facilities thereon, and the above described lands and facilities will there upon revert to and vest in and become the absolute property of the recipient and its assigns.*

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

APPENDIX D

CLAUSES FOR CONSTRUCTION/USE/ACCESS TO REAL PROPERTY ACQUIRED UNDER THEACTIVITY, FACILITY OR PROGRAM

The following clauses will be included in deeds, licenses, permits, or similar instruments/agreements entered into by the recipient pursuant to the provisions of Assurance 7(b):

A. The (grantee, licensee, permittee, etc., as appropriate) for himself/herself, his/her heirs, personal representatives, successors in interest ,and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add, “as a covenant running with the land”) that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishings of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits or, or otherwise be subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) will use the premises in compliance with all other requirements imposed by or pursuant to the Acts and Regulations, as amended, set forth in this Assurance.

B. With respect to (licenses, leases, permits, etc.) in the event of breach of any of the above of the above

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Non-discrimination covenants, the recipient will have the right to terminate the (license, permits, etc., as appropriate) and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, permit, etc., as appropriate) had never been made or issued.*

C. With respect to deeds, in the event of breach of any of the above Non-discrimination covenants, the recipient will there upon revert to and vest in and become the absolute property of the recipient and its assigns.

APPENDIX E

During the performance of this contract, the CONSULTANT, for itself, its assignees, and successors in interest (hereinafter referred to as the "CONSULTANT") agrees to comply with the following nondiscrimination statutes and authorities, including, but not limited to:

Pertinent Non-Discrimination Authorities:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), prohibits discrimination on the basis of sex;
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CR Part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 U.S.C. § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and Contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act, which prohibit discrimination of the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations 49 C.F.R. parts 37 and 38;
- The Federal Aviation Administration's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of Limited English Proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C.1681 et seq).

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ARTICLE XXXIII NOTIFICATION

All notices hereunder and communications regarding interpretation of the terms of this AGREEMENT and changes thereto, shall be effected by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

CONSULTANT:

Zoon Engineering, Inc

ATTN: Nabil Hissen, P.E., Principal In Charge

3960 Adeline Street #3, Emeryville, CA 94608

LOCAL AGENCY:

Town of Los Gatos – Parks and Public Works Department

ATTN: Nicolle Burnham, Parks and Public Works Director

41 Miles Avenue, Los Gatos, CA 95030

ARTICLE XXXIV CONTRACT

The two parties to this AGREEMENT, who are the before named CONSULTANT and the before named LOCAL AGENCY, hereby agree that this AGREEMENT constitutes the entire AGREEMENT which is made and concluded in duplicate between the two parties. Both of these parties for and in consideration of the payments to be made, conditions mentioned, and work to be performed; each agree to diligently perform in accordance with the terms and conditions of this AGREEMENT as evidenced by the signatures below.

ARTICLE XXXV SIGNATURES

Recommended by Department Head:

DocuSigned by:
Nicolle Burnham
0E97831349644C3...

IN WITNESS WHEREOF, THE LOCAL AGENCY AND CONSULTANT HAVE EXECUTED THIS AGREEMENT.

TOWN OF LOS GATOS by:

DocuSigned by:
Laurel Prevetti
853FEEA2ED39470...

Laurel Prevetti, Town Manager

CONSULTANT by :

DocuSigned by:
Nabil Hissen
E25066C4BC78465...

Nabil Hissen, CEO

Approved as to Form:

DocuSigned by:
Gabrielle Whelan
EFD6738A5534428...

Gabrielle Whelan, Town Attorney

Attest:

DocuSigned by:
Wendy Wood
BF6EBCBE2C214F8...

Wendy Wood, Town Clerk

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EXHIBIT A – SCOPE OF SERVICES

The scope of services consist of the professional construction management, inspection, and materials testing services necessary for the construction of the Los Gatos Creek Trail to Highway 9 Trailhead Connector Project.

The intent of this scope of work is to set forth the requirements and responsibilities of the Consultant to assure the quality and satisfactory completion of the construction project improvements in accordance with the approved construction documents and funding agreements. The scope of services requested is broad and as such not every required individual work item or deliverable has been specifically identified, however, the delivered scope of services is to be inclusive of all items of work necessary to successfully manage, guide, inspect, test, coordinate, and document the project through construction completion and project close out within the framework required for the Town to obtain reimbursement of federal and other grant funds allocated to the project. The Consultant is expected to furnish all manpower, equipment, and incidentals as required to complete the requested scope of services as generally described below for the project. The Consultant CM/RE will work closely with and report to the Town's Project Manager. A construction contract time of 270 working days has been allocated for the project construction. The scope of services herein is to be delivered in coordination with the construction contract activities as necessary to allow for the construction completion and all follow up reporting requirements.

TASK 1. CONSTRUCTION MANAGEMENT AND COORDINATION

The Consultant shall provide all the necessary project management, administration, and coordination with the Town, Caltrans, and other internal/external stakeholders to achieve the project's objectives and successful project construction completion. The Consultant shall proactively provide direction to the Town regarding the project tasks necessary to deliver the federally and locally grant funded project consistent with Caltrans permitting requirements, federal reimbursement requirements, and funding agreement requirements. The Consultant shall be responsible for project management activities throughout the life of the contract.

The Consultant will serve as the Town's full time Construction Manager/Resident Engineer (CM/RE) and on-site representative and will be responsible for providing and managing a complete construction management team to complete tasks and activities as outlined in these Requested Scope of Services.

Consultant shall provide a CM/RE who is dedicated to the project through project close out to serve as the Town's resident engineer and project team leader. The CM/RE shall be a licensed Professional Civil Engineer Registered in the State of California. Consultant shall also provide the services of a Professional Structural Engineer Registered in the State of California for assistance on the submittal reviews and inspections of retaining walls and bridge structures, and as otherwise needed.

In general, CM/RE shall have the following duties:

1.1. CONSTRUCTION MANAGEMENT PLAN - The Consultant CM/RE shall develop a project specific Construction Management Plan (CMP) for the Town's approval. The plan shall identify the project team members and indicate the standards and level of effort anticipated to be adhered to during all phases of the project by the CM/RE, additional inspector(s), and materials testing personnel and laboratories, and other

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project team members, including the Contractor's Project Manager, Superintendent and the Town's Project Manager. The plan shall describe important project milestone deliverables and timing and shall be based on the activities presented in Chapters 16 Administer Construction Contracts and 17 Project Completion of the LAPM and other documents listed below. At a minimum, the plan shall include the sections listed below:

i. Project Team Organization
ii. Meetings
iii. Communications Management
iv. Documentation Control/Filing
v. Preparation of Management Reports
vi. Clarifications and Contract Interpretations of Specifications
vii. Materials Submittals/Shop Drawings
viii. Design Modifications
ix. Change Orders
x. Schedule Management
xi. Budget Management
xii. Claims Management
xiii. Progress Pay Estimate Preparation
xiv. Inspection and Inspection Reporting
xv. Materials Testing and Testing Documentation
xvi. Defective Work Correction
xvii. Special Inspections/Testing
xviii. Special Certifications
xix. Traffic Control
xx. Record Drawings
xxi. Permit and Regulatory Agency Compliance
xxii. Handling of Hazardous Soil/Substances
xxiii. Environmental Commitments Record Compliance
xxiv. Complaint and Community Relations Procedures
xxv. Job Site Safety
xxvi. Photo/Video Documentation
xxvii. Certified Payroll Review
xxviii. DBE Monitoring
xxix. Federal Trainee Program
xxx. Labor Compliance Monitoring
xxxi. Training - Contractor, Town Staff, Others
xxxii. Other Tasks

All activities in the CPM shall be performed in accordance with the following documents:

- Approved Project Documents and Plans
- Regulatory Agency Permits
- Caltrans Local Assistance Procedures Manual (LAPM) for RE expectations
- Caltrans Standard Plans 2018
- Caltrans Standard Specifications 2018
- Caltrans Construction Manual
- Caltrans Construction Records and Procedures Manual
- Caltrans Standard Test Methods
- Caltrans Surveying Manual

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- Caltrans Manual of Traffic Control for Construction and Maintenance Work Zones
- Caltrans Independent Assurance Manual
- Town of Los Gatos Quality Assurance Program

1.2. PROJECT BACKGROUND AND PRE-PROJECT ACTIVITIES – Complete a full review of the contract documents and project area. Review and understand the Mitigation Monitoring & Reporting Program (MMRP) and the Environmental Commitments Record (ECR) and mitigation measures. Raise any questions or inconsistencies to the Town prior to construction. Conduct constructability review of plans and specifications. Identify potential construction challenges and identify and implement proactive mitigation measures. Document preconstruction conditions via videotaping and photo documentation and maintain photographic records during the project construction. Prepare LAPM Chapter 16 forms for use during construction.

1.3. PROJECT DOCUMENTATION AND FILING SYSTEM - Set up and use a project filing system and information tracking system consistent with the LAPM Chapter 16 - Organization of Project Records, or the Caltrans Construction Manual Section 5-102: Organization of Project Documents. Provide continual Town access to project files. Record keeping and project documentation shall be consistent with the Caltrans Construction Manual and LAPM. Prepare and maintain all files in an audit-ready state. At the end of construction, all project files in project filing system to be submitted to the Town in hardcopy and electronic format.

1.4. MATERIALS TESTING, QUALITY CONTROL, QUALITY ASSURANCE and INDEPENDENT ASSURANCE PROGRAMS - Review and approve the Contractor's Quality Control (QC) Program for compliance with project specifications. Implement the Quality Assurance Program (QAP) and Independent Assurance Program (IAP). Coordinate, manage, schedule, and assure performance of all required materials testing and quality assurance testing per the Contractor's QC program, Caltrans requirements and Town's QAP. The Consultant shall use the Town's QAP and the Caltrans Construction Manual to identify and prepare a listing of the required project specific materials testing and inspections. The listing shall be provided to the Town prior at the beginning of the project and shall be updated as necessary during construction. CM/RE shall ensure that all field personnel who perform tests are certified to conduct the required test and all materials testing meets Caltrans and permitting requirements. Identify, schedule and coordinate any required source inspections for the project. Verify and document the IAP is being executed appropriately, obtain certifications of all sampling and testing personnel, qualifications of all laboratories, and verify all equipment calibrations.

1.5. MATERIALS SUBMITTALS - Review the materials submittals list contained in the contract documents and the Notice of Materials to be Used from the Contractor. Determine if additional submittals will be required. Prepare a comprehensive listing of any additional submittals to be required from the Contractor, including but not limited to, shop drawings, traffic control plans, product data, and product samples. Receive, track, review, process, and document all submittals and provide responses as outlined in the CMP. Ensure materials to be used on the project are in compliance with the construction contract documents and Caltrans requirements. Provide timely responses to the Contractor's submittals. Identify and track acquisition of long-lead time materials and equipment, and work with contractor for early purchasing where necessary. Ensure the "Buy America" provisions of the Construction Contract are being met. Consultant shall also provide the services of a Professional Structural Engineer Registered in the State of California for assistance on the submittal reviews and inspections of retaining walls and bridge structures, and as otherwise needed.

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1.6. PROJECT TEAM MANAGEMENT - Provide day-to-day ongoing management and administration of the project team, including inspection and testing services to assure compliance with items of work required by the contract documents and grant funding agreements. Provide technical oversight, instruct, and advise Town staff and project team regarding construction guidelines, standards, policies, and procedures. Manage coordination between Town, Contractor, Stakeholders, and Caltrans' representatives.

1.7. UTILITY RELOCATION - Assist in the coordination between utility company and the Contractor for required utility relocation. Coordinate with resource agencies, as needed, to obtain and demonstrate compliance with regulatory permits and regulations.

1.8. MEETINGS - Conduct and coordinate all project team meetings.

i. In coordination with the Town's Project Manager, schedule and lead the pre-construction meeting with the Contractor, Subcontractors, regulatory agencies, grant agencies, and utility company representatives.
ii. Periodic meetings shall include daily discussions between the construction manager or designated representative and the contractor; weekly contractor meetings; weekly meetings between the construction manager and the Town; and meetings scheduled as needed with regulatory agencies, utilities, design Consultant, other groups, or agencies.
iii. Schedule, organize, lead, and provide follow up for regularly weekly scheduled construction progress meetings with Town staff, Contractor and Subcontractor and representatives as necessary.
iv. Prepare and distribute agendas, detailed meeting minutes, and action logs for all weekly meetings. Include summaries of work that is currently being performed, work that is behind schedule, unresolved deficiencies and defective work, outstanding change orders and status of any claims.

1.9. SCHEDULE - Review and monitor the Contractor's construction schedule throughout the construction process. Identify and monitor milestones, dates for decisions required from the Town, deliverables to be furnished, and testing to be scheduled/completed. Review schedule weekly with the Contractor and project team. Discuss two-week look ahead schedules at each weekly meeting.

i. Work with the contractor to maintain the original project schedule.
ii. Show current conditions and suggest revisions that may be required.
iii. Evaluate schedule modifications, necessary schedule revisions, and monitor progress.
iv. Enforce project requirements for Contractor's submittal of formal schedule updates.
v. Track delays or accelerations based on actual contractor operations as defined in the CMP.

1.10. PROJECT BUDGET/COST CONTROL/MONTHLY PROGRESS PAYMENTS - Review, monitor and manage the construction contract budget and Consultant services budget. Implement necessary procedures for an effective system of cost control to track progress payments, contract change orders, claims, and extra work requests. Prepare quantities and estimates for monthly progress payments, for both the Contractor and Consultant services, and recommend approval to the Town. Maintain cost accounting records (progress payments, contract change orders status, etc.) in accordance with the Caltrans Construction Manual and LAPM. The calculations of quantities and all other documentation shall be in forms approved by Caltrans and the Town.

i. Provide and manage consultant services within contract amounts identified as "not to exceed".

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ii. Provide the Town with monthly updates regarding costs to date, percent complete, and estimated cost at completion for construction contract and consultant services contract.
iii. Evaluate budget impacts for all proposed contract change orders and make recommendations to Town.
iv. Provide required reporting regarding project budget.
v. Monitor budget compliance throughout the contract process.
vi. Prepare cost estimates to verify change order claims.

1.11. PUBLIC COORDINATION AND OUTREACH

i. Field public inquiries, correspondence, and complaints regarding the project. Track and follow up on public correspondence and complaints. All project complaints are to be documented, tracked, and discussed at the weekly project meetings until resolution. Summary reports shall be provided to the Town on a monthly basis.
ii. Monitor and enforce the Contractor's requirements for community notification and outreach.
iii. Provide the Town with timely project updates for posting on the Town's project web-page and other social media posts.

1.12. PROJECT CLOSE-OUT – Administer and manage the project closeout process. The project completion activities shall follow Caltrans Construction Manual/LAPM and will include, but not be limited to, the following:

i. Schedule a walk through with the Town and other agency representatives and coordinate preparation of a "punch list" of incomplete or unsatisfactory items and submit the list to the contractor.
ii. Finalize bid items, claims, change orders, punch list items, and submittal corrections.
iii. Oversee completion of record drawings.
iv. Verify all operating and/or regulatory agency permits are obtained, and inspections are complied with and completed. Verify acceptance and approval of the project by all regulatory and permitting agencies having jurisdiction over the project.
v. Once all work is complete, deliver a statement to the Town indicating that the project has been completed in accordance with the project conditions of approval, project improvement plans, and the construction contract documents and recommend the Town accept the Project.
vi. Prepare Notice of Completion
vii. Provide the Town and State Representative with a post construction "Certificate of Compliance with Americans with Disabilities Act (ADA)" (TR-0405) stamped and signed by the Consultant CM/RE California Licensed Professional Engineer per requirements in the Encroachment Permit issued for the project.
viii. Prepare the required Caltrans project closeout documentation and final reports.
ix. Finalize all project documentation and turn over all project electronic (and paper if applicable) files, photos, and reports in a neat and organized manner for Town archival purposes. Submit to the Town, the following close out items.
    1. All files, records, maps, and plans maintained during construction.
    2. All approved shop drawings, submittals, and manufacturer's literature maintained during the construction project.
    3. One complete set of annotated project progress photographs, bound chronologically, and videotapes taken before and during construction.
    4. One set of red-line drawings of field changes in neat red pencil

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maintained by the Consultant.

5. The original set of all permits, inspection reports, summaries, testing documents, meeting minutes, clarifications, schedules, correspondence, and other documents related to the construction work as it was being installed.
6. A revised CAD drafted set of plans with all changes and/or substitutions incorporated accurately and completely and a recommendation the Town to accept the plan set as its Record Drawings.
7. Prepare final project reporting satisfying requirements of grant funding agencies.
8. Final DBE Utilization Report.
9. Final Expenditures Report.

DELIVERABLES:

- Construction Management Plan,
- Construction Meeting Agendas and Meeting Minutes,
- List of materials to be tested,
- Constructability review,
- One complete set of annotated project progress photographs, bound chronologically, and videotapes taken before and during construction,
- All Project Construction Records – organized in tabulated binders and electronically available in the cloud with download rights for at least 6 months after the contract close out, including:
  - Required project close-out reports and certifications, signed and stamped by the CM/RE, as required,
  - One set of red-line record drawings documenting any changes and/or substitutions that have been reviewed for accuracy and completeness,
  - A revised CAD drafted set of plans with all changes and/or substitutions incorporated accurately and completely and a recommendation the Town to accept the plan set as its Record Drawings,
  - Final project reporting satisfying requirements of grant funding agencies,
  - Certificate of Compliance with Americans with Disabilities Act,
  - Final DBE Utilization Report, and
  - Final Expenditures Report.

TASK 2. CONSTRUCTION INSPECTION

Services will include interpretation of and enforcement of Contractor's conformance to the project plans, specifications, contract documents, grant funding agreements, and regulatory permits. CM/RE will assess the acceptability of the Contractor's work by visual observation, photo, and video documentation. When necessary, issue Notices of Non-Compliance and/or take other action to ensure correction of deficiencies. If safety violations are observed, take appropriate action to ensure correction. Manage requests for clarification, coordinate work with the design engineer as required, and manage the project changes (including change order preparation and coordination), evaluate contractor's claims, and prepare progress pay estimates. Perform resident engineering and inspection duties including performing inspections, preparing daily observation reports, reviewing and documenting extra work reports, preparing weekly statement of working days to track project time, measure and track progress of work, coordinate construction quality control sampling and testing, confirm general conformance with project plans, specifications, contract and labor codes, permits and agreements, and all associated documentation and record keeping. Services are anticipated to be required for night/weekend

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work and includes night/weekend work construction inspection.

Consultant shall provide sufficient inspectors with appropriate certifications and qualifications to adequately inspect all Contractors' construction work. Provide field inspection of Contractor's construction work on a daily basis. Review all construction activities and provide for inspection of all tests required to be performed by the Contractor or referenced in the Contract Documents. Monitor the Contractor's performance from the perspective of quality, cost, and schedule, and enforce the requirements of applicable specifications. Inspection reports and diaries of Contractor's construction activities shall be completed daily and be available to the Town at any time. Compare notes with the Contractor's representative at the end of each day to confirm work that was accomplished, and quantities placed.

All construction management, inspection, and related activities shall be completed as described in the Construction Management Plan (CMP) prepared by the Consultant and approved by the Town, including, but not limited to the following tasks:

2.1 FIELD INSPECTIONS – Shall include, but not be limited to, the following activities:

i. Perform field inspection of all improvements indicated on the plans and specifications.
ii. Report issues requiring City resolution immediately upon discovery. Notify the Town of any errors or omissions that are found on the plans or specifications during construction immediately after such errors are discovered. Properly inform the Town of field issues that may have cost or schedule impacts within a timely manner.
iii. Secure the Town's approval prior to authorizing extra work. Prepare time impact analysis for any changes in working days related to changed conditions.
iv. Review Traffic Control Plans and coordinate with Town Traffic Engineer and Town Project Manager.
v. Respond to questions from the public concerning the project work and schedule.
vi. Inspect tree protection, traffic control, and erosion control measures as often as necessary to assure activities meet with the project permits, regulatory requirements, and approved plans and submittals.
vii. Monitor and inspect existing structures, landscaping, and other improvements within the adjacent private properties for damage caused by the contractor's operations.
viii. Ensure the safety of Consultant's own staff on the project site and collaboratively work with the Town and Contractor to promote site safety. Provide notification to Contractor when contract provisions for the protection of the public and project personnel are not being followed.
ix. Process Contractor substitution requests/review substitutions with Town.
x. Maintain and ensure that as-built drawings and specifications are updated.
xi. Manage project SWPPP program including QSP and/or QSD duties, as outlined in the State of California State Water Resources Control Board Storm Water General Permit.
xii. Monitor the Contractor's compliance with storm water pollution control plan documentation requirements and implementation of storm water Best Management Practices (BMPs).
xiii. Manage implementation of MMRP.
xiv. Perform nighttime inspections as necessary.
xv. Monitor and ensure implementation of the Contractor's Quality Control plan, required testing and inspections.

2.2 DAILY/WEEKLY REPORTING - Prepare daily inspection reports and weekly statement of working days. Create and maintain daily

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construction diaries and weekly statement of working days, document and log of activities of the work progress as required to be kept on file in accordance with practices required for the administration of federally assisted construction contracts and the LAPM, and as required for submittal to Caltrans upon project completion or audit.

Daily inspection reports shall be consistent with the Caltrans Construction Manual and shall include, at a minimum, the following daily information:

i. Number of employees working, classification of each employee, and hourly summary of employees' activity
ii. Material deliveries
iii. Number, type, and hourly summary of contractor's equipment on site - both working and not used
iv. Weather conditions
v. Discussions with the contractor
vi. Problems and issues dealt with
vii. Changes
viii. Work completed that day
ix. Itemization of extra work
x. Any other information necessary to create a satisfactory record of the day's activities at the project site in accordance with standard inspection practice
xi. Abnormal occurrences and unforeseen conditions shall be noted in the reports
xii. Document special situations by photograph, written record, and video

2.3 MATERIALS SUBMITTALS / SHOP DRAWINGS –Monitor on-site construction materials and ensure the materials incorporated into the construction of the project are consistent with the approved materials submittals, mix designs, certificates of compliance, Buy America provisions, and shop drawings.

2.4 PERMIT COMPLIANCE - Ensure Contractor's compliance with the requirements of the state and local agencies, including encroachment permits, regulatory permits, regulations, etc.

2.5 REQUEST FOR INFORMATION (RFI) - Review, coordinate, track, and respond to all contractor requests for information (RFIs) and responses. Issue necessary clarifications and interpretations of the contract project documents in response to requests by the contractor in a manner as described in the CMP.

2.6 CONSTRUCTION CONTRACT MODIFICATIONS - Contract Modifications include Extra Work, Contract Change Orders, and Claims. Evaluate, process, and manage all potential contract modifications, change orders, and notice of potential claims. Evaluate cost reduction incentive proposals and provide recommendations to the Town. Track extra work costs in the field. Review cost proposals submitted by Contractor and negotiate and prepare contract change orders. Review all requests for merit, perform an independent estimate, and make recommendations to the Town for consideration. Complete all required documentation to process changes. Weekly reports to the Town shall include the status of any outstanding contract change orders and notices of potential claims. If the CM or field inspector receives a notice of claim from the Contractor, the CM shall immediately notify the Town and work toward a timely resolution of the claim with the Contractor. The Consultant shall support the Town in any post-construction completion dispute with the Contractor, rendering reasonable assistance, providing access to its records, but is not intended to require retention of independent experts.

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2.7 PROGRESS PAYMENTS – In coordination with the Contractor, Consultant shall agree on monthly Contractor progress payment requests detailing work installed during the specific pay period, including any approved contract modifications, extra work, or change order work. Consultant shall present progress payments to Town with a recommendation for processing with all required backup per the contract documents. Progress payment requests shall be in a form acceptable to the Town.

2.8 FINAL CONSTRUCTION PROJECT INSPECTION - Coordinate and consolidate final inspections and punch list for completion.

i. Organize final project site walk and prepare final punch list. Coordinate with contractor to ensure all outstanding project items are addressed prior to final completion.
ii. Assist in any Contractor claim analysis and dispute resolution.
iii. Review the final record drawings submitted by the contractor at the completion of construction. Prepare correction memos for the contractor to perform record drawing revisions.
iv. Review the Contractor's red-line as-built plans and ensure that the red-line changes are incorporated by the design engineer into the final electronic version of the as-built plans. Coordinate submittal of the as-built plans to Caltrans and the Town.
v. Obtain and review any required operating manuals and warranties and submit to Town.
vi. Provide final inspection services, including testing and installed facilities.
vii. In coordination with the Project Manager, prepare project reports to be submitted and approved by Town Council and attend meetings, as needed.
viii. Prepare final progress payment per contract documents and obtain subcontractor's releases as necessary.

2.9 DELIVERABLES:

- Daily project inspection diaries,
- Weekly statement of working days,
- Contact progress payment requests,
- Contract modification documentation, and
- Punch list and final project close out documents.

TASK 3. MATERIALS TESTING

Schedule, manage, perform, and document all field and laboratory testing services, including night and weekend work as needed. Material testing shall conform to the requirements and frequencies as defined in the Caltrans Construction Manual, Caltrans Materials Testing Manuals, and the Town Quality Assurance Program.

The Consultant will provide all required QAP and IAP materials testing through a Caltrans certified laboratory and shall schedule, coordinate, monitor, track and document all field and laboratory testing of soils, backfill, structural backfill, aggregate base, asphalt, concrete, and other testing as required by the contract documents and the Town and Caltrans Quality Assurance Programs. The Consultant must be qualified to obtain compliance with Caltrans Independent Assurance Manual and Caltrans Construction Manual. The Consultant shall provide Caltrans certified technicians as required to complete all testing work, and all laboratory facilities shall be Caltrans certified to perform the respective tests. The Consultant CM/RE will review results of tests and take the appropriate action in the field with the Contractor. All testing shall be tracked and documented by the Consultant, and copies of all test results shall be provided to the Town as

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a part of the weekly reports. The Consultant shall work with the Contractor to resolve deficiencies or defective work.

Provide specialty material testing and source inspection and testing, if required, for materials and equipment manufactured off-site.

DELIVERABLES:
- Materials testing logs and test results

TASK 4. LABOR, DBE, FEDERAL TRAINEE COMPLIANCE

Consultant is responsible for reviewing Contractor weekly certified payrolls for compliance with State requirements. Consultant shall interview Contractor and Subcontractor employees and verify the payment of prevailing wage rates. Consultant shall review and update labor documents after each payroll period. Consultant shall assist with enforcing the requirements of the California Labor Code as they pertain to the project and consistent with the Caltrans Construction Manual. Prepare a Labor Compliance Monitoring Report at the conclusion of the project.

Consultant will obtain proof and provide documentation of the Contractor's compliance with the Federal Trainee Program.

Consultant shall work with Contractor to obtain and review the final DBE participation report and other documentation as required of federally funded projects.

DELIVERABLES:
- Compliance monitoring reports
- Final DBE Utilization report

TASK 5. SUPPLEMENTAL REPORTS AND SERVICES

Supplemental work items, reports, or services may be required for the completion of the project. These services or subtasks may or may not ultimately be required by Caltrans, VTA, or the Town. Should any of the services or subtasks be required, the Consultant will provide the required lump sum cost proposal for the work and upon Town's approval, the Town will provide a written authorization to proceed with the subtask, with deliverables and lump sum payment identified.

There is no guarantee, either expressed or implied, that the services and costs shown for Task 5 will be authorized in full.

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Town of Los Gatos - CONSULTANT SERVICES AGREEMENT (Continued)

EXHIBIT B – CONSULTANT'S COST PROPOSAL

July 3, 2023

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Town of Los Gatos - CONSULTANT SERVICES AGREEMENT (Continued)

EXHIBIT C – CONSULTANT CONTRACT DBE COMMITMENT
(CALTRANS EXHIBITS 10-O1 & 10-O2)

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EXHIBIT B - CONSULTANT COST PROPOSAL - July 3, 2023

COST PROPOSAL BY TASK - For Progress Payment Purposes

	Total Not to Exceed Per Task	Paid on % Complete Basis*	Paid on Completion of Task	Payment as Specified in Separate Notice to Proceed
Task 1. CONSTRUCTION MANAGEMENT AND COORDINATION				
1.1 Develop Construction Management Plan	$30,074.73		X	
1.2 Project Background And Pre-Project Activities	$15,037.37		X	
1.3 Project Documentation and Filing System	$30,074.73	X		
1.4 Materials Testing, Quality Control, Quality Assurance, Independent Assurance	$15,037.37	X		
1.5 Materials Submittals	$37,989.91	X		
1.6 Project Team Management	$39,579.18	X		
1.7 Utility Relocation	$73,485.46		X	
1.8 Meetings	$39,579.18	X		
1.9 Schedule	$46,970.91	X		
1.10 Project Budget/Cost Control/Monthly Progress Payments	$38,527.82	X		
1.11 Public Coordination and Outreach	$38,527.82	X		
1.12 Project Closeout Files	$30,074.73		X	
TASK 2. CONSTRUCTION INSPECTION				
2.1 Field Inspection	$212,748.84	X		
2.2 Daily/Weekly Reporting	$61,976.08	X		
2.3 Materials Submittals/Shop Drawings	$43,028.44	X		
2.4 Permit Compliance	$36,777.07	X		
2.5 Request for Information (RFI) Management	$71,584.37	X		
2.6 Construction Contract Modifications	$44,225.00	X		
2.7 Progress Payments	$87,920.31	X		
2.8 Final Construction Project Inspection	$37,547.97		X	
TASK 3. MATERIALS TESTING				
Materials Testing	$265,115.64		X	
TASK 4. LABOR, DBE, FEDERAL TRAINEE COMPLIANCE				
Labor Compliance	$74,580.90	X		
TASK 5. SUPPLEMENTAL REPORTS AND SERVICES				
Supplemental Services	$15,373.34			X
NOT TO EXCEED GRAND TOTAL	**$1,220,822.07**			

*Percent complete shall be the percent of working days completed at time of billing.

The progress payment must be based on percent of work complete or completion of clearly defined milestones. The contract cost proposal must document the agreed-upon progress payment and include the necessary milestones costs, or the percent work complete schedule.

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EXHIBIT 10-O1 CONSULTANT PROPOSAL DBE COMMITMENT

1. Local Agency: Town Of Los Gatos
2. Contract DBE Goal: 22%
3. Project Description: LOS GATOS CREEK TRAIL TO HIGHWAY 9 TRAILHEAD CONNECTOR PROJECT
4. Project Location: Los Gatos, CA
5. Consultant's Name: Zoon Engineering, Inc.
6. Prime Certified DBE: ☐

7. Description of Work, Service, or Materials Supplied	8. DBE Certification Number	9. DBE Contact Information	10. DBE %
Construction Inspection services	41711	Jaemin Park (925) 818-3756 jpark@park-eng.com	22.08

Local Agency to Complete this Section

17. Local Agency Contract Number: TLG 18-832-4505
18. Federal-Aid Project Number: CML -5067(021)
19. Proposed Contract Execution Date: August 1, 2023
20. Consultant's Ranking after Evaluation: #1

Local Agency certifies that all DBE certifications are valid and information on this form is complete and accurate.

Michelle Quinney — 07-03-23
21. Local Agency Representative's Signature — 22. Date

Michelle Quinney — 408-827-3552
23. Local Agency Representative's Name — 24. Phone

Special Project Manager
25. Local Agency Representative's Title

11. TOTAL CLAIMED DBE PARTICIPATION 22.08 %

IMPORTANT: Identify all DBE firms being claimed for credit, regardless of tier. Written confirmation of each listed DBE is required.

12. Preparer's Signature — 03/08/2023 — 13. Date

Nabil Hissen — (925) 451-1585
14. Preparer's Name — 15. Phone

CEO
16. Preparer's Title

DISTRIBUTION: Original – Included with consultant's proposal to local agency.

ADA Notice: For individuals with sensory disabilities, this document is available in alternate formats. For information call (916) 654-6410 or TDD (916) 654-3880 or write Records and Forms Management, 1120 N Street, MS-89, Sacramento, CA 95814.

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EXHIBIT 10-O2 CONSULTANT CONTRACT DBE COMMITMENT

1. Local Agency: Town of Los Gatos 2. Contract DBE Goal: 22%
3. Project Description: LOS GATOS CREEK TRAIL TO HIGHWAY 9 TRAILHEAD CONNECTOR PROJECT
4. Project Location: Los Gatos, California
5. Consultant's Name: Zoon Engineering 6. Prime Certified DBE: ☐ 7. Total Contract Award Amount: 1220822.07
8. Total Dollar Amount for **ALL** Subconsultants: $ 534,686.03 9. Total Number of **ALL** Subconsultants: 2

10. Description of Work, Service, or Materials Supplied	11. DBE Certification Number	12. DBE Contact Information	13. DBE Dollar Amount
Construction Inspection services to be proivded by Park Engineering, Inc.	41711	Jaemin Park (925) 818-3756 jpark@park-eng.com	$ 269,570.3

Local Agency to Complete this Section

20. Local Agency Contract Number: 18-832-4505(CM)
21. Federal-Aid Project Number: CML-5067(021)
22. Contract Execution Date: 08-01-23

14. TOTAL CLAIMED DBE PARTICIPATION

$269570.3

22.08%

Local Agency certifies that all DBE certifications are valid and information on this form is complete and accurate.

Michelle Quinney — 23. Local Agency Representative's Signature
7/12/23 — 24. Date
Michelle Quinney — 25. Local Agency Representative's Name
408-827-3552 — 26. Phone
Special Projects Manager — 27. Local Agency Representative's Title

IMPORTANT: Identify all DBE firms being claimed for credit, regardless of tier. Written confirmation of each listed DBE is required.

Nabil Hissen Digitally signed by Nabil Hissen Date: 2023.07.11 14:42:31 -07'00' — 15. Preparer's Signature
7/22/20 — 16. Date
Nabil Hissen — 17. Preparer's Name
(925) 451-1585 — 18. Phone
CEO — 19. Preparer's Title

DISTRIBUTION: 1. Original – Local Agency
2. Copy – Caltrans District Local Assistance Engineer (DLAE). Failure to submit to DLAE within 30 days of contract execution may result in de-obligation of federal funds on contract.

ADA Notice: For individuals with sensory disabilities, this document is available in alternate formats. For information call (916) 654-6410 or TDD (916) 654-3880 or write Records and Forms Management, 1120 N Street, MS-89, Sacramento, CA 95814.

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INSTRUCTIONS – CONSULTANT CONTRACT DBE COMMITMENT

CONSULTANT SECTION

1. Local Agency - Enter the name of the local or regional agency that is funding the contract.
2. Contract DBE Goal - Enter the contract DBE goal percentage as it appears on the project advertisement.
3. Project Description - Enter the project description as it appears on the project advertisement (Bridge Rehab, Seismic Rehab, Overlay, Widening, etc).
4. Project Location - Enter the project location as it appears on the project advertisement.
5. Consultant's Name - Enter the consultant's firm name.
6. Prime Certified DBE - Check box if prime contractor is a certified DBE.
7. Total Contract Award Amount - Enter the total contract award dollar amount for the prime consultant.
8. Total Dollar Amount for ALL Subconsultants – Enter the total dollar amount for all subcontracted consultants. SUM = (DBEs + all Non-DBEs). Do not include the prime consultant information in this count.
9. Total number of ALL subconsultants – Enter the total number of all subcontracted consultants. SUM = (DBEs + all Non-DBEs). Do not include the prime consultant information in this count.
10. Description of Work, Services, or Materials Supplied - Enter description of work, services, or materials to be provided. Indicate all work to be performed by DBEs including work performed by the prime consultant's own forces, if the prime is a DBE. If 100% of the item is not to be performed or furnished by the DBE, describe the exact portion to be performed or furnished by the DBE. See LAPM Chapter 9 to determine how to count the participation of DBE firms.
11. DBE Certification Number - Enter the DBE's Certification Identification Number. All DBEs must be certified on the date bids are opened.
12. DBE Contact Information - Enter the name, address, and phone number of all DBE subcontracted consultants. Also, enter the prime consultant's name and phone number, if the prime is a DBE.
13. DBE Dollar Amount - Enter the subcontracted dollar amount of the work to be performed or service to be provided. Include the prime consultant if the prime is a DBE. See LAPM Chapter 9 for how to count full/partial participation.
14. Total Claimed DBE Participation - $: Enter the total dollar amounts entered in the "DBE Dollar Amount" column. %**:** Enter the total DBE participation claimed ("Total Participation Dollars Claimed" divided by item "Total Contract Award Amount"). If the total % claimed is less than item "Contract DBE Goal," an adequately documented Good Faith Effort (GFE) is required (see Exhibit 15-H DBE Information - Good Faith Efforts of the LAPM).
15. Preparer's Signature - The person completing the DBE commitment form on behalf of the consultant's firm must sign their name.
16. Date - Enter the date the DBE commitment form is signed by the consultant's preparer.
17. Preparer's Name - Enter the name of the person preparing and signing the consultant's DBE commitment form.
18. Phone - Enter the area code and phone number of the person signing the consultant's DBE commitment form.
19. Preparer's Title - Enter the position/title of the person signing the consultant's DBE commitment form.

LOCAL AGENCY SECTION

20. Local Agency Contract Number - Enter the Local Agency contract number or identifier.
21. Federal-Aid Project Number - Enter the Federal-Aid Project Number.
22. Contract Execution Date - Enter the date the contract was executed.
23. Local Agency Representative's Signature - The person completing this section of the form for the Local Agency must sign their name to certify that the information in this and the Consultant Section of this form is complete and accurate.
24. Date - Enter the date the DBE commitment form is signed by the Local Agency Representative.
25. Local Agency Representative's Name - Enter the name of the Local Agency Representative certifying the consultant's DBE commitment form.
26. Phone - Enter the area code and phone number of the person signing the consultant's DBE commitment form.
27. Local Agency Representative Title - Enter the position/title of the Local Agency Representative certifying the consultant's DBE commitment form.

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FIRST AMENDMENT

TO THE

AGREEMENT FOR CONSULTANT SERVICES

LOS GATOS CREEK TRAIL TO HIGHWAY 9 TRAILHEAD CONNECTOR PROJECT 18-832-4505

This First Amendment to the Agreement for Consultant Services for the Los Gatos Creek Trail to Highway 9 Trailhead Connector Project CIP No. 18-832-4505 that is dated for identification this 24th day of July, 2025 ("FIRST AMENDMENT") and amends that certain AGREEMENT FOR CONSULTANT SERVICES LOS GATOS CREEK TRAIL TO HIGHWAY 9 TRAILHEAD CONNECTOR PROJECT 18-832-4505 dated the 1st of August, 2023 by and between the Town of Los Gatos (LOCAL AGENCY) and Zoon Engineering, Inc. (CONSULTANT).

RECITALS

A. LOCAL AGENCY and CONSULTANT entered into an Agreement for Consultant Services Agreement on August 1, 2023, ("Agreement"), included herein as Exhibit A.

B. The LOCAL AGENCY desires to amend the Agreement to authorize the materials testing budget to be used to cover additional construction inspection work.

AMENDMENT

1. Article V – ALLOWABLE COSTS AND PAYMENTS, Task 3, Subsection C is hereby modified to read as follows:

    C. The method of payment for Task 3 –Materials Testing of this AGREEMENT, except those items to be paid for on a specified rate basis, will be based on cost per unit of work. LOCAL AGENCY will reimburse CONSULTANT for actual costs (including labor costs, employee benefits, travel, equipment-rental costs, overhead and other direct costs) incurred by CONSULTANT in performance of the work. CONSULTANT will not be reimbursed for actual costs that exceed the estimated wage rates, employee benefits, travel, equipment rental, overhead and other estimated costs set forth in the approved Cost Proposal, unless additional reimbursement is provided for, by AGREEMENT amendment. **Any unused portion of the approved budget for Materials Testing, $265,115.64 shown in the Cost Proposal, can be used for additional work needed for Construction Management and Construction Inspection, at the sole discretion of the Town.** In no event, will CONSULTANT be reimbursed for overhead costs at a rate that exceeds LOCAL AGENCY approved overhead rate set forth in the approved Cost Proposal. In the event, LOCAL AGENCY determines that changed work from that specified in the approved Cost Proposal and AGREEMENT is required; the actual costs reimbursable by LOCAL AGENCY may be adjusted by AGREEMENT amendment to accommodate the changed work. The maximum total cost as specified in

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Paragraph "I," of this article shall not be exceeded unless authorized by AGREEMENT amendment.

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

IN WITNESS WHEREOF, the LOCAL AGENCY and CONSULTANT have executed this FIRST AMENDMENT, effective as of the date first set forth above.

TOWN OF LOS GATOS by:

Signed by:
Chris Constantin 7/29/2025
3EF03F232F1B428...
Chris Constantin, Town Manager

CONSULTANT by:

Signed by:
Nabil Hissen 7/24/2025
E25086C4BC78465...
Nabil Hissen, CEO

Approved as to Form:

Signed by:
Gabrielle Whelan 7/29/2025
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

Departmental Approval:

Signed by:
Nicolle Burnham 7/25/2025
0E97831349644C3...
Nicolle Burnham, Parks & Public Works Director

Attest:

Signed by:
Wendy Wood 7/30/2025
26A726C4AE6A4D9...
Wendy Wood, Town Clerk

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 11

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Approve the 2026 Town Council Meeting Schedule**

RECOMMENDATION: Approve the proposed regular meeting schedule for 2026, with a modification to change the first meeting in November to Monday, November 2, 2026, to avoid conflicts with Election Day.

FISCAL IMPACT:

There is no fiscal impact associated with the approval of the Town Council meeting schedule.

BACKGROUND:

Pursuant to Los Gatos Municipal Code Section 2.20.010, regular meetings of the Town Council are held on the first and third Tuesday of each month.

Each year, the Town Council adopts a meeting schedule to reflect planned changes, cancellations, or exceptions. Historically, this has occurred in June for the upcoming fiscal year. To transition toward a calendar-year schedule, staff previously presented a meeting schedule for July through December 2025, with the understanding that the full 2026 meeting schedule (January through December) would be brought to Council for consideration in December.

DISCUSSION:

Since 2004, the Town Council has traditionally canceled its July meetings to allow for a summer recess. In 2005, the Town Council also decided to initiate the practice of canceling the first meeting in January due to reduced staffing levels during the annual year-end closure. The December meetings are typically held even if the second meeting falls close to the holidays. The Council meeting schedule is adopted each year and includes any planned adjustments to regular meeting dates. In the past, schedules followed the Town's fiscal year format (July

PREPARED BY: Wendy Wood
Town Clerk

Reviewed by: Town Manager and Town Attorney

through June). However, the proposed 2026 schedule reflects the shift to a calendar-year cycle, covering January through December. The first meeting in November conflicts with Election Day, therefore staff is proposing the meeting be held on Monday, November 2, 2026.

The attached draft schedule includes only the proposed regular meeting dates and does not include Council retreats, Board and Commission interviews, or special meetings, which will be scheduled as needed.

CONCLUSION:

Staff recommends that the Town Council approve the proposed 2026 regular meeting schedule, with any adjustments Council deems appropriate 2026.

COORDINATION:

This report was prepared in collaboration with the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Draft Town Council Meeting Schedule 2026

TOWN COUNCIL
MEETING SCHEDULE
2026 CALENDAR YEAR

~~January 6, 2026~~	~~Regular Council Meeting~~ ~~***CANCELLED***~~
January 20, 2026	Regular Council Meeting
February 3, 2026	Regular Council Meeting
February 17, 2026	Regular Council Meeting
March 3, 2026	Regular Council Meeting
March 17, 2026	Regular Council Meeting
April 7, 2026	Regular Council Meeting
April 21, 2026	Regular Council Meeting
May 5, 2026	Regular Council Meeting
May 19, 2026	Regular Council Meeting
June 2, 2026	Regular Council Meeting
June 16, 2026	Regular Council Meeting
~~July 7, 2026~~	~~Regular Council Meeting~~ ~~***CANCELLED***~~
~~July 21, 2026~~	~~Regular Council Meeting~~ ~~***CANCELLED***~~
August 4, 2026	Regular Council Meeting
August 18, 2026	Regular Council Meeting
September 1, 2026	Regular Council Meeting
September 15, 2026	Regular Council Meeting
October 6, 2026	Regular Council Meeting
October 20, 2026	Regular Council Meeting
*November 2, 2026	Regular Council Meeting
~~November 3, 2026~~	~~Regular Council Meeting~~ ~~***CANCELLED***~~
November 17, 2026	Regular Council Meeting
December 1, 2026	Regular Council Meeting
December 15, 2026	Regular Council Meeting

*** Monday meeting**

All Council Meetings Listed on This Meeting Schedule Are Regular Meetings as Defined In Municipal Code Section 2.20.010 (Government Code Section 54954)

DRAFT

ATTACHMENT 1

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 12

DATE: December 11, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Gitta Ungvari**

RECOMMENDATION: Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Gitta Ungvari as the interim Administrative Services Director in the Finance Department.

FISCAL IMPACT:

It is anticipated that hiring Gitta Ungvari as the Interim Administrative Director will not result in any additional costs for the Town. As a retiree, she is not eligible for benefits associated with permanent employment aside from the Town's Medicare contribution, and she will likely be working fewer than 40 hours per week.

The position is funded through the current Finance Department Budget, and the cost of staff time is already accounted for in the Finance Department Fiscal Year 2025/26 budget. While there may be a brief overlap between the new Administrative Services Director and Ms. Ungvari in her role as Interim Administrative Services Director, the savings from not paying benefits are expected to result in a net-neutral or net-savings impact. The Town does not have an anticipated start date for the new Administrative Services Director.

STRATEGIC PRIORITY:

This action relates to the strategic priority to ensure prudent financial management, as continuity of services in the Finance Department and oversight into the Human Resources and Information Technology Department is critical, given the timing of the appointment in relation

PREPARED BY: Cheryl Parkman
Human Resources Director

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

to the Fiscal Year 2026-27 Operating and Capital Improvement Plan budget proposals and deliberations.

BACKGROUND:

The Town has an existing agreement with the California Public Employees' Retirement System (CalPERS) to provide its retirement program to employees. The CalPERS retirement program is governed by the Public Employees' Retirement Law (PERL). PERL contains the rules and regulations that a contracting agency must adhere to related to the hire of a CalPERS retiree, referred to as a retired annuitant. PERL requires that a non-safety retired annuitant may not work for a CalPERS contracting agency unless the retired annuitant has been retired for at least 180 days (Gov. Code section 7522.56). In lieu of the 180-day wait period, an agency's governing body may approve a resolution to waive the 180 days. PERL also requires that if a retired annuitant will be rehired into a vacant position while a recruitment for a permanent replacement is taking place, the governing body must approve a resolution appointing the retired annuitant as an interim employee [Gov. Code section 21221(h)].

DISCUSSION:

Gitta Ungvari has been employed as the Town of Los Gatos Finance Director since June 2022. Recently, Ms. Ungvari provided her notice of intent to retire from the Town, with her last day of work to occur on December 30, 2025, resulting in a CalPERS retirement effective date of December 31, 2025. As a result of her retirement announcement, the Town created an Administrative Services Director classification.

The Town has entered into an agreement with the executive recruitment firm of Tristar Government Solutions for recruitment marketing and outreach. The recruitment opened on November 10, 2025. The typical span of the recruitment timeline to hire for an executive position is three to four months. The Administrative Services Director provides critical oversight and contributions to financial processes, audits, and required financial documents such as the Annual Comprehensive Financial Report and the annual Operating and Capital Improvement Plan budgets. To allow for this continued oversight as well as the transfer of important institutional knowledge to the new Finance Director, staff is requesting to rehire Ms. Ungvari as an Interim Finance Director until the permanent replacement is hired.

Before Ms. Ungvari can be hired as a retired annuitant, the Town Council must adopt a CalPERS resolution to allow staff to request that the reemployment begin earlier than the 180-day wait period and to appoint Ms. Ungvari as an Interim Administrative Services Director. A retired annuitant may be appointed in an interim position provided that there is an open recruitment to fill the vacancy, and the same individual may only be appointed to the vacant position one time. The rate of pay may not be less than or more than the current approved salary range for the vacant position. Also, a retired annuitant may not work more than 960 hours in a CalPERS

fiscal year. The CalPERS fiscal year begins July 1 and ends on June 30. The tentative first day of employment as a retired annuitant for Ms. Ungvari is January 1, 2025, subject to CalPERS approval of the executed resolutions.

CONCLUSION:

Staff recommends that the CalPERS resolution to waive the 180-day wait period be adopted by the Town Council to allow the appointment of Gitta Ungvari to the Interim Administrative Services Director position while the recruitment for a permanent replacement takes place.

COORDINATION:

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

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. CalPERS Resolution for 180-Day Wait Period Exception and Appointing Gitta Ungvari as Interim Administrative Services Director
2. Offer Letter to Gitta Ungvari
3. Recruitment Brochure for Administrative Services Director

RESOLUTION 2025 -xxxx

GOV. CODE SECTIONS 7522.56 & 21221(H)

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS

WHEREAS, in compliance with Government (Gov.) Code section 7522.56, the Town Council of Los Gatos must provide CalPERS this certification resolution when hiring a retiree before 180 days have passed since their retirement date; and

WHEREAS, Gitta Ungvari retired from the Town of Los Gatos in the position of Finance Director, effective December 31, 2025; and

WHEREAS, Gov. Code section 7522.56 requires post-retirement employment to commence no earlier than 180 days after the retirement date, which is June 29, 2026, without this certification resolution; and

WHEREAS, Gov. Code section 7522.56 provides that this exception to the 180-day wait period shall not apply if the retiree accepts any retirement-related incentive; and

WHEREAS, the Town Council, the Town of Los Gatos, and Gitta Ungvari certify that Gitta Ungvari has not and will not receive a Golden Handshake or any other retirement-related incentive; and

WHEREAS, an appointment under Gov. Code section 21221(h) requires that the retiree be appointed into the interim appointment during recruitment for a permanent appointment; and

WHEREAS, the governing body has authorized the search for a permanent appointment on November 10, 2025; and

WHEREAS, the Town Council hereby appoints Gitta Ungvari as an interim appointment retired annuitant to the vacant position of Administrative Services Director for the Town of Los Gatos under Gov. Code section 21221(h), effective January 1, 2026; and

WHEREAS, this Gov. Code section 21221(h) appointment shall only be made once and therefore will end when the position is filled with a permanent employee; and

WHEREAS, the employment shall be limited to 960 hours per fiscal year for all CalPERS employers; and

WHEREAS, the entire employment agreement, contract, or appointment document between Gitta Ungvari and the Town of Los Gatos has been reviewed by this body and is attached herein; and

WHEREAS, no matters, issues, terms, or conditions related to this employment and appointment have been or will be placed on a consent calendar; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is $22,953.42 and the hourly equivalent is $132.4236, and the minimum base salary for this position is $17,002.50, and the hourly equivalent is $98.0914; and

WHEREAS, the hourly rate paid to Gitta Ungvari will be $123.0453; and

WHEREAS, Gitta Ungvari has not and will not receive any other benefit, incentive, compensation in lieu of benefit, or other form of compensation in addition to this hourly pay rate; and

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby certify the nature of the appointment of Gitta Ungvari as described herein and detailed in the attached employment agreement/contract/appointment document and that this appointment is necessary to fill the critically needed position of interim Administrative Services Director for the Town of Los Gatos by January 1, 2026 because the position provides critical oversight and contributions to financial processes, audits, and required financial documents such as the Annual Comprehensive Financial Report and the Annual Operating and Capital Improvement Plan budgets.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 2nd day of December 2025, 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

Human Resources Department
(408) 399-5739 FAX: (408) 395-8640

CIVIC CEN
110 E. MAIN STREET
LOS GATOS, CA 95030
www.losgatosca.gov

December 1, 2025

Gitta Ungvari
REDACTED

Letter emailed to: gungvari@losgatosca.gov

Dear Gitta:

Congratulations! The Town of Los Gatos is pleased to extend an offer of employment for the Interim Administrative Services Director in the Finance Department.

This position is temporary and contingent upon availability of work and funding. Your employment is estimated to last until the Administrative Services Director position is filled, unless extended or terminated earlier at the Town's discretion.

Below is additional information related to your employment and other important information.

Job Title:	Interim Administrative Services Director
Start Date:	January 1, 2025
Employment Status:	At-will, unbenefited, temporary/hourly
Hourly Pay Rate:	$123.0453

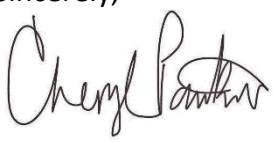
Please be aware of the following information related to your employment:

- As a CalPERS Retired Annuitant, you are limited to working 960 hours in a fiscal year. The Town's fiscal year runs from July 1 through June 30.
- Your employment may be terminated at any time and is not subject to appeal.
- You are a non-exempt employee covered by the provisions of the Fair Labor Standards Act (FLSA). For FLSA overtime purposes, your work period begins at midnight on Sunday and ends seven consecutive days later at 11:59 p.m. on Saturday.

During your first week, you will receive a new employee orientation. You will be required to provide documents establishing identity and employment eligibility to work in the United States, as required by the Department of Homeland Security. More information about this process and your orientation will be emailed to you.

If you have any questions about this offer letter, please contact Cheryl Parkman at (408) 354-6829 or CParkman@losgatosca.gov.

Sincerely,



Cheryl Parkman
Human Resources Director

ACCEPTANCE OF TEMPORARY APPOINTMENT:

I accept the offer on the terms and conditions outlined.

Redacted

Signature (Gitta Ungvari) Date

ADMINISTRATIVE SERVICES DIRECTOR

TOWN OF LOS GATOS, CA

Salary: $204,000 - $275,000 DOE/DOQ

CLICK TO APPLY BY DEC. 8!

The **Town of Los Gatos, CA (Town)** is seeking a skilled and articulate finance professional to serve as its next **Administrative Services Director**. This newly restructured executive position provides a unique opportunity to guide the Town's financial strategy while also overseeing the Human Resources and Information Technology Departments. While direct experience in HR and IT is desired but not required, this role offers an exceptional opportunity to broaden one's professional portfolio beyond finance and gain meaningful executive-level exposure across organizational functions. With a collaborative executive team, a highly engaged community, and a Town Council deeply committed to fiscal sustainability, this position is ideal for a financial expert who excels at communicating complex technical information with clarity and purpose, helping bridge the gap between data, decision-making, and community understanding.

This is your opportunity to lead with purpose—apply today and help guide Los Gatos toward a sustainable and thriving future.



THE COMMUNITY

Nestled at the base of the Sierra Azules, just 50 miles south of San Francisco, the Town of Los Gatos, CA is one of the Bay Area's most picturesque and desirable communities. Framed by the Santa Cruz Mountains and the Santa Clara Valley, Los Gatos blends historic small-town charm with the innovation and energy of Silicon Valley.

Home to approximately 33k residents, Los Gatos prides itself on being a welcoming, family-oriented, and safe community with exceptional schools, scenic open spaces, and a vibrant, pedestrian-friendly downtown listed on the National Register of Historic Places. With over 3k local businesses, the Town's economy is diverse—ranging from technology and professional services to boutique retail and fine dining—providing both residents and visitors with a strong sense of community identity and quality of life. In its 2025 Community Survey, over 94% of residents rated Los Gatos as a good and excellent place to live and raise children.

Los Gatos enjoys a mild Mediterranean climate and a strong civic culture defined by collaboration, pride, and engagement. Residents and local leaders share a deep commitment to preserving the Town's distinctive character while fostering innovation, sustainability, and fiscal responsibility.

33K
APPROX. POPULATION SIZE

15
CITY SQUARE MILES

3K+
LOCAL BUSINESSES

330
AVERAGE DAYS OF SUNSHINE

THE ORGANIZATION:
COUNCIL-MANAGER FORM OF GOVERNMENT

The Town operates under a Council–Manager form of government and is recognized throughout the Bay Area for its professionalism, efficiency, and dedication to service. The Town Manager, appointed by the Town Council, oversees the daily operations of all Town departments and an 2025-26 annual expenditure budget of $80.6M. The Town employs approximately 153 dedicated staff who deliver high-quality municipal services guided by the Town's Core Goals: Community Character, Good Governance, Fiscal Stability, Quality Public Infrastructure, Civic Engagement and Public Safety.

The Town's leadership is committed to strategic, long-term financial planning and to maintaining structural balance while advancing the community's vision. The Town Council's 2025-2027 Strategic Priorities include strengthening fiscal stability, advancing emergency preparedness and resiliency, supporting housing opportunities, and fostering civic inclusivity.



CLICK BELOW TO LEARN MORE:

- Town Website
- Strategic Priorities
- FY 25-26 Budget
- Annual Comprehensive Financial Reports

TOWN OF LOS GATOS CALIFORNIA

THE DEPARTMENT

The Administrative Services Department is central to the Town's operational and strategic success, encompassing the Finance, Human Resources (HR), and Information Technology (IT) Departments. Together, these teams provide the internal systems, expertise, and resources that enable the Town to deliver high-quality, responsive public services.

To create greater alignment between administrative services and the Town's overall strategy, vision, and organizational goals, the former Finance Director position has been restructured and elevated to the Administrative Services Director. This change reflects the Town's commitment to integrating fiscal stewardship with organizational development and technological innovation.

The next Administrative Services Director will serve as both the Town's Chief Financial Officer and the executive leader overseeing HR and IT, providing a unified approach to how the Town manages its people, systems, and resources. While the Town seeks a professional with strong expertise in local government finance and budgeting, this is a great opportunity for someone to increase their knowledge and skills in HR and IT as this individual will also play a key role in advancing organization-wide efficiency, collaboration, and modernization.

The department is supported by a capable and dedicated team, including experienced HR and IT Directors, positioning the next Administrative Services Director to set strategic direction, empower staff, and continue building a culture of excellence, collaboration, and continuous improvement.

CLICK FOR DEPARTMENT ORG CHART

THE POSITION & FINANCIAL FOCUS

Reporting to the Town Manager, the Administrative Services Director serves as a key member of the executive leadership team and as the Town's Chief Financial Officer, providing strategic oversight of the Finance, Human Resources, and Information Technology Departments. The Director will manage 4 direct staff (two of which are directors), with oversight of 14 total staff, and will play a central role in ensuring the Town's long-term fiscal sustainability and organizational effectiveness.

This position offers the opportunity to lead a highly skilled and motivated team while shaping the Town's financial future. The Administrative Services Director will develop sustainable financial strategies that align with Council priorities, strengthen fiscal resilience, and ensure transparent and easily digestible communication of financial realities to the Finance Commission, Town Council, and the community. While they will have a more technical focus on finance, the Director will be a strong leader that fosters collaboration across HR, IT, and Finance.

The Town's Financial Focus

As the executive responsible for leading the **Town's annual budget development process**, the Administrative Services Director will serve as both the technical finance expert and the strategic advisor who helps the Town Manager, Department Directors, and Town Council architect data-informed decisions that strengthen fiscal sustainability. The Town follows a disciplined and transparent fiscal framework guided by long-range forecasting and strategic use of reserves. Each year, the budget cycle begins in January with departmental kickoff meetings and concludes with Council adoption in June, following public review in May. The 2025–26 Operating Budget is $80.6M, with $22.7M in Capital Improvement Program (CIP) appropriations. The Town is currently addressing a projected $3.6M structural deficit, requiring innovative approaches to revenue generation, expenditure control, and organization-wide efficiency.

THE IDEAL CANDIDATE

The Town of Los Gatos is seeking a financial strategist and storyteller who is an accomplished local government finance professional bringing not only deep technical expertise, but also the ability to effectivly communicate complex financial concepts with clarity, precision, and impact.

The ideal candidate will be an expert communicator who can translate intricate financial information into meaningful narratives tailored for diverse audiences: Finance Commission members with strong private-sector backgrounds, Town Councilmembers seeking accessible and actionable insights, and community stakeholders who want to understand how fiscal decisions shape services and priorities. This individual will transform numbers into understanding which bridges the gap between technical data and strategic decision-making fostering transparency, confidence, and trust.

While a strong background in public-sector finance and budgeting is essential, experience in Human Resources and Information Technology is desired but not required. However, the successful candidate will bring an interest and openness to learning in these areas, viewing this role as an opportunity to broaden their executive skill set beyond finance. This is an exceptional opportunity for someone who ultimately aspires to serve as a Deputy City Manager, Assistant City Manager, or City Manager, and who is eager to develop a well-rounded leadership portfolio under an experienced Town Manager who values mentorship, development, and teamwork.

The successful candidate will be a strategic advisor, a collaborative partner, and an inspiring mentor who can be a leader guiding the organization through fiscal challenges with creativity and integrity while championing innovation, professional development, and cross-departmental collaboration.

KEY UPCOMING CHALLENGES & OPPORTUNITIES:

- Managing an external consultant-led financial analysis evaluating financial current and future conditions, performing 10-year projections, and determining impact of future housing developments which will inform a multi-year program to ensure long-term fiscal sustainability.
- Optimization of the Town's newly implemented ERP system (Tyler Munis Technologies).
- Enhancing internal processes to improve efficiency, and streamline operations across the organization, and ensure adequate internal control.
- Strengthening succession planning, empowering staff, and supporting professional development.
- Advancing cross-departmental collaboration to align operations with the Town's strategic goals.

MINIMUM QUALIFICATIONS

Any combination of experience and training that would likely provide the required knowledge, skills and abilities is qualifying.

A typical way to obtain the knowledge, skills and abilities would be a Bachelor's degree in finance, accounting, public administration, business administration or a closely related field and six (6) years of increasingly responsible experience in governmental finances, preferably in a California municipality, including three (3) years of supervisory experience. A Master's degree in Public Administration is desirable. The ability to communicate complex financial information in an easy-to-understand manner is strongly desired.

License and Certification (positions in this class may require one or more of the following): A California Driver's License and a satisfactory driving record are conditions of initial and continued employment.

Knowledge, Skills, and Abilities:

- Proficient in Microsoft Outlook, Word, Excel, and other common business applications.
- Able to quickly learn and effectively use financial and reporting systems.
- Skilled in analyzing and communicating complex financial information clearly.





SALARY & BENEFITS

Salary: $204,000 - $275,000 DOE/DOQ

PLUS A GENEROUS BENEFITS PACKAGE THAT INCLUDES:

- **Retirement:** California Public Employees' Retirement System (PERS) defined benefit retirement plan. 2% @60 for "Classic" members and 2% @62 for new members as defined by PEPRA. Subject to employee contribution. Both the Town and the employee contribute toward CalPERS retirement contributions. The Town does not participate in Social Security.
- **Healthcare:** Town provides a generous employer contribution toward the purchase of medical, dental, and vision coverage; employees may waive coverage and receive cash-in-lieu up to $400/month.
- **Section 125 Flexible Spending Accounts:** Voluntary pre-tax employee contributions up to $3,200 per year for health care expenses and up to $5,000 per year for dependent care expenses.
- **Deferred Compensation:** Voluntary 457 Deferred Compensation Plan.
- **Income Protection:** $50,000 Town-paid term life insurance coverage; short-term and long-term disability insurance.
- **Vacation:** Up to 25 days accrual per calendar year (maximum balance of 500 hours); eligible for cash out 2x/year and at separation. Prior years of public sector service counted towards vacation accrual tier.
- **Management Leave:** Up to five (5) days per year awarded at the end of the calendar year, as authorized by the Town Manager.
- **Personal Leave:** Six (6) days per year.
- **Sick Leave:** 12 days accrued per year.
- **Holidays:** 12 designated holidays per year.
- **Cell Phone Stipend:** $120 per month.
- **Tuition Reimbursement:** $3,000 per fiscal year.

TOWN of Los GATOS CALIFORNIA

HOW TO APPLY:

For first consideration apply as soon as possible, but no later than December 8, 2025 at:

www.tristargovsolutions.com/careers

The Town will be reviewing applications as they are received and *conducting rolling interviews* throughout the process. **Candidates are strongly encouraged to apply early, as the Town may identify and select a finalist prior to the application deadline.**

SAVE THE DATES: The **first round of in-person interviews** are scheduled for **December 8 & 9**. If a hire is not made after the first round of interviews and the interview of additional candidates is needed, **a second round of in-person interviews** will take place on **December 15 & 16.**

QUESTIONS? Please contact your recruiter, Sam Sackman, with any questions:

- Email: sam@tristargovsolutions.com
- Website: www.tristargovsolutions.com
- Phone: 408-605-0790

TRI STAR GOV Solutions







TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 13

DATE: December 11, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Jose Reyes**

RECOMMENDATION: Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Jose Reyes as extra help in the Police Department.

FISCAL IMPACT:

It is anticipated that hiring Jose Reyes as extra help in the Police Department will not result in any additional costs for the Town. As a retiree, he is not eligible for benefits associated with permanent employment aside from the Town's Medicare contribution.

Funding for Jose Reyes' extra-help position will be provided through remaining funds within the LGMSPD's 2025 - 2026 Supplemental Law Enforcement Services Fund (SLESF) allocation. These funds are specifically intended to support front-line law enforcement services, including technology enhancements that improve operational effectiveness and public safety response.

STRATEGIC PRIORITY:

This action relates to the strategic priority of furthering the Town's emergency preparedness, resiliency, and response capabilities.

BACKGROUND:

The Town has an existing agreement with the California Public Employees' Retirement System (CalPERS) to provide its retirement program to employees. The CalPERS retirement program is

PREPARED BY: Cheryl Parkman
Human Resources Director

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

governed by the Public Employees' Retirement Law (PERL). PERL contains the rules and regulations that a contracting agency must adhere to related to the hire of a CalPERS retiree, referred to as a retired annuitant. PERL requires that a non-safety retired annuitant may not work for a CalPERS contracting agency unless the retired annuitant has been retired for at least 180 days (Gov. Code section 7522.56). In lieu of the 180-day wait period, an agency's governing body may approve a resolution to waive the 180 days. PERL also requires that if a retired annuitant is placed into a role that is deemed for special projects or limited duration, the governing body must approve a resolution appointing the retired annuitant as an extra help employee (Gov. Code section 21224).

DISCUSSION:

Recently, Mr. Reyes provided his notice of intent to retire from the Town with his last day of work to occur on January 2, 2026, resulting in a CalPERS retirement effective date of January 3, 2025. Before Mr. Reyes can be hired as a retired annuitant, the Town Council must adopt a CalPERS resolution to allow staff to request that the re-employment begin earlier than the 180-day wait period and to appoint Mr. Reyes as extra help for the Police Department. A retired annuitant may be appointed in an extra help position should the position be of a limited duration to eliminate a backlog, work on a special project, or work that is in excess of what regular staff can do.

Mr. Reyes will be hired to complete multiple special projects in the Police Department that are time-sensitive, mission-critical public safety technology initiatives, all of which require advanced technical oversight, cross-agency coordination, and law enforcement-specific IT knowledge. These projects include the implementation of the Axon real-time crime center that will integrate surveillance technology, CAD/RMS, and external voluntary camera systems into a unified situation awareness platform. The Town will also be launching its first Drone as a First Responder Initiative that will help the Town deploy drones during emergency incidents. Mr. Reyes will be managing the implementation and rollout of this project, which will include standard operating procedures, installing drone infrastructure, training pilots, and securing an FAA Part 107 certification. The third project will be leading the Next Generation 911 Transition for the Public Safety Answering Point Communication Center. This work will involve working with CalOES and state vendors to track contract developments, and facilitate transition planning, and ensure that the new system is compatible with other new systems the Police Department is deploying. These are three mission-critical projects that current staff do not have the capacity to undertake.

Also, a retired annuitant may not work more than 960 hours in a CalPERS fiscal year. The CalPERS fiscal year begins July 1 and ends on June 30. The tentative first day of employment as a retired annuitant for Mr. Reyes is January 5, 2026, subject to CalPERS approval of the executed resolutions.

CONCLUSION:

Staff recommends that the Town Council adopt a Resolution to waive the CalPERS 180-day wait period and appoint Jose Reyes as extra help for the Police Department.

COORDINATION:

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

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. CalPERS Resolution for a 180-Day Wait Period Exception and Appointment of Jose Reyes to an Extra Help position in the Police Department
2. Offer of Retired Annuitant Employment for Jose Reyes

RESOLUTION 2025 -xxxx

GOV. CODE SECTIONS 7522.56 & 21224

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS

WHEREAS, in compliance with Government (Gov.) Code section 7522.56, the Town Council of Los Gatos must provide CalPERS this certification resolution when hiring a retiree before 180 days have passed since their retirement date; and

WHEREAS, Jose Reyes retired from the Town of Los Gatos in the position of IT Systems Administrator, effective January 3, 2026; and

WHEREAS, Gov. Code section 7522.56 requires post-retirement employment to commence no earlier than 180 days after the retirement date, which is July 2, 2026, without this certification resolution; and

WHEREAS, Gov. Code section 7522.56 provides that this exception to the 180-day wait period shall not apply if the retiree accepts any retirement-related incentive; and

WHEREAS, the Town Council, the Town of Los Gatos, and Jose Reyes certify that Jose Reyes has not and will not receive a Golden Handshake or any other retirement-related incentive; and

WHEREAS, the Town Council hereby appoints Jose Reyes as an extra help retired annuitant to perform special projects and extra help for the Town of Los Gatos in the Police Department under Gov. Code section 21224, effective January 5, 2026;

WHEREAS, the entire employment agreement, contract, or appointment document between Jose Reyes and the Town of Los Gatos has been reviewed by this body and is attached herein; and

WHEREAS, no matters, issues, terms, or conditions related to this employment and appointment have been or will be placed on a consent calendar; and

WHEREAS, the employment shall be limited to 960 hours per fiscal year for all CalPERS employers; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is $17,077.92 and the hourly equivalent is $98.5264, and the minimum base salary for this position is $12,650.33 and the hourly equivalent is $72.9827; and

WHEREAS, the hourly rate paid to Jose Reyes will be $90.000; and

WHEREAS, Jose Reyes has not and will not receive any other benefit, incentive, compensation in lieu of benefit, or other form of compensation in addition to this hourly pay rate; and

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby certify the nature of the appointment of Jose Reyes as described herein and detailed in the attached employment agreement/contract/appointment document and that this appointment is necessary to provide help implement the Axon FUSUS platform for the real-time call center, along with the Axon Drone aerial surveillance and data program. Jose Reyes will also provide extra help for the Next Generation 911 Transition. This extra help is critical to the Police Department to support crime prevention and emergency response while the Police Department focuses on regional event support, federal certifications, and immediate public safety.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 16th day of December, 2025, 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

Human Resources Department
(408) 399-5739 FAX: (408) 395-8640

CIVIC CEN
110 E. MAIN STREET
LOS GATOS, CA 95030
www.losgatosca.gov

December 10, 2025

Jose Reyes
Redacted

Dear Jose:

Congratulations! The Town of Los Gatos is pleased to extend an offer of employment for the Project Manager (IT Manager) (Temporary/At-Will) position in the Police Department.

This position is temporary and contingent upon availability of work and funding. Your employment is estimated to last through June 30, 2026, unless extended or terminated earlier at the Town's discretion.

Below is additional information related to your employment and other important information.

Job Title:	Project Manager (IT Manager) (Retired Annuitant)
Start Date:	January 5, 2026
Employment Status:	At-will, unbenefited, temporary/hourly
Hourly Pay Rate:	$90.00/hr.

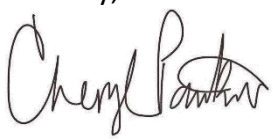
Please be aware of the following information related to your employment:

- As a CalPERS Retired Annuitant, you are limited to working 960 hours in a fiscal year. The Town's fiscal year runs from July 1 through June 30.
- Your employment may be terminated at any time and is not subject to appeal.
- You are a non-exempt employee covered by the provisions of the Fair Labor Standards Act (FLSA). For FLSA overtime purposes, your work period begins at midnight on Sunday and ends seven consecutive days later at 11:59 p.m. on Saturday.

During your first week, you will receive a new employee orientation. You will be required to provide documents establishing identity and employment eligibility to work in the United Stat as required by the Department of Homeland Security. More information about this process and your orientation will be emailed to you.

If you have any questions about this offer letter, please contact Cheryl Parkman at cparkman@losgatosca.gov

Sincerely,



Cheryl Parkman
Human Resources Director

ACCEPTANCE OF TEMPORARY APPOINTMENT:

I accept the offer on the terms and conditions outlined.

Redacted _____ _____

Signature (Jose Reyes) Date

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 14

DATE: December 11, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Janette Judd**

RECOMMENDATION: Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Janette Judd as an Interim Executive Assistant to the Town Manager in the Town Manager's Office.

FISCAL IMPACT:

It is anticipated that hiring Janette Judd as an Interim Executive Assistant will not result in any additional costs for the Town. As a retiree, she is not eligible for benefits associated with permanent employment aside from the Town's Medicare contribution, and she will likely be working fewer than 40 hours per week.

This position is funded through the Town Manager's Office, and the cost of staff time is already accounted for in the adopted Fiscal Year 2025/26 budget.

STRATEGIC PRIORITY:

This action does not relate to a strategic priority.

BACKGROUND:

The Town has an existing agreement with the California Public Employees' Retirement System (CalPERS) to provide its retirement program to employees. The CalPERS retirement program is governed by the Public Employees' Retirement Law (PERL). PERL contains the rules and regulations that a contracting agency must adhere to related to the hire of a CalPERS retiree,

PREPARED BY: Cheryl Parkman
Human Resources Director

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

referred to as a retired annuitant. PERL requires that a non-safety retired annuitant may not work for a CalPERS contracting agency unless the retired annuitant has been retired for at least 180 days (Gov. Code section 7522.56). In lieu of the 180-day wait period, an agency's governing body may approve a resolution to waive the 180 days. PERL also requires that if a retired annuitant will be rehired into a vacant position while a recruitment for a permanent replacement is taking place, the governing body must approve a resolution appointing the retired annuitant as an interim employee [Gov. Code section 21221(h)].

DISCUSSION:

Recently, Ms. Judd provided her notice of intent to retire from the Town with her last day of work to occur on December 30, 2025, resulting in a CalPERS retirement effective date of December 31, 2025. Before Ms. Judd can be hired as a retired annuitant, the Town Council must adopt a CalPERS resolution to allow staff to request that the re-employment begin earlier than the 180-day wait period and to appoint Ms. Judd as the interim Executive Assistant to the Town Manager. A retired annuitant may be appointed in an interim position during the recruitment for a replacement. The Town opened the recruitment for the Executive Assistant to the Town Manager during the week of December 8, 2025.

The Executive Assistant to the Town Manager position provides critical support to the Town Manager, Assistant Town Manager, and Town Councilmembers, in addition to fielding constituent communications. This interim assignment is critically needed because the work will be essential to continue to help the Town Manager Office's and Town Council provide services and support to the community. The rate of pay may not be less than or more than the current approved salary range for the vacant position. Also, a retired annuitant may not work more than 960 hours in a CalPERS fiscal year. The CalPERS fiscal year begins July 1 and ends on June 30. The tentative first day of employment as a retired annuitant for Ms. Judd is January 5, 2026, subject to CalPERS approval of the executed resolutions.

CONCLUSION:

Staff recommends that the Town Council adopt a Resolution to waive the CalPERS 180-day wait period and appoint Janette Judd as Interim Executive Assistant for the Town Manager's Office.

COORDINATION:

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

ENVIRONMENTAL ASSESSMENT:

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

SUBJECT: Resolution for the California Public Employees' Retirement System Retirement Plan for Janette Judd

DATE: December 11, 2025

Attachments:

1. CalPERS Resolution for a 180-Day Wait Period Exception and Appointment of Janette Judd as the Interim Executive Assistant to the Town Manager
2. Offer of Retired Annuitant Employment for Janette Judd

RESOLUTION 2025 -xxxx

GOV. CODE SECTIONS 7522.56 & 21221(H)

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS

WHEREAS, in compliance with Government (Gov.) Code section 7522.56, the Town Council of Los Gatos must provide CalPERS this certification resolution when hiring a retiree before 180 days have passed since their retirement date; and

WHEREAS, Janette Judd retired from the Town of Los Gatos in the position of Executive Assistant to the Town Manager, effective December 31, 2025; and

WHEREAS, Gov. Code section 7522.56 requires post-retirement employment to commence no earlier than 180 days after the retirement date, which is June 29, 2026, without this certification resolution; and

WHEREAS, Gov. Code section 7522.56 provides that this exception to the 180-day wait period shall not apply if the retiree accepts any retirement-related incentive; and

WHEREAS, the Town Council, the Town of Los Gatos, and Janette Judd certify that Janette Judd has not and will not receive a Golden Handshake or any other retirement-related incentive; and

WHEREAS, an appointment under Gov. Code section 21221(h) requires that the retiree be appointed into the interim appointment during recruitment for a permanent appointment; and

WHEREAS, the governing body has authorized the search for a permanent appointment on December 8, 2025; and

WHEREAS, the Town Council hereby appoints Janette Judd as an interim appointment retired annuitant to the vacant position of Executive Assistant to the Town Manager for the Town of Los Gatos under Gov. Code section 21221(h), effective January 5, 2026; and

WHEREAS, this Gov. Code section 21221(h) appointment shall only be made once and therefore will end when the position is filled with a permanent employee; and

WHEREAS, the employment shall be limited to 960 hours per fiscal year for all CalPERS employers; and

WHEREAS, the entire employment agreement, contract, or appointment document between Janette Judd and the Town of Los Gatos has been reviewed by this body and is attached herein; and

WHEREAS, no matters, issues, terms, or conditions related to this employment and appointment have been or will be placed on a consent calendar; and

WHEREAS, the employment shall be limited to 960 hours per fiscal year for all CalPERS employers; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is $10,689.92 and the hourly equivalent is $61.6726, and the minimum base salary for this position is $8,297.47, and the hourly equivalent is $47.8700; and

WHEREAS, the hourly rate paid to Janette Judd will be $61.6726; and

WHEREAS, Janette Judd has not and will not receive any other benefit, incentive, compensation in lieu of benefit, or other form of compensation in addition to this hourly pay rate; and

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby certify the nature of the appointment of Janette Judd as described herein and detailed in the attached employment agreement/contract/appointment document and that this appointment is necessary to fill the critically needed position of Executive Assistant to the Town Manager by January 5, 2026 because the position provides critical administrative support to the Town Manager, Assistant Town Manage, Town Council, and Los Gatos residents.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 16th day of December, 2025, 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

Human Resources Department
(408) 399-5739 FAX: (408) 395-8640

CIVIC CEN
110 E. MAIN STREET
LOS GATOS, CA 95030
www.losgatosca.gov

December 8, 2025

Janette Judd
REDACTED

Letter emailed to: jjudd@losgatosca.gov

Dear Janette:

Congratulations! The Town of Los Gatos is pleased to extend an offer of employment for the temporary Executive Assistant to the Town Manager in the Town Manager's Office.

This position is temporary and contingent upon availability of work and funding. Your employment is estimated to last until the position of Executive Assistant to the Town Manager is filled.

Below is additional information related to your employment and other important information.

Job Title:	Interim Executive Assistant to the Town Manager
Start Date:	January 5, 2026
Employment Status:	At-will, unbenefited, temporary/hourly
Hourly Pay Rate:	$61.6726

Please be aware of the following information related to your employment:

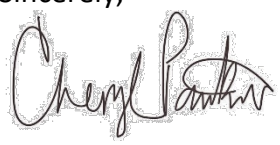
- As a CalPERS Retired Annuitant, you are limited to working 960 hours in a fiscal year. The Town's fiscal year runs from July 1 through June 30.
- Your employment may be terminated at any time and is not subject to appeal.
- You are a non-exempt employee covered by the provisions of the Fair Labor Standards Act (FLSA). For FLSA overtime purposes, your work period begins at midnight on Sunday and ends seven consecutive days later at 11:59 p.m. on Saturday.

During your first week, you will receive a new employee orientation. You will be required to provide documents establishing identity and employment eligibility to work in the United States, as required by the Department of Homeland Security. More information about this process and your orientation will be emailed to you.

If you have any questions about this offer letter, please contact Cheryl Parkman at (408) 354-6829

or CParkman@losgatosca.gov.

Sincerely,



Cheryl Parkman
Human Resources Director

ACCEPTANCE OF TEMPORARY APPOINTMENT:

I accept the offer on the terms and conditions outlined.

Redacted

Signature (Janette Judd) Date

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 15

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Discuss, Consider, and Provide Direction to Modify the Town of Los Gatos Flag Policy for Town-Owned Flagpoles, Including Potential Future Display of the Pride Flag During LGBTQ+ Pride Month in June 2026**

RECOMMENDATION: Discuss and provide direction on a preferred policy approach for modifying the Town's Flag Policy to address commemorative flags.

FISCAL IMPACT:

There is no significant direct fiscal impact associated with policy adoption. There is a cost associated with the purchase and periodic replacement of commemorative flags and any necessary hardware. If Council ultimately directs a more extensive commemorative flag program (e.g., multiple flags at multiple locations throughout the year), staff may return with a more detailed estimate of workload and associated costs.

STRATEGIC PRIORITY:

Not Applicable.

BACKGROUND:

In 2016, the Town Council adopted a Flag Policy to document procedures for raising and lowering flags on Town properties. The policy was amended in 2018 to add detailed standards for the appearance of the official Town flag (**Attachment 1**).

Over the years, residents have approached the Town with requests to display flags that would signal support for particular cultural, civic, or community events. Past examples include a request to fly the flag of Ireland to recognize the Town's Sister City relationship with Listowel

PREPARED BY: Chris Constantin
Town Manager

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

and to support the Los Gatos Irish Writers Festival. More recently, at the request of Mayor Rob Moore and accepted in accordance with the Town's Agenda Setting Policy, staff were directed to agendize a discussion which included the consideration of displaying the Rainbow Pride flag in June 2026.

The adopted Flag Policy focuses on defining the official Town seal and Town flag, governing their use, and outlining procedures for raising, lowering, gifting, and trading Town flags. It specifies the required design of the seal and states that the Town flag consists of the color seal centered on a white field with the phrase THE GEM OF THE FOOTHILLS printed below. The policy also requires all flags on Town property to follow the United States Flag Code, including the President's authority to order federal flags to half-staff and the Governor's authority to issue state flag proclamations. Direction from the Town Mayor may set local flag status (e.g., lowering of the flags), and the Town Manager carries responsibility for day-to-day implementation and final application of federal and state declarations. The Town Manager may also authorize the gifting or trading of the Town flag.

The policy does not describe any process or criteria for displaying commemorative or symbolic flags. Its scope is limited to the official Town flag and procedures for managing the status of governmental flags. As a result, the current policy does not provide authorization for displaying non-governmental flags such as the Pride flag or any other commemorative flag. Any desire to display such flags would require a policy amendment that defines eligibility standards, approval procedures, timeframes for display, and the decision making authority for these actions. The Town currently displays governmental flags and lowers flags in accordance with Presidential orders, as required by the United States Flag Code.

On June 17, 2025, then Vice Mayor Moore requested a future agenda item to be heard before December 31, 2025, to consider options for modifying the Town's policy to allow the Pride flag to be displayed in June 2026. Mayor Hudes agreed, and the item is scheduled for Council consideration on December 16, 2025.

Staff's role in this report is limited to presenting context, examples from other jurisdictions, and administrable policy structures. Staff do not advocate for or against any particular commemorative flag or any specific policy outcome.

DISCUSSION:

Federal and state law establish baseline requirements for governmental flag display, while leaving local agencies discretion to adopt their own policies for additional flags displayed on municipal property.

United States Flag Code

Title 4 of the United States Code (also referred to as the Flag Code) provides rules of etiquette and protocol for the display and handling of the U.S. flag. Relevant provisions include:

- Title 4, section 6 describes how the U.S. flag is to be displayed, including the requirement that it be illuminated if displayed at night. It also states that the flag should be hoisted briskly and lowered ceremoniously.
- Title 4, section 7 defines the order of precedence when multiple flags are displayed together, requiring the U.S. flag to occupy the position of superior prominence.
- Title 4, section 7(m) authorizes the President to order the U.S. flag to be lowered to half-staff.

The Flag Code does not prohibit local governments from flying additional flags, nor does it require municipalities to display the U.S. flag, but when flown, federal protocol must be followed.

California Law

California Government Code Section 420 establishes that the official California State Flag must conform to state-defined specifications. State law does not limit a Town's authority to authorize additional flags beyond governmental flags, provided that federal flag precedence is observed when governmental flags are flown. When the State flag is flown, it must be displayed in a manner that follows the general principles of flag precedence set out in the U.S. Flag Code. California does not mandate a process for local commemorative flags. Cities, therefore, have discretion to adopt their own policies, provided they maintain compliance with applicable federal protocol when the U.S. flag is displayed.

Government Speech and Policy Design

Under the established First Amendment doctrine, when a municipality chooses messages to convey on its own property, including through the display of flags, it is engaging in government speech. In such circumstances, a city may decide which flags to display without creating a public forum for private expression, so long as it maintains control over the message conveyed. However, the Town may inadvertently transform the flagpoles into a public forum in how it approaches authorizing flags on Town owned flag poles. Consequently, the Town Council should request legal guidance on any direction provided related to what can be displayed.

A brief search of sources to support how a local Town can approach discussing the Flag policy found that it is a good practice to consider

- Maintaining written policies governing municipal flagpoles.
- Affirming the municipality's intent to use flagpoles for government speech.
- Identifying which flags are displayed as a matter of course.

- Establishing criteria for evaluating commemorative flags.
- Avoiding opening flagpoles to general public use or case-by-case access without defined standards.

The Town's current Flag Policy does not address commemorative flags and therefore provides no framework for decision making regarding non-governmental flag requests. Policies that allow case-by-case approvals without defined standards may be more vulnerable to being characterized as creating a public forum, which can limit the Town's ability to decline future requests.

Examples from Peer Jurisdictions

The Town Clerk requested example Flag policies through a listserve with California City Clerks. The request generated nine complete policy examples from cities in Northern and Central California. Taken together, these policies show a broad consensus on how municipal flagpoles are regulated.

Cities uniformly rely on the government speech doctrine, treat flagpoles as non-public forums, and limit displays to flags that the city itself intentionally chooses to express its own views. Common elements across responding jurisdictions include:

- **Flagpoles not open to public expression.** Every respondent states that city flagpoles are reserved for government speech. Millbrae, Albany, Scotts Valley, Dublin, and Sunnyvale all expressly state that their poles are not available for public requests. Chowchilla prohibits all commemorative flags other than limited military or event flags.

- **Council authorization required.** Most jurisdictions require a Council resolution to authorize any commemorative flag. Some, like Scotts Valley and Albany, require that only a Council member may initiate the request.

- **Strict limits on duration and location**. Virtually all responding cities cap display periods at 31 days or fewer and designate one location (typically City Hall) for commemorative flag displays. Chowchilla and Tulare restrict commemorative flags more severely, limiting them to government, military, or sister city flags.

- **Clear ordering and placement rules.** All policies maintain the United States flag at the highest position of honor, followed by the State flag, with commemorative flags placed below. These rules track federal and state flag codes reproduced in the Albany policy.

- **Content restrictions.** Many policies prohibit flags associated with political parties, election outcomes, commercial entities, or religious movements to avoid any

appearance of endorsement. Scotts Valley and Millbrae both include explicit prohibitions of this kind.

In terms of their approaches to Pride and Other Commemorative Flags, the cities included the following:

• **Annual Pride Month displays.** Several cities now include the Pride flag among their formally authorized recurring commemorative displays.
- Millbrae includes Pride Month in its list of annually recognized commemorations.
- Arroyo Grande authorizes an annual display of the Pride flag each June along with the Juneteenth flags.
- Sunnyvale has a long-standing practice of authorizing Pride Month and has expanded that practice to include the Transgender flag for the Transgender Day of Visibility.

• **Case-by-case or restricted approaches.**
- Dublin permits commemorative flags but requires Council initiation and limits the location to the Civic Center.
- Albany allows commemorative flags only when initiated by a Council member and approved by formal action.
- Scotts Valley takes a similar approach but narrows eligibility to commemorations aligned with its strategic goals and values.
- Chowchilla prohibits commemorative flags entirely, except for military and event use.
- Tulare allows only governmental, sister city, or ceremonial flags.
- Union City authorizes additional flags only by Council proclamation and does not preapprove recurring commemorative flags.

Several jurisdictions expressly rely on *Shurtleff v. City of Boston*, 596 U.S. 243 (2022)(holding that, because Boston's flag-raising program did not express government speech, Boston's refusal to let petitioners fly their flag violated the Free Speech Clause of the First Amendment), to support their flagpole policies. In that case, the United States Supreme Court held that when a city exercises control over its flagpoles and determines which flags may be flown, the display constitutes government speech rather than private expression. Because government speech is not subject to the Free Speech Clause in the same way as public forums, the Court explained that a city may choose what messages to express and what messages not to express when using its own flagpoles. Arroyo Grande's resolution cites this principle directly, stating that the Free Speech Clause "does not prevent the government from declining to express a view" and that choosing which flags to fly is a permissible governmental choice about how the city speaks.

Given that this case has implications for how municipalities structure flag display policies, any legal interpretation or application of *Shurtleff* to the Town's circumstances should be referred to the Town Attorney for review and guidance.

Overall, the listserv responses demonstrate that cities typically establish controlled, Council directed commemorative flag programs, either narrowly limited or selectively expanded to include civic values such as Pride Month.

Policy Options for the Town of Los Gatos

The options presented below reflect different ways to align a future policy with the background and legal framework described above, and each option carries different implications for administration, symbolic expression, and legal clarity.

Option 1 – Commemorative Flag Policy with Council Authorization
This option would establish a written Flag Display Policy that designates Town flagpoles as government speech, limits routine display to governmental flags, and allows the Town Council to authorize commemorative flags by resolution on a case-by-case basis. Such a policy would mirror practices widely adopted by peer jurisdictions. The Pride flag could be considered under this structure through a subsequent resolution. Consideration of any specific commemorative flag would occur only in accordance with the criteria and procedures established by the adopted policy.

Option 2 – Option 1 with Direction to Return with a Pride Flag Resolution
This option would adopt the commemorative flag structure in Option 1 and simultaneously direct staff to return with a resolution authorizing display of the Pride or Progress Pride flag during June 2026. This option would establish a commemorative framework and, at the Council's discretion, direct staff to prepare a proposed resolution concerning the display of the Pride or Progress Pride flag in June 2026.

Option 3 – Adopt a "Government Flags Only" Policy (No Commemorative Flags)
Under this option, Town flagpoles would be reserved strictly for governmental flags. No commemorative or symbolic flags, including the Pride flag, would be displayed. Recognition of events or commemorations could continue through existing tools such as proclamations or Town-sponsored programming. This option offers administrative simplicity and ensures the flagpoles are reserved exclusively for official governmental representation.

Option 4 – Option 4 – Provide Direction and Refer a Draft Policy Back to Council Policy Committee with Direction
The Council may elect to provide high-level direction on policy elements and refer the matter back to staff or the Council Policy Committee for further refinement before adopting a final policy. This allows for a customized approach suited to Los Gatos.

Option 5 – No Action or Alternate Direction
Under this option, the Council would leave the current policy unchanged. Because the existing policy does not authorize commemorative flags, no nongovernmental flags could be displayed unless the policy were amended in the future.

In considering any policy change, it is prudent to view the context and analysis through the boundaries of how the policy is defined and can be implemented. Different jurisdictions adopting commemorative flag policies have experienced varying community responses, both supportive and critical. These variations highlight the importance of ensuring that any adopted framework is objective, consistently applied, and transparent. As such, the Council should weigh both the symbolic value of a commemorative-flag program and the importance of maintaining fairness, clarity, and community cohesion. A policy that limits non-governmental flags to those approved by the Town Council, for specified commemorative occasions, for limited durations, and under consistent placement rules, can preserve governmental control, reduce the risk of litigation, and provide a clear, transparent process.

At the same time, the Council should be aware that the display of commemorative flags, including the Pride flag, may be interpreted by some members of the community as the Town expressing a particular viewpoint. Such perceptions may arise regardless of the Town's intent and have, in other jurisdictions, generated debate or requests for policy revision. Establishing objective, clearly defined criteria helps ensure that any future flag-display decisions remain consistent, transparent, and grounded in the adopted policy framework.

Given those considerations, the policy options above offer a spectrum from maintaining a strict "governmental-flag only" posture to a more inclusive commemorative-flag model. The Council's preferred direction should reflect the Town's values, administrative capacity, and desire for transparency and equity. If the Council desires caution, referral to the Council's Policy Committee for further drafting may be the most prudent next step. If the Council is prepared to embrace symbolic recognition, adopting a Commemorative Flag Policy with Council-authorized displays is a well-supported and commonly accepted approach.

COORDINATION:

This staff report was coordinated with the Town Attorney and the Town Clerk.

ENVIRONMENTAL ASSESSMENT:

Consideration and potential adoption of a flag display policy constitutes an administrative action that does not involve construction or physical changes to the environment. Under California Environmental Quality Act (CEQA) Guidelines section 15378(b), adoption of internal governmental policies is not a project. Alternatively, the action is exempt under CEQA

Guidelines section 15061(b)(3), as it can be seen with certainty that no environmental impact will result.

CONCLUSION:

The display of flags on Town-owned flagpoles carries symbolic significance and must conform to federal and state legal requirements. The United States Flag Code and California law establish procedural obligations when governmental flags are displayed and provide local governments with substantial discretion regarding any additional commemorative flags. Courts and professional guidance emphasize that municipalities should adopt clear written policies that designate flagpoles as expressions of government speech and define which flags may be displayed.

The Town Council has several viable policy paths, ranging from permitting commemorative flags through a defined Council approval process to limiting municipal flagpoles exclusively to governmental flags. Each of these policy paths is permissible and commonly used by municipalities, and none presumes or precludes future consideration of any specific commemorative flag. Direction from the Council will determine whether staff should prepare a commemorative flag framework, a government-flags-only policy, or a blended approach, and whether staff should return with a specific resolution authorizing display of the Pride or Progress Pride flag during Pride Month in June 2026.

Attachments**:**
1. Town of Los Gatos Flag Policy

TOWN OF LOS GATOS CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service *Community Stewardship* *Future Focus*

TITLE: Flag Policy	**POLICY NUMBER: 5-02**
EFFECTIVE DATE: 10/19/16	**PAGES: 3**
ENABLING ACTIONS:	**REVISED DATES: 9/4/18**
APPROVED:	

PURPOSE

This Policy provides guidelines for the official appearance and colors of the Town flag and Town seal as well as guidelines for gifting or trading the Town flag. This Policy also provides direction for when to lower flags to half-staff and to raise flags flown on Town properties.

SCOPE

The Policy applies to all Town flags and Town seals as well as Town staff, volunteers, and residents managing flags flown on Town properties.

POLICY

TOWN SEAL

The official Town seal shall be in a circular format with a golden outer ring. At the top of the outer ring, bold-face, upper-case, black letters shall read 'TOWN OF' while similarly written letters at the bottom read 'LOS GATOS'. At the bottom and inside the outer ring, smaller, upper-case, regular-face, black letters read 'INCORPORATED 1887' against a white background. The central image features a golden sun radiating narrow golden rays against a white sky peaking out from behind dark and light green mountains. The foreground displays nine rows of dark and light green grape vines on light brown earth. Flanking each side of the central image are two large white cats outlined in black. The cats are modeled after those which guard the entrance to "The Cats" estate just south of Town, sculpted from cement by Robert Trent Paine in 1922.

There is also a black and white version of the color Town seal, which is acceptable for use.





TOWN FLAG

The official appearance of the Town flag shall feature the color Town seal, centered, on a white background. Directly below the seal shall read, in bold-faced, upper-case, dark green letters 'THE GEM OF THE FOOTHILLS'.

LOWERING AND RAISING THE FLAG

The Town of Los Gatos will adhere to the United States Flag Code, along with the California Governor's and the Town of Los Gatos Mayor's discretion on flag status for all flags on Town property.

For background, Title 4, Section 7 of the United States Code describes the United States Flag Code and the President's authority. This Code specifies that only the President can order federal flags to half-staff. The Code also indicates that state governors have the authority to issue flag status proclamations. The Town will follow this Code and the Mayor's discretion when managing the Town's flag procedures.

PROCEDURES

The Town flag may be gifted or traded upon approval from the Town Manager.

The procedures for lowering and raising flags on Town property are as follows.

1. The Town Council will establish the Flag Policy. The Town Manager and his or her designee will provide direction for flag status, and act as the final authority for the application of the policy according to federal and state declarations.

2. The Town Manager's Office is responsible for the day-to-day operation of administering direction for flag status.

APPROVED AS TO FORM:

Robert Schultz, Town Attorney

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 16

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Approve the Senior Services Roadmap Update and Next Steps**

RECOMMENDATION: Approve the report on Senior Services Roadmap Update and Next Steps, and provide any direction.

FISCAL IMPACT:

Approving the report itself does not have an immediate fiscal impact. However, in order to implement some next steps, funding may be required, which would be addressed in future budget cycles.

STRATEGIC PRIORITY:

This item is aligned with the strategic priority to meet the needs of older adults.

BACKGROUND:

In 2023, the Senior Services Roadmap (Roadmap) was prepared by the Senior Services Committee, which consisted of Council Members, Community Health and Senior Services Commission (CHSSC) commissioners, and various other service providers and volunteers from the Los Gatos Community. The report was endorsed by the Town Council in 2023.

With grant funding from the County of Santa Clara, a Senior Services Coordinator was hired by the Town of Los Gatos to assist with the goals of the Roadmap, including assessment of programs and gaps, Town capabilities and limitations, and other factors.

PREPARED BY: Jen Fosco
Senior Services Coordinator

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

DISCUSSION:

The Senior Service Coordinator(s) have spent the last several months working with the Town, members of the community, and the CHSSC to assess the goals of the Senior Roadmap. As the term of the Senior Service Coordinator ends in December 2025, the Senior Services Roadmap Update and Next Steps report (Roadmap Update) is coming forward as the culmination of their work, outlining progress and next steps for the Senior Roadmap based on their assessment.

The Roadmap Update will be reviewed and discussed by the CHSSC at the December 11, 2025, meeting. Updates from this discussion will be shared with the Town Council.

As shown in the Roadmap Update, there are several measures that are already being done by service providers in our community. There are other elements that are more appropriate to be done by third parties and not the Town directly, or that the Town cannot complete due to bandwidth, budget, or expertise constraints. However, the Town is fortunate to have a strong network of service providers to meet many of these needs. The suggested next steps take into consideration these factors to help the Town move forward in an efficient manner.

CONCLUSION:

Staff looks forward to Council's discussion, including consideration of any recommendations from the CHSSC. Approval of next steps will help shape the near-term direction of the Town in implementing the Roadmap.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Proposed Senior Roadmap Update and Next Steps

Senior Services Roadmap

Update and Next Steps

Prepared by
Jen Fosco, Senior Services Coordinator
December 2025

ATTACHMENT 1

Introduction

In 2023 Senior Services Roadmap was prepared by the Senior Services Committee, which consisted of Council members, CHSSC commissioners, and various other service providers and volunteers from the Los Gatos Community. The report was endorsed by Town Council in 2023.

Goal 1: Appealing & Inviting Facility

F1: Needs Analysis
- Completed by Los Gatos Thrives Foundation (LGTF)

F2: Fundraising
- Ongoing Project of LGTF

F3: Optimize Existing Space
- Conducted by Town and Los Gatos Saratoga Recreation (LGSR):
  Rotational partner space, large hall divider, and safety lighting improvements implemented.
  Other improvements are still underway. Los Gatos Saratoga Recreation (LGSR) is currently providing a variety of programing in the current Adult Recreation Center (ARC) for over 1000 members.

Projects on hold until F2 is complete or other funding is identified:

F4: Community Facility Direction
F5: Community Facility Design
F6: Community Facility Construction
F7: Community Facility Operations

Next Steps for the Town:
- Maintain and optimize the existing facility as a warm and inviting location.
- Continue lease agreement between the Town and LGSR to ensure continuation of 55+ Program programing at the ARC.
- Other next steps would be pending completion of F2.

Goal 2: Core Senior Services

S1: Support the Continuation of Social, Educational, Healthy Living & Meal Services for Older Adults
- LGSR continues to run the 55+ Program and offers a full calendar of diverse programming.
- The CHSSC has provided input to the Town regarding the 55+ Program and the lease agreement.
- The Live Oak Nutrition program continues to operate.

- West Valley Community Services has its Park-It Market (grocery pick up) twice a month at the Library.
- LGSR continues to manage the HUB, making it a user-friendly online resource for Seniors. Community members can make recommendations to changes or improvements through an easy form linked on the main page.
- The Town would like to promote the HUB as the central location for senior information and is looking for partners to cross-promote this resource so the community and clients of all providers can be better connected and informed.

S2: Support Re-establishment of Adult Day Services (Complete)

- Live Oak Adult Day Services continues to operate, supporting seniors, caregivers, and families. They consistently have no waiting list, and do not have a need for expansion at the Los Gatos location at this time.

S3: Support Continuation of Other core Services in Los Gatos by Community Organizations

- The community and service providers can continue to advocate for senior services, unhoused services, and senior case management.
- The Town is currently supporting West Valley Community Services (WVCS) in a request through Congressman Liccardo's Office to fund a mobile navigation center van that would provide case management and other support to West Valley Cities.
- The Senior Services Coordinator, LGSR, and the CHSSC have worked on the HUB to provide information on Senior Services including medical, housing, education, mental health, caregiver support, legal services, tech support, fall prevention programs, transportation and many other community resources.
- Any mentorship program coordinating seniors would need to be run by a community group or service provider.

S4: Support CHSS Commission Objectives to Establish a West Valley Health Clinic with Mental Health Services

- The County of Santa Clara Behavioral Health Services (BHS) is the lead agency to support the establishment of mental health clinics. The County also contracts with local non-profit organizations that provide mental health services and serves as the Mental Health Plan for County Medi-Cal recipients. *https://bhsd.santaclaracounty.gov/services-group/adult-and-older-adult*
- The Town is unable to dedicate resources to pursuing a new West Valley Health Clinic or to monitor initiatives/grant opportunities. Interested community members and service providers should connect directly with the County.
- The County has a Behavioral Health Board composed of community members at large, clients and family members of clients using the behavioral health system. Any member of the community or the CHSSC could attend these meetings and report on relevant updates to the CHSSC. *https://bhsd.santaclaracounty.gov/behavioral-health/behavioral-health-board*
- BHS has an Outpatient Provider Directory (Mental Health) that includes service-providers (AACI, Gardner, etc.), doctors., etc., that offer treatment and support. Additionally, Care Solace contracts with Los Gatos Union School District to assist students and their families in connecting to mental health services in Santa Clara County. *https://bhdservices.sccgov.org/*

- BHS continues to have drop-in navigation hours at the Los Gatos Library every Tuesday.

S5: Expand the Use of Parks, Community Gardens and other Facilities

- LGSR continues to provide recreation in local parks. In order to implement exercise programs in parks or Town Plaza, LGSR would require a subsidy or no-cost model for parks/Town Plaza use.
- Any new community gardens, cluster seating or park improvements are subject to the CIP process and are not in the current budget.
    - Currently, due to budget constraints the Pinehurst Community Garden is a Tier 2 project that is currently not funded this year. Should the project be funded in the future, staff will engage the CHSSC for input as appropriate.

S6: Health and Welfare Assessment

- Assessment of senior services is described further in Goal 7.
- The County Department of Aging and Adult Services is responsible for reviewing the welfare safety net status for older adults and is the best source for this information. https://ssa.santaclaracounty.gov/departments/department-aging-and-adult-services

Next Steps for the Town:

- Continue to engage community service providers to meet the needs of older adults.
- Continue to receive input from community service agencies and the CHSSC regarding core senior services.
- At such a time that the community garden becomes funded, staff will engage the CHSSC for input as appropriate.
- The CHSSC can support these efforts by staying informed on Behavioral Health Board meetings and sharing the information they learn with staff and each other.
- CHSSC members, in their personal capacity, could explore and participate in existing programs and report back on their experiences and needs identified. (This would be done as a participant or observer, not as an auditor or person with authority over these programs.)

Goal 3: Communications and Engagement

C1: Information HUB Development and Deployment

- The HUB is up and running, administered by LGSR, including a feedback option for the community to suggest edits/updates. *https://forms.office.com/pages/responsepage.aspx?id=_8kdqvOqRkOHLMwiKcE4JLjvdLYww_BJhaUeO2pLX5lURDhRMkZIODFBUzVXMFRTR1VSUkExVFRGNi4u*
- Other major updates, redesigns or mobile apps are not contemplated at this time due to bandwidth/expertise constraints. The HUB is a successful tool,

demonstrated by data, over 5,500 times this calendar year. Links to video tutorials can be included on the HUB if provided by the service provider.

- The HUB is promoted through the LGSR 55+ Program as a Senior resource guide. HUB information cards are distributed to service providers in the community, and the Town provides HUB cards at the ARC, Library, Town Hall, and CHSSC meetings in Town Chambers. Any merchant or service provider who would like to be listed on The HUB can reach out to LGSR 55+ at the above link.
- The Town would like to promote the HUB as the central location for senior information and is looking for partners to cross-promote this resource so the community and clients of all providers can be better connected and informed. Staff is communicating this to partners and providing additional Hub Cards. The CHSSC's continued support by promoting the HUB to providers and community members is invaluable**.**
- The Library currently provides one-on-one Tech Tutoring to help with laptops, phones, tables, and technology issues every Tuesday from 3:00 to 4:30 p.m. The Library also provides monthly Tech Workshops on a wide variety of technology topics. Past topics have included topics such as tips and tricks for booking travel online, how to save and share photos with family members, how to use AI tools, how to recognize online scams, how to use a 3D printer, and more. Please check the library event calendar for times and topics: https://losgatosca.libcal.com/calendar?cid=11830&t=g&d=0000-00-00&cal=11830&inc=0.

C2: Promotion of Community Awareness and Engagement in Services

- The Town is actively promoting the HUB and will be working with service providers to cross-promote as described in C1. The West Valley Service Provider Network is a key way for providers to engage/cross-promote/collaborate.
- The Town joined AARP Network of Age-Friendly Communities.
- The Town will continue to promote Town related events and LGSR promotes their events. A broader community calendar/promotions would need to be taken up by a third party or the service providers directly.

C3: Events Calendar

- The Town has an Events Calendar on the home page of its website that highlights meetings and local events.
- LGSR prepares a monthly newsletter, The PRINT, which promotes future events, and highlights past events by telling stories and summarizing the activity.
- APIs and a mobile app are not feasible for the Town but a community group or service provider could develop such a tool/resource.

C4: Provide and Engage Older Adults in Social, Healthy Living, and Life Learning Skills Activities

- LGSR will continue to promote it monthly activities via The Print, their website and in-person to member when they visit the ARC.
- LGSR is constantly assessing their program and working on ways to increase engagement and adjusts programing to ensure relevance.

- Los Gatos Thrives Foundation currently promotes and manages well-attended Monday Movies on the first Monday of the month at the Los Gatos Theatre.
- The Town and other agencies publicize their services, programs and events through their websites and social media, advertising and newsletters. The HUB is also a resource for this.
- West Valley College's Senior Guided Pathways program provides support to older adults (50+) in the areas of education (including technology), aging and job training. *https://www.westvalley.edu/schools/continuing-education/sascc/index.html*
- Nutrition and food services are provided by providers such as Live Oak Nutrition and West Valley Community Services.
- LGSR and the Jewish Community Center offer nutrition/food classes. https://apjcc.org/fitness1/services/
- Multigenerational programs and additional training classes can be added to the HUB if they are available in the community.
- A Distinguished Guest Lecture program would need to be put on by a service provider.

C5: Transition to In-person Services at New Community Center (On hold pending Goal 1)

- LGSR provides robust programing which includes social, educational, emotional support, recreation and field trips. Offering up to seven different activities per day, recreation and socialization programming at the ARC is successful and has a membership of over 1,000. LGSR is also continuing the Town's pilot of dedicating at least one room to service providers for direct service provision.

Next Steps for the Town:

- Continue to communicate with seniors to promote services, resources and events to feel a sense of belonging.
- Continue to promote the HUB, including providing resource cards.
- Continue to publicize Town and official 55+ events as appropriate through the official Town of Los Gatos channels.
- The CHSSC can support these efforts by continuing to promote the HUB in the community and identifying additional resources to suggest for the HUB.

Goal 4: Volunteer Support and Engagement

V1: Establish Volunteering Task Force

- The CHSSC created a Goal 4 Task Force, currently led by Vice Chair Sterne.

V2: Recruit and Build a Volunteer Community

- The Goal 4 Task Force, through LGTF/WVSP and a community volunteer (Volunteer Coordinator), are planning to prepare a volunteer interest/contact list – and will prepare periodic (i.e., monthly, every other month, etc.) announcements/email notifications to promote local volunteer opportunities. Potential volunteers would then reach out to the service provider directly to engage. This will initiate an organized system to recruit volunteers in local, volunteer roles and a link to join the contact list can be provided on the HUB. Once volunteers are placed, they can discuss other opportunities, like specialized roles based on unique skill sets.
- While the LGTF/WVSP volunteer coordination could expand and evolve, attending events to recruit volunteers would be dependent on the service providers conducting this activity.
- The type of volunteer opportunities would be dependent on the service providers providing the opportunity.

V3: Establish a Volunteer Corps - Refer to V2.

- The current focus is to establish the volunteer coordination system in V2 and future management/tracking of volunteers/referral process/ambassador volunteer program (C2)/technology solutions/volunteer social events would be up to the discretion of LGTF/WVSP or other service providers if it is feasible.
- A senior mentorship service would need to be run by a community group or service provider.

Next Steps for the Town:

- Once a volunteer coordination newsletter is created through LGTF/WVSP, the Town will work with LGSR to get a link on the HUB so interested parties can sign up to receive the notifications.
- The CHSSC can continue to support by promoting the volunteer coordination newsletter and encouraging volunteers to support the administration of the newsletter.

Goal 5: Enhanced Transportation Options for Older Adults

T1: Implement and Promote Transportation Awareness and Use

- The CHSSC Goal 5 task force regularly attends the Complete Streets and Transportation Commission (CSTC) meetings.
- The 2024/2025 Age Friendly Survey and the 2022 CASOA survey were completed by hundreds of Los Gatos residents who gave feedback and ideas related to public transit. Stakeholders can stay engaged through the Age Friendly Survey and Action Plan process to share ideas on how to further promote transportation programs in the west valley area. https://ssa.santaclaracounty.gov/departments/department-aging-and-adult-services/seniors-agenda

- Parks and Public Works staff pursue grants as appropriate and as bandwidth allows. There is not enough bandwidth to assess all County, state, and federal master plans and grants but staff stays connected regionally to stay updated on the relevant aspects.
- Individuals can visit the Town of Los Gatos website to use the Interactive General Plan website to review Chapter/Section 5 (Mobility Element) to review the various implementation programs and timelines. https://www.losgatosca.gov/2138/General-Plan.
- VTA has an open data portal which can inform on historical ridership, congestion management, active transportation, etc.: https://data.vta.org/
- Community members, including the CHSSC Goal 5 Task Force, can stay informed on VTA activities by viewing meetings and agendas. https://www.vta.org/about/board-and-committees.
- The VTA Senior Mobility Guide, and other transportation information, is currently available on the HUB. https://www.vta.org/sites/default/files/2022-03/Senior%20Mobility%20Guide%202022.pdf
- The Town of LG assesses ADA needs in parking lots on an ongoing basis. If there is a compliance need it is addressed either by maintenance or through the annual concrete process. Feedback regarding this issue can be submitted to the Town Public Works department. https://www.losgatosca.gov/FormCenter/PPW-15/Report-a-Parks-Public-Works-Concern-87.
- Silicon Valley Bicycle Coalition promotes bicycle safety, training, and repair. Community groups can connect with the Silicon Valley Bicycle Coalition to learn about bicycle safety, repair, commuting, etc. https://bikesiliconvalley.org/learn-ride/learn.
- Developing “Transportation Los Gatos” software given bandwidth and expertise; this may be more appropriate as a regional initiative.

T2: Advocate for an Age-Friendly Walking Plan

- The CHSSC can continue to coordinate with CSTC as the lead advisory Commission. Projects will be subject to the CIP process. The Bicycle & Pedestrian Master Plan may be a useful resource. https://www.losgatosca.gov/2347/Bicycle-and-Pedestrian-Master-Plan
- An Age-Friendly Accessible walking track or any other walking paths would be subject to the CIP process. The Los Gatos High School track is open for walking on weekday mornings from 6:00am-8:00am and evenings when school activities are not taking place. LGHSD is working on ways to open the track to the public on weekends.
- Town staff actively evaluates signs and markings, in collaboration with the LGMSPD, to make sure our public areas are safe and accommodating to all users.
- It is not currently feasible to conduct a “senior safety zone study”, but the Town cares about safe walking routes for all citizens, including Seniors. Feedback regarding walking safety can be addressed with Parks and Public Works department at https://www.losgatosca.gov/FormCenter/PPW-15/Report-a-Parks-Public-Works-Concern-87.

T3: Expand Mobility Options – Including Evenings and Weekends

- The RYDE program is currently operating per the schedule it has capacity for, and the Town does not have the resources to operate its own Town shuttle.
- The VTA Mobility Assistance program is designed to address transportation gaps/barriers for priority communities like older adults, individuals with disabilities, etc. The program partners with programs like Catholic Charities and Silicon Valley Independent Living Center to support residents through the application process. https://www.vta.org/programs/access/mobility-assistance-program. The VTA collaborates with LGSR to offer the Ride and Taste Los Gatos, and the Daycation programs, which encourage seniors to try public transit.
- The VTA Access program provides ride/shuttle service to eligible individuals with disabilities who cannot use conventional public transit (i.e., bus, light rail, etc.) https://www.vta.org/programs/access
- Heart of the Valley Services for Seniors offers door-to-door rides. https://www.servicesforseniors.org/services-programs

Next Steps for the Town:

- Continue to promote safe transportation for seniors and all community members.
- Continue to receive feedback regarding transportation needs and issues from residents and area agencies. Participate in VTA discussions related to bus routes as needed.
- The Town will be updating its Bike/Ped Master Plan in the next 5 years and will put an emphasis on senior walking.
- The CHSSC can support these efforts by continuing to attend CSTC meetings to stay informed and engaged.
- The CHSSC can support these efforts by attending VTA meetings or viewing agendas/minutes and sharing the information they learn with staff and each other.

Goal 6 – Senior Housing – Information on Approaches and Options

H1: Identify and Inventory Residential Options for Older Adults

- SV@Home focuses on addressing Santa Clara County's urgent need for affordable housing. Annually, in May (affordable housing month) – SV@Home brings together local advocacy groups, non-profit organizations, governments, etc., to raise awareness/drive action around housing issues in SCC. https://siliconvalleyathome.org/
- The Housing Programs page on the Town website includes a Housing Resources Guide, information on the BMR administrator (Housekeys), and information about residential options for older adults. The Goal 6 task force completed a review and suggested edits for the Housing Resources Guide. https://www.losgatosca.gov/345/Housing-Programs.
- The Town adopted its Housing Element (HE) in 2024, and it includes policies like HE-2.7 & HE-2.8, etc., related to senior/special needs housing programs. The Town is implementing the HE as fast as they are able. https://www.losgatosca.gov/1735/General-Plan---Housing-Element.

H2: Enable Development of Affordable Housing for Older Adults

- The Town adopted its Housing Element (HE) in 2024, and it includes a Senior Housing Resources program. The Town is implementing the HE as fast as they are able. https://www.losgatosca.gov/1735/General-Plan---Housing-Element.
- Any programs and funding for housing income support or home modification and repairs would be done by a third party.

H3: Establish Aging in Place Programs (Including a Los Gatos Village)

- Heart of the Valley Senior Services offers handywork for low income seniors. https://www.servicesforseniors.org/services-programs.
- The Town's Community Grants Program, within its capacity, provides a limited amount of funding to service providers offering rental assistance and other services. For example, Rebuilding Together Silicon Valley, an organization that coordinates home accessibility modifications and repairs has received funding through past grants. https://rebuildingtogethersv.org/programs/
- A Los Gatos Village program would need to be organized by a third party.

H4: Facilitate Crisis Housing

- In the event of a disaster, the Town will coordinate with the American Red Cross, Santa Clara County Office of Emergency Management, and other partners to provide emergency sheltering. The Town does not maintain separate senior-specific shelters; however, the County's Functional Assessment Service Team (FAST) program will be integrated into shelter operations to identify and address access and functional needs for older adults. All residents are encouraged to maintain personal emergency plans, including alternative places to stay, so that emergency resources can be prioritized for those with the highest need.
- Care facilities and other providers are required to have safety plans per CA code. The Town does not provide direct oversight over these facilities.
- The Town will share and amplify preparedness information relevant to older adults through existing outreach efforts, such as wildfire, earthquake, and PSPS information. Preparedness resources will reference materials from Santa Clara County OEM, Ready.gov, and other established sources.

H5: Monitor and Evaluate Needs & Stock

- The Town is required to provide annual reporting on Housing Element implementation progress.

Next Steps for the Town:

- Continue to provide required annual reporting on Housing Element implementation progress.
- Continue to keep the Town website updated with current housing options such as the Housing Resource Guide.
- Continue to accept community feedback on senior housing needs through the Planning Commission and Town Council meetings.

Goal 7: Integrated Governance, Funding & Accountability for Senior Services

The Town of Los Gatos is in a unique position because it cares about its senior residents and wants their needs met, however the Town does not provide or have oversight over direct services. It is for this reason that the idea of the integrated governance model is challenging. While the Town is not currently in a position to implement this from an oversight, bandwidth, and funding perspective, the Town can focus on assessing older adult services by implementing an annual survey to service providers and providing the data to the CHSSC.

The Senior Services Coordinator has assessed programs available to Town seniors, including needs and gaps. A service provider survey was distributed by the Town with results provided to the CHSSC.

Next Steps for the Town:

- Continue to issue the service provider survey to gather information from service providers.
- The CHSSC can continue to monitor the state of senior services and suggest improvements and collaboration.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 17

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update**

RECOMMENDATION: Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update

FISCAL IMPACT:

This item does not commit the Town to specific expenditures. It provides planning-level cost ranges for potential wildfire mitigation and preparedness program elements to support Council discussion of investment levels and program priorities.

Based on the cost ranges in Attachments 1 and 2, the three illustrative program scenarios have approximate annual operating costs of:

• Scenario 1 Foundational Program: about $1.1 to $1.15 million per year, plus an estimated $0.8 to $1.0 million in one-time or capital work over 5 to 10 years.

• Scenario 2 Intermediate Program: about $1.6 to $2.3 million per year, plus an estimated $3 to $5 million in one-time or capital investments over 5 to 10 years.

• Scenario 3 Comprehensive Program: about $2.1 to $3.0 million per year, plus an estimated $6 to $11 million or more in cumulative one-time and capital work over 5 to 10 years.

These figures are order-of-magnitude planning estimates in current-year dollars and do not include grant offsets. Successful external funding would reduce the Town's net cost. More detailed assumptions for each element appear in the body of the report and in Attachments 1 and 2.

PREPARED BY: Chris Todd
Emergency Manager

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

STRATEGIC PRIORITY:

These efforts align with the strategic priority to further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk.

BACKGROUND:

In recent years, the Town of Los Gatos has experienced increasing wildfire risk due to the 2020–2022 drought, fuel accumulation, and climate driven changes in fire behavior. At the same time, the Town has made significant progress in emergency planning, including adoption of an updated Emergency Operations Plan (EOP), Community Wildfire Protection Plan (CWPP), Local Hazard Mitigation Plan (LHMP), expansion of roadside vegetation management, and initiation of Town wide evacuation and wildfire modeling.

In alignment with the Town Council's strategic priority to "Further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk," staff have developed a set of program options and planning level cost estimates to help the Council consider the scale and scope of a future, more comprehensive wildfire mitigation program. This report focuses on public safety measures and Town level preparedness and continuity, including Emergency Operations Center (EOC) capabilities. It does not evaluate operational staffing needs or response capabilities of the Police Department or the Santa Clara County Fire Department.

To develop the program options and cost ranges, staff drew on multiple sources:

- The Santa Clara County Multi Jurisdictional Hazard Mitigation Plan (MJHMP) and the Town of Los Gatos Local Hazard Mitigation Plan Annex / Community Wildfire Protection Plan (CWPP), the Town of Los Gatos Ad Hoc Wildfire Committee Report (2020), and community input, which together identify wildfire, earthquake, and flooding as the Town's top natural hazards;
- Budget and program information from comparable wildland urban interface communities, including Truckee, CA (voter approved Measure T wildfire resilience investments), Montecito, CA, and Sonoma County's Wildfire Adapted program; and
- Fire Smart community pilots supported by the Tahoe Fund and partners.

While these communities differ in size and governance structure, they provide useful per resident and per acre benchmarks for the level of investment that may be appropriate for Los Gatos, given its approximately 33,500 residents and roughly 12 square miles of primarily residential development with significant hillside WUI exposure.

For context:

- Los Gatos, CA – approx. 33,500 residents; ~12 square miles (~7,500 acres); primarily residential, with steep WUI hillsides directly upslope of denser in town neighborhoods.

- Truckee, CA – approx. 17,380 residents; 34 square miles (~21,540 acres); roughly half the population of Los Gatos but about twice the land area, with extensive forested WUI and access constraints.

- Montecito, CA – approx. 8,600 residents; 9.18 square miles (~5,875 acres); somewhat smaller in land area and about one quarter of Los Gatos' population, but facing high consequence wildfire, debris flow, and evacuation challenges similar to Los Gatos' hillside neighborhoods.

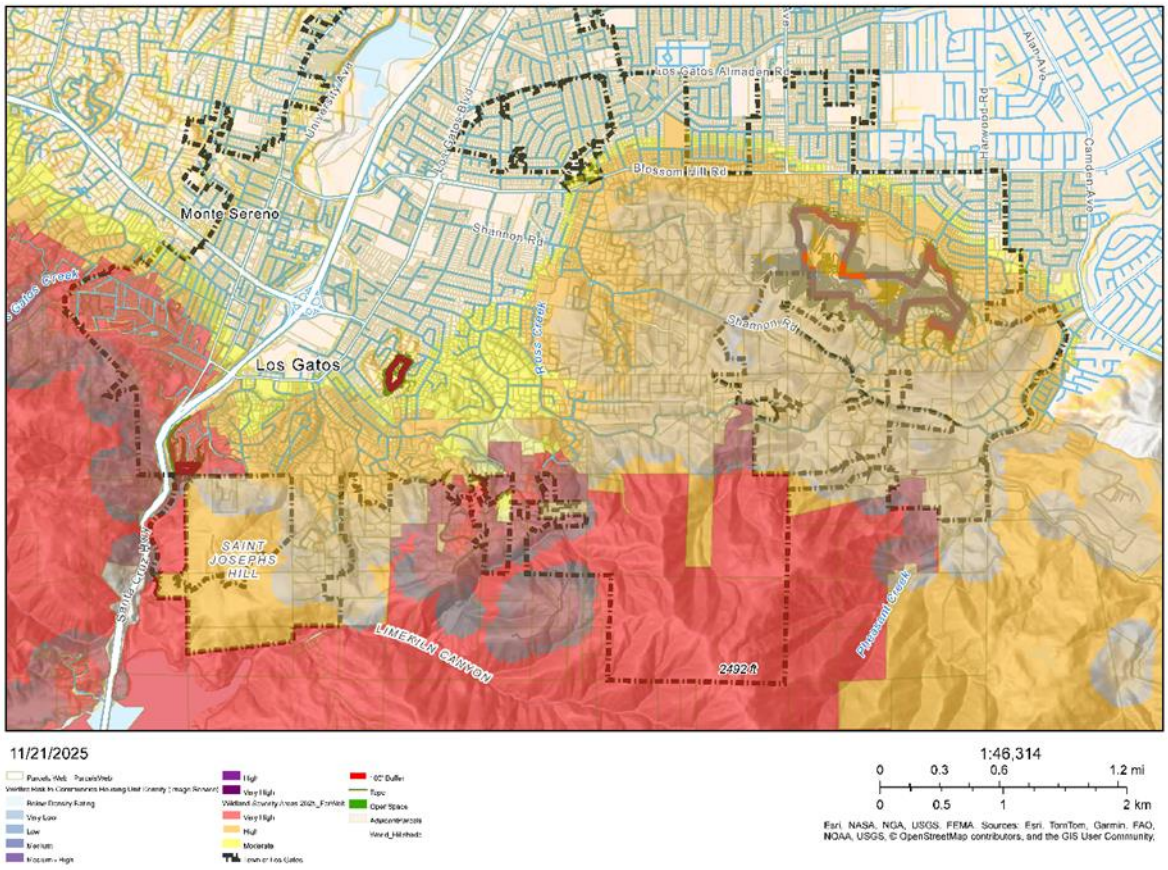
Taken together, these comparisons suggest that a robust wildfire program for Los Gatos would reasonably fall within the per resident and per acre investment ranges seen in these communities, adjusted for local labor, contracting, and administrative costs.

DISCUSSION:

1. Risk Context and Key Hazards

Graphic on Next Page

Wildfire Hazard Map with Housing Density



For Los Gatos, wildfire is the primary focus of this report. While the Town also faces significant earthquake and flood/storm hazards, the specific program options and costs presented here are oriented toward wildfire mitigation and preparedness, with co-benefits for other hazards. Within the wildfire hazard, staff identify three key mechanisms of fire spread:

1. Vegetation-to-Structure Ignition at the WUI Boundary
    - Dense, continuous fuels on steep hillsides or in canyons adjacent to homes can create conditions for rapid fire spread from wildland vegetation to structures.
    - Narrow winding roads, limited access, and slope can accelerate fire behavior and complicate firefighting and evacuation.
2. Structure-to-Structure Fire Spread as Spacing Narrows
    - As development transitions from large hillside lots to more closely spaced homes, the dominant hazard shifts from wildland fuels to structure-to-structure ignition.

- In these areas, combustible fencing, vegetation between homes, deck attachments, and vulnerable building materials can allow a single ignition to propagate rapidly through a block or neighborhood.

3. Ember Cast Affecting the Wider Town Area
   - Large wildfires can generate ember casts capable of igniting homes and vegetation miles away from the flame front, including in denser in-town neighborhoods that are not directly adjacent to wildland fuels.
   - This means that preparing hillside homes alone is not sufficient; embers can ignite structures, vehicles, and landscaping well inside the Town core.

Across all three mechanisms, evacuation is a compounding factor rather than a separate hazard. Limited roadway capacity, topography, and multi-directional threat potential (e.g., multiple canyons and ridge lines) can slow evacuation just as demand is highest. This underscores the need to reduce the likelihood and intensity of fire reaching homes (fuel reduction and home hardening); reduce the chance that individual ignitions become neighborhood-scale events (defensible space and structure spacing considerations); and improve evacuation planning, public warning, and continuity of Town operations.
These wildfire-focused efforts will also improve preparedness for other natural hazards (e.g., earthquakes, floods, severe storms) by strengthening emergency management capacity, communication tools, and continuity planning.

2. Program Objectives

The proposed approach is organized around three overarching objectives:

1. **Life Safety**
   Reducing risk of injury and improving egress in a disaster.
2. **Property and Economic Stability**
   Protect homes, businesses, and critical infrastructure in a way that maintains the long-term viability and economic stability of the community. This includes protecting the local tax base, avoiding long-term displacement, and preserving key public facilities and lifelines.
3. **Environmental Stewardship**
   Manage vegetation and fuels in a way that reduces wildfire risk while supporting ecological health, watershed function, and long-term resilience of the Town's open spaces and urban forest.

To achieve these objectives, the program is designed to address mitigation, response, and continuity:

- **Mitigation**: Vegetation management, home hardening, defensible space, and infrastructure improvements that reduce risk before an event.

- **Response**: Strengthening the Town's ability to coordinate multi-agency operations through the EOC, public warning, and field support.
- **Continuity**: Ensuring the Town can sustain essential services and governance during and after a major event through continuity of operations planning.

Whole Community and Resident Action
A central premise of the program is that the Town cannot "do it all" on public property alone:

- A large portion of the highest-risk WUI area in and around Los Gatos is on private property, with Town-owned land representing only a subset of the fuels that threaten structures and evacuation routes.
- The preparedness of hillside homes directly affects the safety of residents farther into Town. If fires intensify in the WUI, embers and structure-to-structure spread will drive risk into denser neighborhoods.

Accordingly, the Town can:

- **Educate** residents and businesses with clear, consistent guidance on home hardening, defensible space, and evacuation readiness.
- **Reduce barriers to action** by offering services such as chipping, greenwaste pick-up, and potentially block-level contracts that lower cost and complexity for individual property owners.
- **Guide through non-punitive inspections** where appropriate, emphasizing coaching and voluntary compliance over penalties, especially in early phases.
- **Enforce minimum standards** for vegetation management and hazard abatement when necessary, in a fair and transparent manner.

The intent is to build a program that is robust enough to handle both moderate disasters and the less frequent, but larger-scale events that would significantly stress Town resources, without over-committing to a single hazard scenario.

3. Wildfire Mitigation and Preparedness Program Options and Cost Scenarios
Based on the cost outlined in Attachments 1 and 2, the three illustrative program scenarios have approximate operating costs of:

Scenario 1 – Foundational Program: Approximately **$1.1 to $1.15 million per year** in ongoing operating costs, with an estimated **$0.8 to $1.0 million** in additional one-time and capital work over the first 5–10+ years.

Scenario 2 – Intermediate Program: Approximately **$1.6 to $2.3 million per year** in ongoing operating costs, with an estimated **$3 to $5 million** in one-time and capital investments over the first 5–10+ years.

Scenario 3 – Comprehensive Program: Approximately **$2.1 to $3.0 million per year** in ongoing operating costs, with an estimated **$6 to $11+ million** in cumulative one-time and capital work over the first 5–10+ years.

This section describes how potential wildfire mitigation and preparedness components could be combined into three illustrative levels of investment:

- **Scenario 1 – Foundational Program**
- **Scenario 2 – Intermediate Program**
- **Scenario 3 – Comprehensive Program**

Each scenario builds on the prior one (Intermediate includes all Foundational elements; Comprehensive includes all Intermediate and Foundational elements). The program elements listed under each scenario are examples of how those funding levels could be deployed; individual elements could be modified, blended, or phased while staying within similar overall cost ranges.

As noted in the Fiscal Impact section, all costs are order-of-magnitude planning estimates in current-year dollars, do not assume specific grant awards or offsets, and exclude capital and match funding already appropriated for the outdoor warning siren project, the Town-wide evacuation modeling study, and the Vegetation Management Plan (VMP) update. Detailed line items and assumptions for each program component are provided in Attachment 1 – Wildfire Risk Mitigation Cost Breakdown and Attachment 2 – Wildfire Risk Mitigation Cost Table.

Scenario 1 – Foundational Program
(Estimated annual operating cost: approximately $1.1–$1.15 million; one-time/capital over ~5–10+ years: approximately $0.8–$1.0 million)

A core, sustainable wildfire mitigation and preparedness program that stabilizes and modestly enhances recurring fuels work, resident support, and EOC readiness, with a focus on the highest-risk locations. It begins transitioning from one-time, grant-funded projects toward a predictable baseline of annual work.

Illustrative annual program elements and costs
(rounded figures; one possible mix within the overall Scenario 1 range):

- **Roadside vegetation management on priority evacuation routes – approx. $375,000/year**
  Shift from one-time, grant-funded roadside projects to modest but consistent annual maintenance on the highest-priority evacuation routes (for example, a multi-year cycle with lighter annual/biannual touch-up on the most constrained segments).

- **Weed abatement, defensible space alignment, and Firewise/community outreach – approx. $200,000/year**
  Maintain and better coordinate:
  • Town support for County weed abatement and defensible space inspections (including the County Weed Abatement program fee billed to the Town); and
  • Ongoing Firewise-style outreach, mailers, and neighborhood engagement to help residents understand expectations and how to meet them.
- **Open space and park fuel treatments on Town lands – approx. $175,000/year**
  Maintain recent fuels work and modestly expand treatments in Town-owned open spaces that most directly threaten WUI neighborhoods, at a scale of approximately 75-100 acres per year, assuming maintenance-level costs in the roughly $1,500–$2,500 per acre range and a mix of follow-up and limited new treatments.
- **Program staffing – approx. $250,000/year**
  Provide roughly 0.5–0.75 FTE equivalent to coordinate baseline wildfire work, manage contracts, track data, and pursue grants. The lower end of the range reflects minimal new staffing and a basic training calendar; the upper end assumes a more regular exercise schedule and modest backfill/overtime for participating staff.
- **Staff training and EOC readiness — approx. $75,000–$100,000/year**
  Annual ICS/EOC training, periodic exercises, VEOCI platform maintenance, and backfill costs.
- **VMP annual implementation support — approx. $50,000/year**
  Ongoing monitoring, adaptive management, and coordination with roadside and open-space fuel treatments (one-time plan update funded separately).

Illustrative one-time/capital work
(approximately **$0.8–$1.0 million total** over 5–10+ years):

- Targeted backlog reduction on roadside and open-space units that directly affect evacuation routes and adjacent structures – on the order of $600,000–$700,000 in initial “catch-up” fuel-reduction work. This planning-level figure is derived by applying typical per-mile and per-acre treatment costs (for a limited number of high-priority WUI road segments and adjacent slopes) and will be refined once the updated Vegetation Management Plan and Town-wide evacuation study identify specific roads and treatment units.
- **Early urban-forest hazard-tree work** along critical evacuation corridors – approximately $0.2–$0.3 million, coordinated with the Town’s Urban Forest Management Plan update and existing street-tree maintenance efforts.

(Work on the Town-wide evacuation modeling study, the Vegetation Management Plan update, the Urban Forest Management Plan update, and the outdoor warning siren project is funded separately and not included in these one-time figures.)

Scenario 2 – Intermediate Program
(Estimated annual operating cost: approximately $1.6–$2.3 million; one-time/capital over ~5–10+ years: approximately $3–$5 million)
A moderate, Town-wide wildfire resilience program that builds on existing efforts and Scenario 1 by expanding fuels work and adding more robust resident support, while remaining within a mid-range level of annual investment.

Illustrative annual program elements and costs
(Scenario 2 includes all Foundational functions, scaled up where noted; one reasonable mix totals about $2.0 million per year):

- **Roadside vegetation management – approx. $425,000/year**
  Increase miles treated on key evacuation routes and begin moving the highest-risk corridors toward an annual maintenance model, while maintaining a multi-year cycle elsewhere.
- **Weed abatement, defensible space support, Firewise outreach, and Town-wide preparedness campaigns – approx. $300,000/year**
  Sustain County weed abatement and defensible-space coordination and add more proactive Town communication and education, including Firewise support, workshops, and multi-channel preparedness campaigns.
- **Open space and park fuel treatments – approx. $75,000/year**
  Continue and modestly expand fuel treatments in additional priority Town-owned open-space and park areas, informed by the updated VMP, CWPP, and evacuation analysis.
- **Chipping and curbside greenwaste service focused on WUI neighborhoods – approx. $325,000/year**
  Provide seasonal chipping/curbside greenwaste service in high-risk WUI areas (for example, one or two collection windows per year), reducing barriers for residents to complete defensible-space work.
- **Home-hardening and defensible-space grants – approx. $225,000/year**
  Launch a starter grant or cost-share program targeting high-risk hillside blocks (for example, roughly 75–100 homes per year at typical awards of $2,000–$3,000, potentially braided with external grants).
- **Community wildfire grants (block/HOA/partner projects) – approx. $250,000/year**
  Fund a small annual pool to support neighborhood-scale mitigation projects (for example, shared access-road clearing, hazard-tree removal in common areas, or HOA-level treatments) where private parcels jointly influence evacuation or structure-ignition risk.

- **Program staffing – approx. $300,000/year**
  Ensure at least one dedicated wildfire-program manager FTE equivalent, to coordinate baseline wildfire work, manage contracts, track data, and pursue grants.
- **Advanced wildfire-risk modeling and GIS support – approx. $50,000/year**
  Add parcel- and corridor-level wildfire-risk and ember-exposure mapping, data maintenance, and support for more targeted programs (for example, using modeling outputs to focus grants and chipping on the highest-risk clusters).

Illustrative one-time/capital work
(approximately $3–$5 million total over 5–10+ years):

- **Open-space backlog reduction and shaded fuel breaks** – Approximately $1.0–$1.5 million in additional treatments beyond Scenario 1, creating and maintaining strategic shaded fuel breaks and treated units on Town lands.
- **Urban-forest hazard-tree work** along priority evacuation routes and hillside streets – approximately $1.0–$1.5 million, initiating early phases of a 12-year tree cycle in the most critical corridors.
- **Initial low- to moderate-cost evacuation-route improvements** – Approximately $1.0–$2.0 million for projects such as shoulder improvements, turnouts, parking restrictions, striping, and signage, guided by the evacuation-modeling study.

Scenario 3 – Comprehensive Program
(Estimated annual operating cost: approximately $2.1–$3.0 million; one-time/capital over ~5–10+ years: approximately $6–$11 million+)
A fully integrated, whole-community wildfire mitigation and emergency-preparedness program broadly comparable to leading California WUI communities, with robust support for residents and strong Town capabilities. Scenario 3 includes all Scenario 1 and 2 elements at higher service levels.

Illustrative annual program elements and costs
(Scenario 3 assumes higher service levels for all preceding elements; one reasonable mix totals about $2.6–$2.7 million per year):

- **Roadside vegetation management – approx. $475,000/year**
  Provide annual or biannual treatments across all priority evacuation routes, maintaining low fuel loads and visibility in the most constrained segments.
- **Weed abatement, defensible-space support, Firewise outreach, and Town-wide preparedness campaigns – approx. $350,000/year**
  Sustain a mature defensible-space/weed-abatement program plus ongoing, high-touch Firewise and preparedness outreach across both hillside and in-town neighborhoods.

- **Open space and park fuel treatments – approx. $100,000/year**
  Maintain and expand a connected network of treated open-space units and fuel breaks wherever Town lands materially influence structure risk or evacuation routes.
- **Chipping and curbside greenwaste service – approx. $450,000/year**
  Offer a fully built-out chipping/greenwaste program for WUI areas, with predictable annual service windows and sufficient capacity to support neighborhood-scale mitigation.
- **Home-hardening and defensible-space grants – approx. $325,000/year**
  Operate a substantial grant/rebate program capable of driving neighborhood-scale change each year (for example, several hundred homes over multiple years), potentially in partnership with regional or State funding.
- **Community wildfire grants (block/HOA/partner projects) – approx. $500,000/year**
  Fund a robust community-grant program comparable in scale to Truckee's Community Wildfire Prevention Grants, supporting larger block, HOA, and partner projects that align with evacuation-modeling and risk-mapping priorities.
- **Program staffing – approx. $450,000/year**
  Support a fully staffed wildfire/emergency-management program (for example, the Emergency Manager plus a dedicated wildfire program manager and partial grant-management capacity), together with frequent EOC exercises, continuity-of-operations planning, and multi-year project management.
- **Advanced wildfire-risk modeling and GIS support – approx. $75,000/year**
  Maintain sophisticated wildfire-risk and ember-exposure modeling, parcel-level tracking of mitigation work, and public-facing risk-communication tools, building on the Town's evacuation-modeling and VMP outputs.

Illustrative one-time/capital work
(approximately **$6–$11 million+ total** over 5–10+ years):

- **12-year urban-forest tree-cycle implementation** – approximately $3.5–$4.5 million to carry out a full hazard-tree and maintenance cycle on priority street trees and trees affecting evacuation routes and structures.
- **Expanded strategic fuel breaks and open-space backlog reduction** – Approximately $2.0–$3.0 million to construct and maintain a network of shaded fuel breaks and treated units on Town lands that most directly influence structure and evacuation risk.
- **Major evacuation-route capital improvements** – Approximately $1.0–$4.0 million for a significant portion of the long-term roadway-improvement program recommended by evacuation modeling (for example, targeted roadway widening, additional turnouts, retaining walls, and other larger-scale projects).

4. Current Emergency Preparedness Initiatives Update
At Council's request, the summary of current emergency preparedness initiatives since the

update provided on September 16, 2025, is presented here to emphasize that the proposed program options build on existing work.

Key ongoing initiatives include:

- Emergency Operations Plan (EOP)
    - The Town's updated EOP has been formally adopted by the Town Council, and staff continues to develop supporting emergency specific annexes.
- Wildfire and Evacuation Modeling
    - The Town is in the process of developing a town-wide evacuation plan informed by simulation-based modeling, with an estimated contract value of approximately $300,000.
- Outdoor Warning Siren System
    - Staff have submitted a FEMA HMPG grant application for a siren-based public warning system. No dates have been given for award determination.
- Urban Forest Management Plan Update and Vegetation Management Plan (VMP) Update
    - Updates to the Urban Forest Management and Vegetation Management Plans are planned to help align with wildfire risk reduction goals.
    - Initial application for State Fire Capacity Grant to fund VMP update has been denied and resubmitted.
- Virtual Emergency Operations Center (VEOCI)
    - The Town has adopted VEOCI as a virtual EOC platform to support multi-agency coordination.
    - Staff are exploring an expansion of VEOCI's use to include Continuity of Operations Planning (COOP), enabling stronger integration between emergency response and sustained service delivery during disruptions.
- Staff Training
    - Continued training for staff in EOC and emergency operations.
- Firewise Community Development
    - Staff have continued to support the development of Firewise Communities through outreach and coordination. We currently have six Firewise Communities in development for Los Gatos.
- Sierra Azule Drive and Sky Lane Emergency Egress
    - Staff are coordinating with residents and the Santa Clara County Fire Vasona Crew to remove vegetation on a Town right-of-way that connects Sierra Azule Drive and Sky Lane. This work will support emergency egress during the Shannon Road repair. Initial vegetation removal costs will be split with Vasona Crew, with the Town's share at $1700.
- Santa Clara County Training Coordination
    - In coordination with the County, in November, the Town hosted a disaster finance section class with emergency personnel from across the county.

These existing efforts provide a strong foundation; the proposed program options are intended to build on this base, not start from zero.

CONCLUSION:

Wildfire remains the Town's most consequential natural hazard, with the potential to impact life safety, economic stability, and environmental health across the community. The Town has already taken important steps to improve its preparedness. However, given evolving risk and community expectations, Council direction is needed on:

1. Which program elements and services should be prioritized for further development; and
2. The general level of investment the Town should consider as staff refine program options and funding strategies.

The planning-level cost scenarios outlined in this report exceed the Town's currently available emergency management allocation and would require a combination of future budget decisions and external funding to implement.
This report, together with the attached cost matrix and the accompanying Council presentation, is intended to support that discussion and help the Town chart a path toward a sustainable, effective wildfire mitigation and preparedness program.

Staff will continue to provide updates to Council on emergency management and the expenditure of the emergency management allocation through the Town Manager's updates. Items that require Council approval or authority will be brought for Council's consideration accordingly.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Wildfire Risk Mitigation Cost Breakdown
2. Wildfire Risk Mitigation Cost Table
3. Wildfire Risk Mitigation Presentation

DATE: December 16, 2025

SUBJECT: Attachment 1: Los Gatos Wildfire Risk Mitigation Cost Breakdown

PREPARED BY: Chris Todd, Emergency Manager

This attachment provides text summaries of program options and planning level cost ranges for a wildfire risk mitigation program. All amounts are approximate, rounded, and intended for order-of-magnitude planning, not for contracting or grant applications. Costs are expressed in current-year dollars and should be refined with detailed scopes and updated bids before implementation.

Roadside Vegetation Management (priority WUI routes)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: ≈ $350,000–$500,000** (steady-state, not including big backlog projects)
- **One-time cost:** $600,000–$700,000 for initial, heavier treatments on untreated priority segments
- **Admin / staffing:** Multi-year contracts, environmental compliance, coordination with property owners.
- **Basis:** Annual costs represent recurring maintenance on priority WUI evacuation routes once backlog work is completed (e.g., a 4–6 year cycle with lighter annual/biannual "touch-up" on the most constrained segments). Town Wildfire Advisory Group estimate of **$75,000/mile** for ~5.2 miles ≈ **$390,000/year** on a 6-year cycle; Montecito's Roadside Hazard Abatement + Tag and Trim ≈ **$95,000/year** for 13 miles (lower per-mile costs on less constrained roads).

Weed Abatement and Defensible Space Inspections (Town share)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $95,000–$175,000**
- **One-time cost:** N/A
- **Admin / staffing:** Inspection coordination, complaint response, data management, legal support
- **Basis:** Montecito's annual defensible-space/weed inspections for ~4,200 parcels; Truckee's defensible space team funded within a ~$3.8M/year wildfire program; These funds would supplement County Fire's inspection/enforcement with Town admin capacity. Range includes the County Weed Abatement program fee currently billed to the Town (≈ $20,338/year) plus incremental Town staffing and overhead to coordinate inspections, respond to complaints, support enforcement, and align Town codes with State defensible space requirements.

Open Space and Park Fuel Treatments (Town-owned lands)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $150,000–$300,000** (maintenance); plus periodic capital for backlog reduction
- **One-time cost: $100,000–$200,000** for planning/CEQA, unit mapping, prescriptions
- **Admin / staffing:** Technical oversight, contract/CEQA management, monitoring
- **Per-acre logic & basis:**
    - Truckee fuels projects: **$2,900–$4,800/acre** (Sierra Meadows, Armstrong Tract, Royal Gorge, community grants).
    - Tyrolian Village Fire Smart pilot & BurnBot: **~$2,500–$2,800/acre** in steep WUI.
    - Montecito FTN maintenance: **25 acres at $90,000 (~$3,600/acre)**; herbivory: **50 acres at $65,000 (~$1,300/acre)**.
    - For Los Gatos: assume **initial treatments at ~$2,500–$4,000/acre** and **maintenance at ~$1,000–$1,500/acre**. The $150k–$300k annual band equates to maintaining/treating on the order of ~75–150 acres/year, which aligns with the scale of Town-owned risk areas identified in prior analyses.

Home Hardening and Defensible Space Grants

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $150,000–$400,000**
- **One-time cost:** N/A
- **Admin / staffing:** ≈ 0.25–0.5 FTE (or equivalent contract) for application, inspection, and grant management
- **Basis:** Town Wildfire Advisory Group recommendation of **~$100,000/year** for vulnerable homeowners; Montecito Home Hardening Assistance ≈ **$50,000/year for 10–15 homes**; Truckee's **$550,000/year** Community Wildfire Prevention Grants program.

Chipping and Green Waste Support

- **Priority:** High
- **Tier:** Primarily Intermediate / Comprehensive (small Foundational pilot possible)
- **Annual cost range: $250,000–$500,000**
- **One-time cost:** N/A
- **Admin / staffing:** Program design, vendor management, scheduling, customer service, outreach
- **Basis:** Truckee's Measure T Green Waste budget ranges from about $685,000 to $760,000 per year for curbside pick-up, dumpster rebates, and Firewise dumpsters, serving roughly 4,700 WUI parcels and additional residents. Montecito's Neighborhood Chipping Program is about $130,000/year in a much smaller community. Los Gatos has on the order of 3,100–3,400 WUI homes, so a scaled program focused on those high-risk neighborhoods is reasonably in the $250,000–$500,000 range depending on service level (number of annual collection windows, capacity for curbside pick-up vs. centralized dumpsters, and level of outreach).

Firewise / Fire Smart Outreach

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $50,000–$100,000**
- **One-time cost:** N/A
- **Admin / staffing:** ≈ 0.25–0.5 FTE (or equivalent contract) plus materials and events
- **Basis:** Montecito home-hardening and outreach budgets (~$50k+/yr); Truckee's prevention/outreach allocations within Measure T; Town Wildfire Advisory Group emphasis on Firewise and preparedness education.

Town-wide education & preparedness campaigns

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $25,000–$75,000**
- **One-time cost:** N/A
- **Basis:** Truckee and Montecito community wildfire communications.

Town-Wide Evacuation Modeling and Plan (planning only)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** Minimal (beyond periodic updates/exercises)
- **One-time cost: ≈ $200,000–$300,000** (no additional funding needed for this item)
- **Basis:** Currently scoped at ~**$300,000** as a planning ceiling for modeling and plan development. Grant application pending. HMGP comparables show similar scales for detailed wildfire/evacuation planning.

Evacuation Route Physical Improvements (Capital)

- **Priority:** High (long-term)
- **Tier:** Comprehensive
- **Capital range: ≈ $10 million over 5–10+ years (capital)**
- **Basis:** Prior Town analysis and Wildfire Advisory Group work identified a conceptual package of evacuation-route improvements (e.g., shoulder work, limited widening, turnouts, signage, and parking restrictions) on the order of $10 million over time (approximately $1 million in early projects and another ~$9 million in later phases). These amounts are placeholders used solely for long-range planning.
- **Notes & Assumptions:** This is capital, not program operating cost, and actual scope, sequencing, and cost will be determined only after completion of the Town-wide evacuation modeling and plan. The modeling effort is expected to identify specific bottlenecks, priority corridors, and recommended treatments; any capital projects that emerge will be brought back through the Town's normal CIP and budget process with refined engineering estimates. Until that work is complete, the $10 million figure should be treated as a high-level planning benchmark, not a commitment.

Outdoor Warning System (Sirens)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $40,000–$60,000** (O&M)
- **One-time cost: ≈ $1.5–$1.7 million** for ~8 siren sites
- **Basis:** Town's HMGP subapplication for 8 siren locations (~$1.63M total). Malibu and other HMGP siren feasibility/implementation projects show similar per-site and annual maintenance costs. Grant application pending.

Staff Training

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $75,000–$150,000**
- **One-time cost:** N/A
- **Basis:** Emergency Management Accreditation Program aligned programs typically budget at least 0.5–1.0 FTE plus training and exercise funds. This range covers one major exercise every 1–2 years, annual ICS/EOC training, VEOCI config, and backfill; consistent with the Town's EOP implementation and regional coordination commitments.

Program Staffing

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $100,000–$200,000**
- **One-time cost:** N/A
- **Basis:** Peer communities dedicate explicit staff capacity to wildfire mitigation program administration. Truckee Fire Protection District has created a Wildfire Prevention Division that includes a Wildfire Prevention Manager and four support staff. Montecito Fire Protection District's Vegetation Management and Wildfire Prevention work is similarly managed by a small prevention team that includes specialist roles focused on vegetation management and community wildfire preparedness. For Los Gatos, this range is intended to represent roughly one mid- to senior-level FTE (or an equivalent blend of staff time) dedicated to wildfire program coordination in addition to the existing Emergency Manager role. Duties would include vendor and contract management, coordination with any Fire Safe Council partners, grant management, data tracking, reporting, and cross-departmental coordination.

Contracted Program Support (e.g., Fire Safe Council)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $150,000–$300,000**
- **One-time cost:** N/A
- **Basis:** California Fire Safe Councils commonly manage bundled services—chipping, defensible-space assessments, neighborhood grants, and block-contractor coordination—under low- to mid-six-figure annual contracts in similar WUI communities. For example, Sonoma

County's Wildfire Adapted programs invested roughly $2.35 million (Part 1) and $0.37 million (Part 2) in outreach, assessments, regulatory compliance, and planning, with about $120,000 in dedicated grant-management staffing, implying a management/admin share on the order of 5–10% of total project costs. For a Los Gatos wildfire-mitigation program with total annual spending in the $1.5–$3.0M range, a $150,000–$300,000/year contract for a Fire Safe Council or similar partner keeps combined internal + external administration in a reasonable band (roughly 15–20% of program cost), while still allowing delivery of chipping logistics, inspection scheduling, outreach, and neighborhood-grant support.

Community Grants / Neighborhood Projects

- **Priority:** Medium–High
- **Tier:** Comprehensive
- **Annual cost range: $250,000–$750,000**
- **One-time cost:** N/A
- **Basis:** Truckee's Community Wildfire Prevention Grants budget is **$550,000/year**, funding neighborhood-scale fuel reduction and Firewise projects. Montecito invests targeted funds in hazard tree removal and defensible space projects that strengthen its fuel-treatment network.

Urban Forest Tree Work (12-Year Cycle Implementation)

- **Priority:** Medium-High
- **Tier:** Intermediate / Comprehensive
- **Planning-level cost range: ≈ $425,000–$450,000 per year**
- **Basis:** Initial estimated costs for fully funding Town tree work; Details pending updated Urban Forest Management Plan.

Vegetation Management Plan (VMP) Update

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $50,000–$100,000** (implementation support, monitoring, adaptive management)
- **One-time cost:** ~**$300,000-$325,000** (plan update, CEQA, mapping)
- **Basis:** The one-time cost reflects the total project budget in the Town's USDA Community Wildfire Defense Grant application: $250,000 in federal funds plus a $62,500 local match, for a total of $312,500 to develop a comprehensive Vegetation Management Program (VMP) and update the 2021 Vegetation Management Plan. The annual range covers ongoing implementation support after the update (e.g., monitoring, adaptive management, coordination with open-space and roadside fuel treatments, and regular updates to treatment priorities).

Advanced Wildfire Risk Modeling and Analytics

- **Priority:** Medium
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $15,000–$40,000** (incremental to existing GIS agreements)

- **One-time cost:** Up to **~$50,000–$75,000** if a dedicated modeling platform or additional lidar/imagery processing is procured
- **Basis:** Advanced tools (e.g., parcel-level ember exposure, structure-level risk scores, or dynamic treatment optimization) can be layered on top of State/County datasets and the Town's evacuation modeling work, rather than funded as a stand-alone modeling effort. Because Los Gatos is already investing in simulation-based evacuation modeling and VMP planning, any additional wildfire-specific analytics are assumed to be incremental and scoped narrowly

DATE: December 16, 2025

SUBJECT: Attachment 2: Los Gatos Wildfire Risk Mitigation Cost Table

PREPARED BY: Chris Todd, Emergency Manager

This attachment provides table summaries of program options and planning level cost ranges for a wildfire risk mitigation program. All amounts are approximate, rounded, and intended for order-of-magnitude planning, not for contracting or grant applications. Costs are expressed in current-year dollars and should be refined with detailed scopes and updated bids before implementation.

Detailed Cost Matrix

#	Program Element	Planning-Level Cost Range*	Basis / Comparable	Notes & Assumptions
1	Roadside fuel reduction (priority WUI routes)	≈ $350k–$500k/yr; one-time $600k-$700k	Annual figures reflect ongoing treatment of priority WUI evacuation routes once initial backlog work is completed (e.g., a 4–6 year cycle, with lighter annual/biannual maintenance on the most constrained segments). The one-time backlog range is a planning-level allowance to bring the remaining high-priority segments up to standard. LG Wildfire Advisory Group: $75k/mile × 5.2 miles ≈ $390k/yr. Montecito: $95k/yr for 13 miles roadside work in less steep terrain.	Assumes 6-yr cycle with heavier initial work, then annual/biannual maintenance on highest-risk routes; includes contractor + ≈0.1–0.2 FTE Town PM.
2	Weed Abatement and Defensible Space Inspections (Town share)	≈ $95k–$175k/yr	Montecito's annual defensible-space/weed inspections for ~4,200 parcels; Truckee's defensible space team funded ~$3.8M/year; Range includes the County Weed Abatement program fee currently billed to the Town (≈ $20,338/year) plus incremental Town staffing and overhead to coordinate inspections, respond to complaints, support enforcement, and align Town codes with State defensible space requirements.	These funds would supplement County Fire's inspection/enforcement with Town admin capacity.
3	Open space/park vegetation management (Town-owned)	Annual ≈ $150k–$300k; one-time ≈ $100k–$200k	Truckee fuels projects: $2.9k–$4.8k/acre. Tyrolian/BurnBot: ~$2.5k–$2.8k/acre. Montecito FTN: ~$3.6k/acre.	Assumes initial treatments ~$2.5k–$4k/acre; maintenance ~$1k–$1.5k/acre; supports treating/maintaining ~75–150 acres/yr. Larger backlog reduction would require separate capital.
4	Defensible space & home-hardening grants	≈ $150k–$400k/yr	LG Wildfire Advisory Group: ~$100k/yr Foundational. Montecito: $50k/yr for 10–15 homes. Truckee: $550k/yr community grants.	Supports ~50–150 homes/yr at $1k–$3k each plus admin; scalable via Fire Safe Council partnership.

5	Neighborhood / curbside chipping & green-waste	≈ $250k–$500k/yr	Truckee's Green Waste program (pick-up, Firewise dumpsters, dumpster rebates) totals about $685k–$760k/year and handles thousands of piles and over 30,000 cubic yards of material for approximately 4,700 WUI parcels and additional residents. Montecito's Neighborhood Chipping Program is about $130k/year in a smaller community.	Band is scaled for Los Gatos' ~3,100–3,400 WUI homes: the lower end reflects an Intermediate-scale program (1–2 seasonal events focused on WUI neighborhoods), while the upper end reflects a more Comprehensive, Truckee-style service level but still somewhat smaller in scale.
6	Firewise support & community organizing	≈ $50k–$100k/yr	Montecito: ongoing Fire Code/defensible space outreach. Truckee: Firewise integrated into prevention team.	Funds Firewise mini-grants, materials, and a portion of staff/contract time dedicated to neighborhood engagement.
7	Town-wide education & preparedness campaigns	≈ $25k–$75k/yr	Truckee and Montecito both invest in ongoing wildfire communications.	Higher end = multi-channel campaigns (print, web, social, meetings, translation). EM/PIO time not fully monetized here.
8	Evacuation modeling & town-wide plan	One-time ≈ $200k–$300k	Earlier Town planning (~$185k) plus current RFP ceiling (~$300k). HMGP comparables show similar ranges.	Planning/modeling only; excludes any roadway construction recommended by the study.
9	Evacuation route physical improvements (capital)	≈ $10M over 5–10+ yrs	Town Wildfire Advisory Group funding summary ≈ $10M for evacuation-related roadway work. HMGP roadway & shaded fuel break projects show similar orders of magnitude.	Conceptual CIP-level figure; actual costs will depend on detailed design/CEQA/ROW.
10	Outdoor warning siren system	One-time ≈ $1.5M–$1.7M + $40k–$60k/yr O&M	Town HMGP subapplication: ~ $1.63M for 8 sites. Malibu siren feasibility and other HMGP projects show similar per-site costs.	Capital largely grant-funded if awarded; Town responsible for match and ongoing testing/maintenance.
11	Staff training & exercises	≈ $75k–$150k/yr	EMAP-aligned city programs typically fund ≥0.5–1.0 FTE plus exercise budgets.	Covers annual ICS/EOC training, one major exercise per 1–2 yrs, VEOCI upkeep, and backfill.
12	Program administration & contracted program	≈ $250k–$500k/yr	Town Wildfire Advisory Group flagged staffing as a major limiter. Montecito & Truckee both show admin costs on top of project dollars. Tahoe Fire Smart pilots emphasize dedicated coordinators.	Lower end ≈ 0.75 FTE Town + small FSC contract; higher end ≈ 1–1.5 FTE equivalent plus a robust Fire Safe Council admin role.

	support (internal + external)		Costs include support services of the Fire Safe Council or similar organization	
13	Community wildfire grants (block / HOA / partners)	≈ $250k–$750k/yr	Truckee: $550k/yr Community Wildfire Prevention Grants. Montecito: targeted defensible space/hazard tree projects.	$250k/yr supports a few high-impact projects; $500k–$750k/yr moves toward Truckee-scale neighborhood mitigation.
14	Urban Forest Management	≈ $425k–$450k	Estimated urban forest management on 12yr cycle; Pending Los Gatos' UFMP revision work.	Implementation (tree removal/replacement, canopy management) coordinated with roadside/VMP projects and funded via maintenance & capital.
15	Advanced Wildfire Risk Modeling and Analytics	≈ $15k–$75k/yr (incremental)	Advanced tools (e.g., parcel-level ember exposure, structure-level risk scores, or dynamic treatment optimization) can be layered on top of State/County datasets and the Town's evacuation modeling work, rather than funded as a stand-alone modeling effort. Because Los Gatos is already investing in simulation-based evacuation modeling and VMP planning, any additional wildfire-specific analytics are assumed to be incremental and scoped narrowly.	Treated as an optional enhancement in the Intermediate and Comprehensive scenarios; not required for a functional Foundational program.

Wildfire Risk Mitigation Options and Cost Scenarios

Town Council Meeting
December 16, 2025
Presented by Chris Todd, Emergency Manager

Mitigation Priorities



Protect Life

- Resident & Visitor Evacuations
- First Responder Safety



Protect Property & Economic Stability

- Homes
- Businesses
- Critical Infrastructure



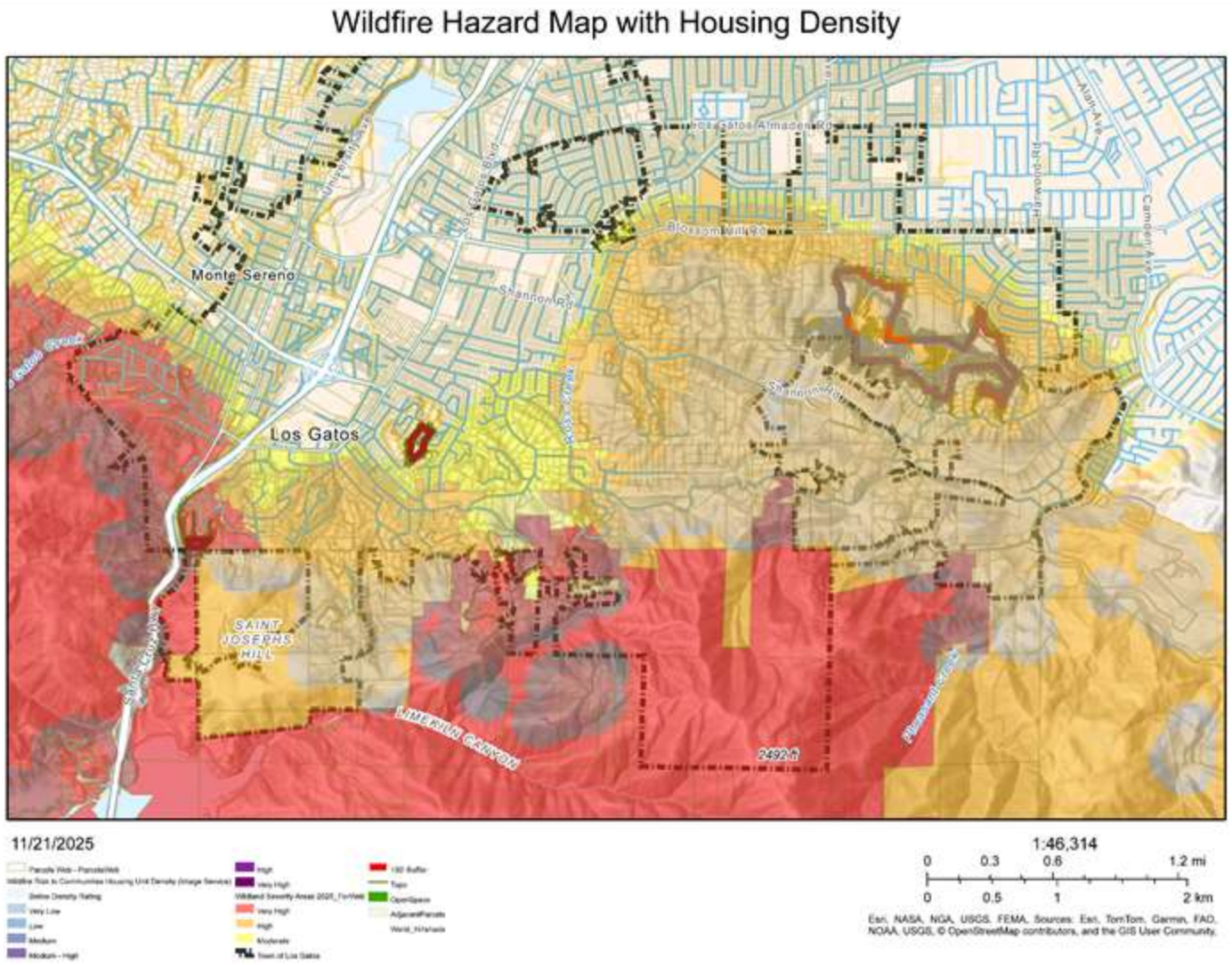
Environmental Stewardship

- Extreme Fire Behavior
- Ecological Health
- Recreation

Goal of preventing wildfire spread from vegetation to structure, structure to structure, and ember-cast

Wildfire – A Whole Community Hazard

- Educate: clear guidance, community outreach
- Guide: non-punitive home ignition zone assessments
- Reduce barriers: chipping, curbside green waste, grants/rebates
- Code enforcement



Current Wildfire Mitigation Work

- Adoption of Updated Fire Code
- Firewise Community Support
- Evacuation Modeling
- Outdoor Warning Sirens
- Vasona Fire Crew Coordination
- Open Space Vegetation Management
- Urban Forest Management Plan Update
- Vegetation Management Plan Update
- EOC Staff Training & Infrastructure
- Emergency Plan Updates
- County Weed Abatement
- Santa Clara County Fire Safe Council Fuels Reduction Projects

Comparable Wildfire Programs

Traditional Community Programs

(Truckee, Montecito, other CA WUI towns)

- Roadside vegetation / fuel reduction
- Open space fuel treatments and shaded fuel breaks
- Neighborhood chipping and green-waste pickup programs
- Defensible space inspections & weed abatement enforcement
- Home hardening rebates / grants for residents
- Community wildfire prevention grants (HOAs, roads, partners)Dedicated wildfire prevention staff and admin support

“Fire Smart” / Data-Driven Pilots

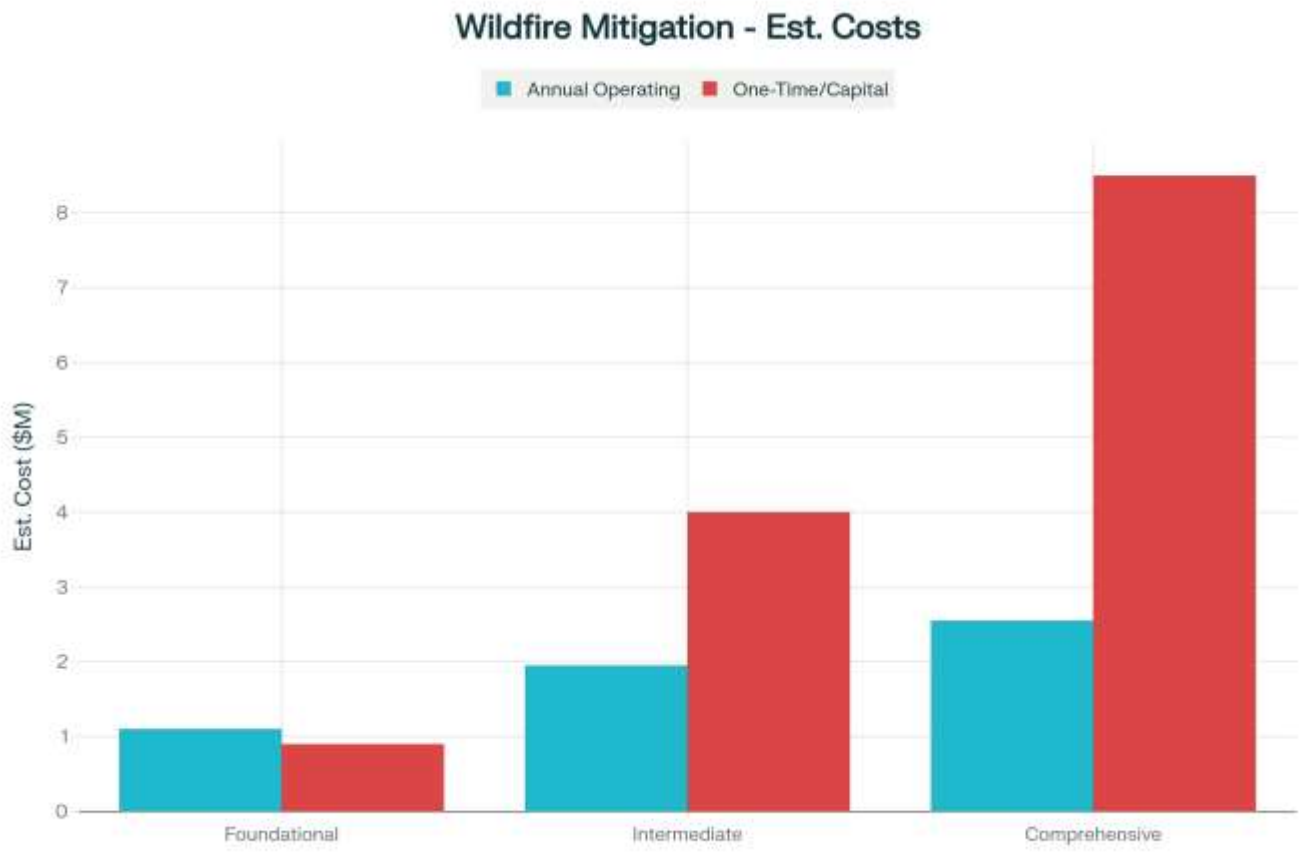
(Tahoe Fire Smart, Tyrolian / Incline area, Sonoma County)

- Parcel-level wildfire risk and ember exposure modeling
- Focus on structure density and Zone 0 (0–5 ft) around homes
- Block-level contractor crews (whole-street mitigation at once)
- Standardized home-hardening packages (vents, decks, fences)
- Targeted outreach to highest-risk clusters
- Shared tracking dashboards for completed work and risk reduction

Budget Scenarios – Planning-Level Ranges

Cost projections are approximations based on costs from similar wildfire programs and adjusted for scope.

- **Scenario 1 – Foundational**
  - Annual operating: $1.1–$1.15M per year
  - One-time / capital & planning: $.8–$1M 5 years
  - Core, sustainable program focusing on highest priorities
- **Scenario 2 – Intermediate**
  - Annual operating: $1.6–$2.3M per year
  - One-time / capital & planning: $3–$5M over several years
  - Expanded resident support, fuels work, and EOC capability
- **Scenario 3 – Comprehensive**
  - Annual operating: $2.1–$3.0M per year
  - One-time / capital & planning: $6–$11M+
  - Whole-community program comparable to leading WUI communities.



Scenarios are illustrative, not prescriptive, and can be phased or bl

Scenario 1: Foundational

Approx. $1.1–$1.15M per year Includes:

- **Roadside Vegetation Management**: Move from ad hoc, grant-funded projects to consistent annual maintenance on key evacuation routes.
- **Open Space Vegetation Management**: Maintain and modestly expand fuels work in Town open spaces that most directly threaten WUI neighborhoods.
- **Community Outreach**: Continue Firewise outreach and align Town support with defensible space / weed abatement inspections.
- **EOC & Admin Support**: Strengthen EOC training/exercises and add 0.5–1.0 FTE to coordinate the baseline program.
- **One Time / Capital Costs** (≈ $0.8–$1.0M over the first 5 years)**:** Targeted backlog reduction roadside and open-space, limited early urban-forest hazard-tree work along key evacuation corridors (≈ $0.8–$1.0M total over the first 5–10 years).

Scenario 2: Intermediate Program

Approx. $1.6–$2.3M per year (plus moderate one-time investments)

All Foundational elements **plus:**

- **Roadside Vegetation Management:** Increase miles treated on key evacuation routes and begin moving the highest-risk corridors toward an annual maintenance model.
- **Open Space & Park Fuel Treatments:** Expanded open space and park areas that most directly threaten WUI neighborhoods.
- **Resident Support Programs:** WUI chipping/curbside green-waste service and launch a starter home-hardening / defensible-space grant program in priority neighborhoods.
- **EOC & Program Administration:** Ensure at least one dedicated wildfire program manger FTE, plus targeted contract support (e.g., Fire Safe Council) for outreach, assessments, and neighborhood projects.
- **One Time / Capital Costs (≈ $3–$5M over the first 5–10+ years):** Open-space backlog reduction and shaded fuel breaks, urban-forest hazard-tree work along priority evacuation routes, and initial low- to moderate-cost evacuation route improvements (e.g., turnouts, shoulder work, signage and striping).

Scenario 3: Comprehensive Program

Approx. $2.1–$3.0M per year (plus larger capital over time)

All Foundational & Intermediate elements **plus:**

- **Roadside Vegetation Management:** Annual/biannual treatment across all priority evacuation routes and regular fuels treatment.
- **Open Space & Park Fuel Treatments:** Maintain and expand a connected network of treated open-space units and fuel breaks where Town lands influence structure risk or evacuation routes.
- **Resident Support Programs:** Neighborhood chipping/green-waste, home-hardening / defensible-space grants, and community wildfire-mitigation projects (e.g., block- or HOA-level work).
- **EOC & Program Administration:** Fully staffed wildfire/emergency management program with dedicated Town positions and sustained contracted support to coordinate multi-year vegetation projects, grants, and neighborhood programs.
- **One Time / Capital Costs (≈ $6–$11M+ over the first 5–10+ years):** Full 12-year urban-forest tree cycle, expanded strategic fuel breaks and open-space backlog reduction, and a substantial portion of the long-term evacuation-route capital program (e.g., roadway widening, added turnouts, and other major improvements).

Emergency Management Fund ($1M Council Allocation)

Budget	
Spent	$42,420
Emergency Manager staffing and salary (FY24–25)	$31,413
Public outreach (Firewise education and mailers)	$2,709
Grant writing support	$5,000
50yr Emergency Potable Water	$3,298
Allocated	$81,700
Hilow Road tree removal	$80,000
Sierra Azule Dr Brush Removal	$1,700
Reserved for Grant Matches	$462,500
FEMA Hazard Mitigation Grant (Siren Sys)	$400,000
USDA Community Wildfire Defense Grant (VMP)	$62,500
Remaining funds	$413,380

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 18

DATE: December 12, 2025

TO: Mayor and Town Council

FROM: Gabrielle Whelan, Town Attorney

SUBJECT: **Adopt by Resolution "Statement and Findings" in Response to a Challenged Conduct Notice Submitted Regarding a Planning Application for the Proposed Project at 14288 Capri Drive.**

RECOMMENDATION: Adopt by resolution "Statement and Findings" in response to a Challenged Conduct Notice submitted regarding a planning application for the proposed project at 14288 Capri Drive.

FISCAL IMPACT:

Adoption of these findings will not have a fiscal impact.

STRATEGIC PRIORITY:

Responding to the Challenged Conduct Notice supports the strategic priority of Housing Element implementation.

BACKGROUND:

The Town has received a Challenged Conduct Notice from the applicant for a housing development project located at 14288 Capri Drive. This is a Builder's Remedy project proposed by Los Gatos LLC (Applicant). It consists of 119 units in 13 stories (four parking levels, eight residential levels, and a rooftop level with amenities). The proposed project (Project) is 171 feet tall and is located on a 0.53-acre lot in the C-1 (Neighborhood Commercial) zone.

The state Housing Accountability Act (HAA), which is codified in Government Code Section 65589.5, addresses the processing of planning applications for housing development projects. The HAA was significantly amended by Assembly Bill 1893 (2024), which went into effect on January 1, 2025. A copy of the 2024 version and 2025 version of the HAA are attached as Attachments 1 and 2 hereto.

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

As amended, Section 65589.5(h)(6)(D) defines "disapproval of a housing development project" to include any instance in which a local agency "fails to cease a course of conduct undertaken for an improper purpose, such as to harass or cause unnecessary delay or needless increases in the cost of the proposed housing development project, that effectively disapproves the proposed housing development without taking final administrative action" if all of the conditions set forth in the subsection are met. Said conditions are as follows:

1) The project applicant must provide written notice detailing the challenged conduct and why it constitutes disapproval.
2) The notice must be posted to the local agency's website, provided to any person who has requested notice, and filed with the County Clerk.
3) The local agency must consider all objections, comments, evidence, and concerns about the project or the applicant's written notice for at least 60 days.
4) Within 90 days of receipt of the applicant's written notice, the local agency must issue a written statement that it will immediately cease the challenged conduct or issue written findings that comply with both of the following requirements:
    a. The findings articulate an objective basis for why the challenged course of conduct is necessary; and
    b. The findings provide clear instructions on what the applicant must submit or supplement so that the local agency can make a final determination regarding the next necessary approval or set the date and time of the next hearing.

DISCUSSION:

The Applicant for the housing development project at 14288 Capri Drive has submitted a "Challenged Conduct Notice," a copy of which is attached as Attachment 3. As required by statute, the Challenged Conduct Notice was posted to the Town's website and filed with the County Clerk. No persons have requested mailed notice of Challenged Conduct Notices.

The Applicant objects to requests for information received from Town staff on the Project. A copy of the most recent comments from the Town's Planning Division staff are attached as Attachment 4. The Challenged Conduct Notice alleges the following issues with the Town's processing of the planning application: request for information to determine eligibility for exemption from the California Environmental Quality Act (CEQA); requirement to apply for a Conditional Use Permit; requirement to pay a deposit fee for Town Arborist's peer review of report submitted by Applicant; requirement to pay a deposit fee for design review by Town's Consulting Architect; responses to outside agencies and recommendation to meet with neighbors; and request for additional information regarding how the Project will comply with the Town's Below Market Price (BMP) Program. In a separate letter, the Applicant also states that the Project is eligible for the AB 130 CEQA infill exemption.

Summary of Town's Findings

Of importance here, the Project does not qualify as a Builder's Remedy project under the 2025 statute because it is too dense. While the 2025 statute would allow 77 units with a density bonus (given the proposed affordable units), the Project proposes 119 units. A detailed calculation of the allowed versus proposed density is in the proposed findings (Attachment 5).

A. California Environmental Quality Act ("CEQA")

The Applicant has taken the position that the Project is eligible for the new infill exemption for housing development projects created by Assembly Bill 130 (2025), codified in Public Resources Code Section 21080.66.

The Town met with the Applicant on September 17, 2025, to discuss, among other items raised by the Staff Technical Review Comments, the Project's eligibility for the AB 130 exemption. Following the meeting and as requested by Town staff, the Applicant's legal counsel emailed Town staff with a memorandum detailing the Applicant's position that the Project is exempt from CEQA. The Town was reviewing this memorandum and had not reached a conclusion about whether the Project qualified for said exemption when the Applicant filed the Challenged Conduct Notice (which incorporates the September 17, 2025 correspondence) on October 2, 2025.

"A local agency's action in furtherance of complying with [CEQA]…shall not constitute project disapproval" pursuant to a Challenged Conduct Notice. [Section 65589.5(h)(6)(D)(vi).] Accordingly, all the issues raised by the Applicant regarding the Town's actions in furtherance of complying with CEQA are not a proper subject for a Challenged Conduct Notice.

Moreover, the HAA establishes a specific procedure for an applicant to challenge a local agency if the applicant believes a project is eligible for a CEQA exemption. [Section 65589.5.1.] The Applicant has not invoked or followed this process.

B. Requirement for a Conditional Use Permit

The Challenged Conduct Notice objects to the Town's requirement that the Applicant apply for a Conditional Use Permit (CUP). The proposed project is located in the C-1 zoning district. Multi-family residential is not a principally permitted use in the C-1 zone. Multi-family dwellings in a mixed-use project are permitted with a CUP. As a result, Town Code Section 29.20.185 requires that the applicant obtain a CUP.

The Applicant has challenged this requirement on the basis that the Town cannot require a CUP because the Project is a Builder's Remedy project. Pursuant to the 2024 version of the HAA, the Town may require a Builder's Remedy project to comply with any objective standards in effect

at the time the preliminary application for the project is filed, even if the Town may not be able to deny the project under Section 65589.5(d)(5) (2024) [Sections 65589.5(f)(1), (o)]. The requirement to apply for a CUP is an objective, written standard that was in effect at the time that the preliminary application for the Project was submitted [Town Code Sections 29.60.215; 29.20.185(8)(c).].

C. Town Consulting Arborist Fee

The Applicant objects to the Town's requirement that the Applicant pay a deposit of $2,750 for a peer review of the arborist report by the Town's Consulting Arborist on the basis that "the standards of review for the Town Arborist are, by their very nature, discretionary."

As explained, under the 2024 HAA, the Town retains the ability to apply written, objective standards to Builder's Remedy projects. The requirement to provide an Arborist Report as part of the application for a new development is provided in the Town Code and applies uniformly to all projects that propose the removal or impact to a protected tree (Town Code Sections 29.10.0950, et seq.). Relatedly, the requirement to pay a fee to have the submitted Arborist Report reviewed by the Town's Consulting Arborist may be found in the Town's Comprehensive Fee Schedule for Fiscal Year 2023/24. Because these requirements are written, objective standards, the Town may require the Applicant's compliance with these requirements.

D. Town Consulting Architect Fee

The Applicant also objects to the Town's requirement that the Applicant pay a deposit fee of $8,250 for the Town's Consulting Architect to review the Project.

The Town retains the ability to apply written, objective standards to Builder's Remedy projects. The requirement that the Town's Consulting Architect review planning applications was established by Town Council Resolution No. 2002-25, dated February 28, 2002, which requires the Town's Consulting Architect to review planning applications against the Town's design standards. The requirement to pay a fee for the Town's Consulting Architect's review of planning applications can be found in the Town's Comprehensive Fee Schedule for Fiscal Year 2023/24. Because these requirements are written, objective standards, the Town may require the Applicant's compliance with these requirements.

E. Notification to Outside Agencies and Neighboring Properties

The Applicant objects to the Town's recommendations to (1) respond to comments received by outside agencies such as the Valley Transportation Authority and (2) meet with neighbors regarding the Project. While these items were included in the Town's consistency letter, they were just recommendations that were offered as a courtesy to the Applicant. Nothing in state law prohibits the Town from making suggestions or recommendations to applicants.

Nonetheless, neither the continued processing of the Project application nor scheduling the Project for public hearing are contingent upon the Applicant complying with or accepting said recommendations.

F. Request for Additional Information Regarding Below Market Price (BMP) Units

Finally, the Applicant challenges the Town's request to specify in the Project plans which units are Below Market Price (BMP) units and to update the Project Description/Letter of Justification to explain how the Project will comply with the BMP Program requirements (or alternatively, if the Project will not comply any of the BMP requirements, a justification for any such deviation).

The Applicant challenges this requirement on the basis that the "Town's BMP Program is superseded by the California State Housing Laws for this project, including the Housing Crisis Act, the Housing Accountability Act, the Permit Streamlining Act and the related measures. [Cal. Const. Art. XI, Sec. 7.] While this may be correct for projects that meet the 2025 definition of a Builder's Remedy project, it is inapplicable to this project, which must be reviewed under the 2024 version of the statute. The 2024 version of the HAA requires that 20 percent of the total units be affordable to lower income households and contains no limits on local inclusionary requirements.

The Town's BMP program is codified in Division 6 of Article VIII of Chapter 29 of the Town Code and further detailed in the Town's Below Market Price Housing Program Guidelines. The BMP Program is applicable to all residential projects that include five (5) or more residential units or parcels and requires that a project proposing at least 101 units provide BMP units in an amount equal to 20 percent of the market rate units. [Town Code Section 29.10.3025.] Because the requirement to provide BMP units is a written, objective standard that was in effect at the time that the Applicant submitted the preliminary application for the Project, the Town may require that the Applicant provide information regarding how the Project will comply with the Town's BMP Program requirements.

Furthermore, state and federal law requirements, including California Health and Safety Code Section 17929, the California Fair Housing and Employment Act, and the federal Fair Housing Act, impose certain requirements on affordable housing units. The Town needs information regarding the size and location of the BMP units to confirm that the Project conforms with these state and federal requirements.

CONCLUSION:

Town staff has prepared the attached Resolution adopting a "Statement and Findings" in response to the Challenged Conduct Notice (Attachment 5). It explains why the Town's conduct

is necessary and provides clear instructions on what the Applicant must submit or supplement so that the Town can set the date and time for a public hearing on the project. Staff recommends that the Town Council adopt the attached Resolution with a "Statement and Findings" in response to the Challenged Conduct Notice.

COORDINATION:

This report was coordinated with the Community Development Department and the Town Manager.

ENVIRONMENTAL ASSESSMENT:

Adoption of the attached Resolution is not a project defined under CEQA, and no further action is required.

Attachments:
1. Housing Accountability Act, Government Code Section 65589.5 (2024)
2. Housing Accountability Act, Government Code Section 65589.5 (2025)
3. Applicant's Challenged Conduct Notice, dated October 2, 2025
4. Fifth Staff Technical Review Comments – Planning Division, dated September 17, 2025
5. Resolution with Statement and Findings in Response to Challenged Conduct Notice, including Exhibit A and associated Attachments A to G

User Name: Gabrielle Whelan
Date and Time: Thursday, December 11, 2025 3:06 PM EST
Job Number: 270464437

Document (1)

1. *2023 Cal AB 1633*
   Client/Matter: -None-
   government code 65589.5:
   Search Type: Natural Language
   Narrowed by:

Content Type	Narrowed by
Statutes and Legislation	-None-

ATTACHMENT 1

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2023 Cal AB 1633

Chaptered, October 11, 2023

Reporter
2023 Cal ALS 768; 2023 Cal AB 1633; 2023 Cal Stats. ch. 768

CALIFORNIA ADVANCE LEGISLATIVE SERVICE > 2023 Regular Session > CHAPTER 768 > Assembly Bill No. 1633

Notice

Added: Text highlighted in green
Deleted: ~~Red text with a strikethrough~~

Digest

LEGISLATIVE COUNSEL'S DIGEST

AB 1633, Ting. Housing Accountability Act: disapprovals: California Environmental Quality Act.

Existing law, the Housing Accountability Act, prohibits a local agency from disapproving a housing development project, as described, unless it makes certain written findings based on a preponderance of the evidence in the record. The act defines "disapprove the housing development project" as including any instance in which a local agency either votes and disapproves a proposed housing development project application, including any required land use approvals or entitlements necessary for the issuance of a building permit, or fails to comply with specified time periods. Existing law, the California Environmental Quality Act (CEQA), requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that the lead agency proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if the lead agency finds that the project will not have that effect.

This bill, until January 1, 2031, would define "disapprove the housing development project" as also including any instance in which a local agency fails to make a determination of whether the project is exempt from CEQA or commits an abuse of discretion, as specified, or fails to adopt a negative declaration or addendum for the project, to certify an environmental impact report for the project, or to approve another comparable environmental document, if certain conditions are satisfied. Among other conditions, the bill would require a housing development project subject to these provisions to be located on a legal parcel or parcels within an urbanized area and to meet one or more of specified criteria, and to meet or exceed 15 dwelling units per acre. By imposing additional duties on local officials, the bill would create a state-mandated local program.

Existing law requires a petition to enforce the Housing Accountability Act to be brought pursuant to a specified procedure and be filed no later than 90 days from the effective date of a decision of the local agency imposing conditions on, disapproving of, or any other final action taken on a housing development project.

This bill, until January 1, 2031, would provide that a local agency's failure to make a determination that the project is exempt from CEQA, abuse of discretion, as defined, or failure to adopt, approve, or certify a negative declaration, addendum, environmental impact report, or comparable environmental review document, is deemed final for purposes of filing a petition to enforce the provisions of the act if the local agency did not make a final decision on whether to approve or disapprove a statutory or categorical exemption or a negative declaration, addendum, environmental impact report, or comparable environmental review document under CEQA, as specified, within a specified time period of the applicant's notice.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Synopsis

An act to amend *Section 65589.5 of the Government Code*, relating to housing.

[Approved by Governor October 11, 2023. Filed with Secretary of State October 11, 2023.]

Text

The people of the State of California do enact as follows:

SECTION 1.

The Legislature finds and declares the following:

(a) The purpose of this bill is to refine and clarify the standards, as to certain sites, for whether a local agency's failure to exercise discretion, or a local agency's abuse of discretion, as defined by this bill, constitutes a violation of the Housing Accountability Act (HAA) (*Section 65589.5 of the Government Code*), and to establish procedures that will allow an applicant for a housing development project to provide notice to a local government of the evidence that supports the finding required by *Section 21081 of the Public Resources Code* or otherwise complying with the California Environmental Quality Act. As to other sites, it is the intent of the Legislature that the bill not affect judicial decisions about whether, or under what circumstances, the failure to exercise discretion or abuse of discretion constitutes a violation of the HAA.

(b) The bill's provisions will become inoperative on January 1, 2031.

SEC. 2. Section *65589.5* of the Government Code is amended to read:

65589.5.

(a)

(1) The Legislature finds and declares all of the following:

(A) The lack of housing, including emergency shelters, is a critical problem that threatens the economic, environmental, and social quality of life in California.

(B) California housing has become the most expensive in the nation. The excessive cost of the state's housing supply is partially caused by activities and policies of many local governments that limit the approval of housing, increase the cost of land for housing, and require that high fees and exactions be paid by producers of housing.

(C) Among the consequences of those actions are discrimination against low-income and minority households, lack of housing to support employment growth, imbalance in jobs and housing, reduced mobility, urban sprawl, excessive commuting, and air quality deterioration.

(D) Many local governments do not give adequate attention to the economic, environmental, and social costs of decisions that result in disapproval of housing development projects, reduction in density of housing projects, and excessive standards for housing development projects.

(2) In enacting the amendments made to this section by the act adding this paragraph, the Legislature further finds and declares the following:

(A) California has a housing supply and affordability crisis of historic proportions. The consequences of failing to effectively and aggressively confront this crisis are hurting millions of Californians, robbing future generations of the chance to call California home, stifling economic opportunities for workers and businesses, worsening poverty and homelessness, and undermining the state's environmental and climate objectives.

(B) While the causes of this crisis are multiple and complex, the absence of meaningful and effective policy reforms to significantly enhance the approval and supply of housing affordable to Californians of all income levels is a key factor.

(C) The crisis has grown so acute in California that supply, demand, and affordability fundamentals are characterized in the negative: underserved demands, constrained supply, and protracted unaffordability.

(D) According to reports and data, California has accumulated an unmet housing backlog of nearly 2,000,000 units and must provide for at least 180,000 new units annually to keep pace with growth through 2025.

(E) California's overall ~~homeownership~~home ownership rate is at its lowest level since the 1940s. The state ranks 49th out of the 50 states in ~~homeownership~~home ownership rates as well as in the supply of housing per capita. Only one-half of California's households are able to afford the cost of housing in their local regions.

(F) Lack of supply and rising costs are compounding inequality and limiting advancement opportunities for many Californians.

(G) The majority of California renters, more than 3,000,000 households, pay more than 30 percent of their income toward rent and nearly one-third, more than 1,500,000 households, pay more than 50 percent of their income toward rent.

(H) When Californians have access to safe and affordable housing, they have more money for food and health care; they are less likely to become homeless and in need of government-subsidized services; their children do better in school; and businesses have an easier time recruiting and retaining employees.

(I) An additional consequence of the state's cumulative housing shortage is a significant increase in greenhouse gas emissions caused by the displacement and redirection of populations to states with greater housing opportunities, particularly working- and middle-class households. California's cumulative housing shortfall therefore has not only national but international environmental consequences.

(J) California's housing picture has reached a crisis of historic proportions despite the fact that, for decades, the Legislature has enacted numerous statutes intended to significantly increase the approval, development, and affordability of housing for all income levels, including this section.

(K) The Legislature's intent in enacting this section in 1982 and in expanding its provisions since then was to significantly increase the approval and construction of new housing for all economic segments of California's communities by meaningfully and effectively curbing the capability of local governments to deny, reduce the density for, or render infeasible housing development projects and emergency shelters. That intent has not been fulfilled.

(L) It is the policy of the state that this section be interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, housing.

(3) It is the intent of the Legislature that the conditions that would have a specific, adverse impact upon the public health and safety, as described in paragraph (2) of subdivision (d) and paragraph (1) of subdivision (j), arise infrequently.

(b) It is the policy of the state that a local government not reject or make infeasible housing development projects, including emergency shelters, that contribute to meeting the need determined pursuant to this article without a thorough analysis of the economic, social, and environmental effects of the action and without complying with subdivision (d).

(c) The Legislature also recognizes that premature and unnecessary development of agricultural lands for urban uses continues to have adverse effects on the availability of those lands for food and fiber production and on the economy of the state. Furthermore, it is the policy of the state that development should be guided away from prime agricultural lands; therefore, in implementing this section, local jurisdictions should encourage, to the maximum extent practicable, in filling existing urban areas.

(d) A local agency shall not disapprove a housing development project, including farmworker housing as defined in subdivision (h) of *Section 50199.7 of the Health and Safety Code*, for very low, low-, or moderate-income households, or an emergency shelter, or condition approval in a manner that renders the housing development project infeasible for development for the use of very low, low-, or moderate-income households, or an emergency shelter, including through the use of design review standards, unless it makes written findings, based upon a preponderance of the evidence in the record, as to one of the following:

(1) The jurisdiction has adopted a housing element pursuant to this article that has been revised in accordance with Section 65588, is in substantial compliance with this article, and the jurisdiction has met or exceeded its share of the regional housing need allocation pursuant to Section 65584 for the planning period for the income category proposed for the housing development project, provided that any disapproval or conditional approval shall not be based on any of the reasons prohibited by Section 65008. If the housing development project includes a mix of income categories, and the jurisdiction has not met or exceeded its share of the regional housing need for one or more of those categories, then this paragraph shall not be used to disapprove or conditionally approve the housing development project. The share of the regional housing need met by the jurisdiction shall be calculated consistently with the forms and definitions that may be adopted by the Department of Housing and Community Development pursuant to Section 65400. In the case of an emergency shelter, the jurisdiction shall have met or exceeded the need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. Any disapproval or conditional approval pursuant to this paragraph shall be in accordance with applicable law, rule, or standards.

(2) The housing development project or emergency shelter as proposed 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 development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible. As used in this paragraph, a “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 the application was deemed complete. The following shall not constitute a specific, adverse impact upon the public health or safety:

(A) Inconsistency with the zoning ordinance or general plan land use designation.

(B) The eligibility to claim a welfare exemption under subdivision (g) of *Section 214 of the Revenue and Taxation Code*.

(3) The denial of the housing development project or imposition of conditions is required in order to comply with specific state or federal law, and there is no feasible method to comply without rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible.

(4) The housing development project or emergency shelter is proposed on land zoned for agriculture or resource preservation that is surrounded on at least two sides by land being used for agricultural or

resource preservation purposes, or which does not have adequate water or wastewater facilities to serve the project.

(5) The housing development project or emergency shelter is inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation as specified in any element of the general plan as it existed on the date the application was deemed complete, and the jurisdiction has adopted a revised housing element in accordance with Section 65588 that is in substantial compliance with this article. For purposes of this section, a change to the zoning ordinance or general plan land use designation subsequent to the date the application was deemed complete shall not constitute a valid basis to disapprove or condition approval of the housing development project or emergency shelter.

(A) This paragraph cannot be utilized to disapprove or conditionally approve a housing development project if the housing development project is proposed on a site that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element, and consistent with the density specified in the housing element, even though it is inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation.

(B) If the local agency has failed to identify in the inventory of land in its housing element sites that can be developed for housing within the planning period and are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584, then this paragraph shall not be utilized to disapprove or conditionally approve a housing development project proposed for a site designated in any element of the general plan for residential uses or designated in any element of the general plan for commercial uses if residential uses are permitted or conditionally permitted within commercial designations. In any action in court, the burden of proof shall be on the local agency to show that its housing element does identify adequate sites with appropriate zoning and development standards and with services and facilities to accommodate the local agency's share of the regional housing need for the very low, low-, and moderate-income categories.

(C) If the local agency has failed to identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, has failed to demonstrate that the identified zone or zones include sufficient capacity to accommodate the need for emergency shelter identified in paragraph (7) of subdivision (a) of Section 65583, or has failed to demonstrate that the identified zone or zones can accommodate at least one emergency shelter, as required by paragraph (4) of subdivision (a) of Section 65583, then this paragraph shall not be utilized to disapprove or conditionally approve an emergency shelter proposed for a site designated in any element of the general plan for industrial, commercial, or multifamily residential uses. In any action in court, the burden of proof shall be on the local agency to show that its housing element does satisfy the requirements of paragraph (4) of subdivision (a) of Section 65583.

(e) Nothing in this section shall be construed to relieve the local agency from complying with the congestion management program required by Chapter 2.6 (commencing with Section 65088) of Division 1 of Title 7 or the California Coastal Act of 1976 (Division 20 (commencing with *Section 30000) of the Public Resources Code*). Neither shall anything in this section be construed to relieve the local agency from making one or more of the findings required pursuant to *Section 21081 of the Public Resources Code* or otherwise complying with the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*).

(f)

(1) Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from requiring the housing development project to comply with objective, quantifiable, written development standards, conditions, and policies appropriate to, and consistent with, meeting the jurisdiction's share of the regional housing need pursuant to Section 65584. However,

the development standards, conditions, and policies shall be applied to facilitate and accommodate development at the density permitted on the site and proposed by the development.

(2) Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from requiring an emergency shelter project to comply with objective, quantifiable, written development standards, conditions, and policies that are consistent with paragraph (4) of subdivision (a) of Section 65583 and appropriate to, and consistent with, meeting the jurisdiction's need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. However, the development standards, conditions, and policies shall be applied by the local agency to facilitate and accommodate the development of the emergency shelter project.

(3) Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from imposing fees and other exactions otherwise authorized by law that are essential to provide necessary public services and facilities to the housing development project or emergency shelter.

(4) For purposes of this section, a housing development project or emergency shelter shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision if there is substantial evidence that would allow a reasonable person to conclude that the housing development project or emergency shelter is consistent, compliant, or in conformity.

(g) This section shall be applicable to charter cities because the Legislature finds that the lack of housing, including emergency shelter, is a critical statewide problem.

(h) The following definitions apply for the purposes of this section:

(1) "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

(2) "Housing development project" means a use consisting of any of the following:

(A) Residential units only.

(B) Mixed-use developments consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use.

(C) Transitional housing or supportive housing.

(3) "Housing for very low, low-, or moderate-income households" means that either (A) at least 20 percent of the total units shall be sold or rented to lower income households, as defined in *Section 50079.5 of the Health and Safety Code*, or (B) 100 percent of the units shall be sold or rented to persons and families of moderate income as defined in *Section 50093 of the Health and Safety Code*, or persons and families of middle income, as defined in Section 65008 of this code. Housing units targeted for lower income households shall be made available at a monthly housing cost that does not exceed 30 percent of 60 percent of area median income with adjustments for household size made in accordance with the adjustment factors on which the lower income eligibility limits are based. Housing units targeted for persons and families of moderate income shall be made available at a monthly housing cost that does not exceed 30 percent of 100 percent of area median income with adjustments for household size made in accordance with the adjustment factors on which the moderate-income eligibility limits are based.

(4) "Area median income" means area median income as periodically established by the Department of Housing and Community Development pursuant to *Section 50093 of the Health and Safety Code*. The developer shall provide sufficient legal commitments to ensure continued availability of units for very low or low-income households in accordance with the provisions of this subdivision for 30 years.

(5) Notwithstanding any other law, until January 1, 2030, "deemed complete" means that the applicant has submitted a preliminary application pursuant to Section 65941.1 or, if the applicant has not

submitted a preliminary application, has submitted a complete application pursuant to Section 65943.

(6) "Disapprove the housing development project" includes any instance in which a local agency does any of the following:

(A) Votes on a proposed housing development project application and the application is disapproved, including any required land use approvals or entitlements necessary for the issuance of a building permit.

(B) Fails to comply with the time periods specified in subdivision (a) of Section 65950. An extension of time pursuant to Article 5 (commencing with Section 65950) shall be deemed to be an extension of time pursuant to this paragraph.

(C) Fails to meet the time limits specified in Section 65913.3.

(D)

(i) FFails to make a determination of whether the project is exempt from the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*), or commits an abuse of discretion, as defined in this subparagraph, if all of the following conditions are satisfied:

(I) There is substantial evidence in the record before the local agency that the housing development project is not located in either of the following:

(ia) On a site specified in subparagraphs (A) to (C), inclusive, or subparagraphs (E) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4.

(ib) Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178, or within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to *Section 4202 of the Public Resources Code*.

(II) The housing development project is located on a legal parcel or parcels within an urbanized area and meets one or more of the following criteria:

(ia) The housing development project is located within one-half mile walking distance to either a high-quality transit corridor or a major transit stop.

(ib) The housing development project is located in a very low vehicle travel area.

(ic) The housing development project is proximal to six or more amenities pursuant to subclause (IV) of clause (ii) as of the date of submission of the application for the project.

(id) Parcels that are developed with urban uses adjoin at least 75 percent of the perimeter of the project site or at least three sides of a foursided project site. For purposes of this clause, parcels that are only separated by a street or highway shall be considered to be adjoined.

(III) The density of the housing development project meets or exceeds 15 dwelling units per acre.

(IV) Both of the following criteria are met:

(ia) There is substantial evidence in the record before the local agency that the housing development project is eligible for an exemption sought by the applicant.

(ib) If the exemption sought by the applicant is subject to an exception under the Guidelines for Implementation of the California Environmental Quality Act (Chapter 3 (commencing with Section 15000) of Division 6 of Title 14 of the California Code

of Regulations), there is substantial evidence in the record before the local agency that the application of that categorical exemption is not barred by one of the exceptions set forth in Section 15300.2 of those guidelines.

(V)

(ia) The applicant has given timely written notice to the local agency of the action or inaction that the applicant believes constitutes a failure to make a determination or an abuse of discretion, as defined in this subparagraph, and the local agency did not make a lawful determination within 90 days of the applicant's written notice. The applicant's written notice shall contain all of the following:

(Ia) The information specified in paragraphs (1), (2), (5), and (6) of subdivision (a) of Section 15062 of Title 14 of the California Code of Regulations.

(Ib) A citation to the section of Title 14 of the California Code of Regulations or the statute under which the applicant asserts that the project is exempt.

(Ic) A brief statement of reasons supporting the assertion that the project is exempt.

(Id) A copy of the excerpts from the record constituting substantial evidence that the criteria of subclauses (I) to (IV), inclusive, are satisfied.

(ib) Within five working days of receiving the applicant's written notice required by sub-subclause (ia), the local agency shall file the notice with the county clerk of each county in which the project will be located. The county clerk shall post the notice and make it available for public inspection in the manner set forth in subdivision (c) of *Section 21152 of the Public Resources Code*. Compliance with this sub-subclause is not a condition that must be satisfied in order to find that the local agency has disapproved the housing development project under this subparagraph.

(ic) The local agency may, by providing a written response to the applicant within 90 additional days of the applicant's written notice, extend the time period to make a lawful determination by no more than 90 days if the extension is necessary to determine if there is substantial evidence in the record that the housing development project is eligible for the exemption sought by the applicant.

(id) If the local agency has given the applicant written notice of the local agency's determination that the project is not exempt, the applicant's notice shall be deemed timely if and only if it is delivered to the local agency within 35 days of the date that the local agency gave the applicant notice of the local agency's determination.

(ie) If the local agency has not given the applicant the written notice described in sub-subclause (id), the applicant's notice shall be deemed timely if given after 60 days from the date on which the project application has been received and accepted as complete by the lead agency, or 60 days from the date on which the project application has been determined or deemed to be complete within the meaning of Section 65943, whichever is earlier.

(ii) For purposes of this subparagraph, the following definitions apply:

(I) "Abuse of discretion" means that the conditions set forth in subclauses (I) to (IV), inclusive, of clause (i) are satisfied, but the local agency does not determine that the project is exempt from the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*). This subclause sets forth the exclusive definition of "abuse of discretion" for purposes of this subparagraph.

(II) "High-quality transit corridor" has the same meaning defined in subdivision (b) of *Section 21155 of the Public Resources Code*.

(III) "Major transit stop" has the same meaning as defined in *Section 21064.3 of the Public Resources Code*.

(IV) "Proximal" to an amenity means either of the following:

(ia) Within one-half mile of either of the following amenities:

(Ia) A bus station.

(Ib) A ferry terminal.

(ib) Within one mile, or for a parcel in a rural area, as defined in *Section 50199.21 of the Health and Safety Code*, within two miles, of any of the following amenities:

(Ia) A supermarket or grocery store.

(Ib) A public park.

(Ic) A community center.

(Id) A pharmacy or drugstore.

(Ie) A medical clinic or hospital.

(If) A public library.

(Ig) A school that maintains a kindergarten or any of grades 1 to 12, inclusive.

(V) "Urbanized area" has the same meaning as defined in *Section 21071 of the Public Resources Code*.

(VI)

(ia) "Very low vehicle travel area" means an urbanized area, as designated by the United States Census Bureau, where the existing residential development generates vehicle miles traveled per capita that is below 85 percent of either regional vehicle miles traveled per capita or city vehicle miles traveled per capita.

(ib) For purposes of sub-subclause (ia), "area" may include a travel analysis zone, hexagon, or grid.

(ic) For the purposes of determining "regional vehicle miles traveled per capita" pursuant to sub-subclause (ia), a "region" is the entirety of incorporated and unincorporated areas governed by a multicounty or single-county metropolitan planning organization, or the entirety of the incorporated and unincorporated areas of an individual county that is not part of a metropolitan planning organization.

(iii) This subparagraph shall not be construed to require a local agency to determine that a project is exempt if, on the record before the local agency, the project is not eligible for exemption.

(iv) This subparagraph shall become inoperative on January 1, 2031.

(E) Fails to adopt a negative declaration or addendum for the project, to certify an environmental impact report for the project, or to approve another comparable environmental document, such as a sustainable communities environmental assessment pursuant to *Section 21155.2 of the Public Resources Code*, as required pursuant to the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*), if all of the following conditions are satisfied:

(i) There is substantial evidence in the record before the local agency that the site of the housing development project is not located on either of the following:

(I) On a site specified in subparagraphs (A) to (C), inclusive, or subparagraphs (E) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4.

(II) Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178, or within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to *Section 4202 of the Public Resources Code*.

(ii) The housing development project is located on a legal parcel or parcels within an urbanized area and meets one or more of the following criteria:

(I) The housing development project is located within one-half mile walking distance to either a high-quality transit corridor or a major transit stop.

(II) The housing development project is located in a very low vehicle travel area.

(III) The housing development project is proximal to six or more amenities pursuant to subclause (IV) of clause (vii) as of the date of submission of the application for the project.

(IV) Parcels that are developed with urban uses adjoin at least 75 percent of the perimeter of the project site or at least three sides of a foursided project site. For purposes of this clause, parcels that are only separated by a street or highway shall be considered to be adjoined.

(iii) The density of the housing development project meets or exceeds 15 dwelling units per acre.

(iv) There has been prepared a negative declaration, addendum, environmental impact report, or comparable environmental review document that, if duly adopted, approved, or certified by the local agency, would satisfy the requirements of the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*) with respect to the project.

(v) The local agency or a body or official to which the agency has delegated authority to adopt, approve, or certify the negative declaration addendum, environmental impact report, or comparable environmental review document has held a meeting at which adoption, approval, or certification of the environmental review document was on the agenda and the environmental review document could have been adopted, approved, or certified, as applicable, but the agency did either of the following:

(I) Committed an abuse of discretion, as defined in this subparagraph.

(II) Failed to decide whether to require further study or to adopt, approve, or certify the environmental document.

(vi)

(I) The applicant has given timely written notice to the local agency of the action or inaction that the applicant believes constitutes a failure to decide or an abuse of discretion, and the local agency did not make a lawful determination about whether to adopt, approve, or certify the environmental review document within 90 days of the applicant's written notice. The applicant's written notice shall include a copy of those excerpts from the record that constitute substantial evidence that the criteria of clauses (i) to (iv), inclusive, are satisfied.

(II) If the local agency has voted to require further study, rather than adopting, approving, or certifying the negative declaration, addendum, environmental impact report, or comparable environmental review document in the form it was presented for the agency's consideration, the applicant's notice shall be deemed timely if and only if it is

delivered to the local agency within 35 days of the date that the local agency gave written notice of its decision to the applicant.

(III) If the local agency has not voted to require further study, rather than adopting, approving, or certifying the negative declaration, addendum, environmental impact report, or comparable environmental review document in the form it was presented for the agency's consideration, the applicant's notice shall be deemed timely if given after the time period specified in *Section 21151.5 of the Public Resources Code* or another applicable provision of that code for completing the addendum, negative declaration, environmental impact report, or other comparable environmental review document, as applicable, has passed. If the Public Resources Code does not specifically describe the deadline to complete the applicable environmental document, a 180-day deadline is the applicable time period.

(vii) For purposes of this subparagraph, the following definitions apply:

(I)

(ia) "Abuse of discretion" means either of the following:

(Ia) If the local agency fails to adopt a negative declaration, "abuse of discretion" means that the agency, in bad faith or without substantial evidence in the record to support a fair argument that further environmental study is necessary to identify or analyze potentially significant impacts on the physical environment, decided to require further environmental study rather than adopting the negative declaration.

(Ib) If the local agency fails to adopt an addendum for the project, certify an environmental impact report for the project, or approve another comparable environmental document, "abuse of discretion" means that the agency, in bad faith or without substantial evidence in the record that further environmental study is legally required to identify or analyze potentially significant impacts on the physical environment, decided to require further environmental study rather than adopting, approving, or certifying the environmental review document.

(ib) This subclause sets forth the exclusive definition of "abuse of discretion" for purposes of this subparagraph.

(II) "High-quality transit corridor" has the same meaning defined in subdivision (b) of *Section 21155 of the Public Resources Code*.

(III) "Major transit stop" has the same meaning as defined in *Section 21064.3 of the Public Resources Code*.

(IV) "Proximal" to an amenity means either of the following:

(ia) Within one-half mile of either of the following amenities:

(Ia) A bus station.

(Ib) A ferry terminal.

(ib) Within one mile, or for a parcel in a rural area, as defined in *Section 50199.21 of the Health and Safety Code*, within two miles, of any of the following amenities:

(Ia) A supermarket or grocery store.

(Ib) A public park.

(Ic) A community center.

(Id) A pharmacy or drugstore.

(Ie) A medical clinic or hospital.

(If) A public library.

(Ig) A school that maintains a kindergarten or any of grades 1 to 12, inclusive.

(V) "Urbanized area" has the same meaning as defined in *Section 21071 of the Public Resources Code*.

(VI)

(ia) "Very low vehicle travel area" means an urbanized area, as designated by the United States Census Bureau, where the existing residential development generates vehicle miles traveled per capita that is below 85 percent of either regional vehicle miles traveled per capita or city vehicle miles traveled per capita.

(ib) For purposes of sub-subclause (ia), "area" may include a travel analysis zone, hexagon, or grid.

(ic) For the purposes of determining "regional vehicle miles traveled per capita" pursuant to sub-subclause (ia), a "region" is the entirety of incorporated and unincorporated areas governed by a multicounty or single-county metropolitan planning organization, or the entirety of the incorporated and unincorporated areas of an individual county that is not part of a metropolitan planning organization.

(viii) This subparagraph shall become inoperative on January 1, 2031.

(7)

(A) For purposes of this section, "lawful determination" means any final decision about whether to approve or disapprove a statutory or categorical exemption or a negative declaration, addendum, environmental impact report, or comparable environmental review document under the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*) that is not an abuse of discretion, as defined in clause (ii) of subparagraph (D) of paragraph (6) or clause (vii) of subparagraph (E) of paragraph (6).

(B) This paragraph shall become inoperative on January 1, 2031.

(7)(8) "Lower density" includes any conditions that have the same effect or impact on the ability of the project to provide housing.

(8)(9) Until January 1, 2030, "objective" means involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.

(9)(10) Notwithstanding any other law, until January 1, 2030, "determined to be complete" means that the applicant has submitted a complete application pursuant to Section 65943.

(i) If any city, county, or city and county denies approval or imposes conditions, including design changes, lower density, or a reduction of the percentage of a lot that may be occupied by a building or structure under the applicable planning and zoning in force at the time the housing development project's application is complete, that have a substantial adverse effect on the viability or affordability of a housing development for very low, low-, or moderate-income households, and the denial of the development or the imposition of conditions on the development is the subject of a court action which challenges the denial or the imposition of conditions, then the burden of proof shall be on the local legislative body to show that its decision is consistent with the findings as described in subdivision (d), and that the findings are supported by a preponderance of the evidence in the record, and with the requirements of subdivision (o).

(j)

(1) When a proposed housing development project complies with applicable, objective general plan, zoning, and subdivision standards and criteria, including design review standards, in effect at the time that the application was deemed complete, but the local agency proposes to disapprove the project or to impose a condition that the project be developed at a lower density, the local agency shall base its decision regarding the proposed housing development project upon written findings supported by a preponderance of the evidence on the record that both of the following conditions exist:

(A) The housing development project would have a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density. As used in this paragraph, a “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 the application was deemed complete.

(B) There is no feasible method to satisfactorily mitigate or avoid the adverse impact identified pursuant to paragraph (1), other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density.

(2)

(A) If the local agency considers a proposed housing development project to be inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision as specified in this subdivision, it shall provide the applicant with written documentation identifying the provision or provisions, and an explanation of the reason or reasons it considers the housing development to be inconsistent, not in compliance, or not in conformity as follows:

(i) Within 30 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains 150 or fewer housing units.

(ii) Within 60 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains more than 150 units.

(B) If the local agency fails to provide the required documentation pursuant to subparagraph (A), the housing development project shall be deemed consistent, compliant, and in conformity with the applicable plan, program, policy, ordinance, standard, requirement, or other similar provision.

(3) For purposes of this section, the receipt of a density bonus, incentive, concession, waiver, or reduction of development standards pursuant to Section 65915 shall not constitute a valid basis on which to find a proposed housing development project is inconsistent, not in compliance, or not in conformity, with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision specified in this subdivision.

(4) For purposes of this section, a proposed housing development project is not inconsistent with the applicable zoning standards and criteria, and shall not require a rezoning, if the housing development project is consistent with the objective general plan standards and criteria but the zoning for the project site is inconsistent with the general plan. If the local agency has complied with paragraph (2), the local agency may require the proposed housing development project to comply with the objective standards and criteria of the zoning which is consistent with the general plan, however, the standards and criteria shall be applied to facilitate and accommodate development at the density allowed on the site by the general plan and proposed by the proposed housing development project.

(k)

(1)

(A)

(i) The applicant, a person who would be eligible to apply for residency in the housing development project or emergency shelter, or a housing organization may bring an action to enforce this section. If, in any action brought to enforce this section, a court finds that any of the following are met, the court shall issue an order pursuant to clause (ii):

(I) The local agency, in violation of subdivision (d), disapproved a housing development project or conditioned its approval in a manner rendering it infeasible for the development of an emergency shelter, or housing for very low, low-, or moderate-income households, including farmworker housing, without making the findings required by this section or without making findings supported by a preponderance of the evidence.

(II) The local agency, in violation of subdivision (j), disapproved a housing development project complying with applicable, objective general plan and zoning standards and criteria, or imposed a condition that the project be developed at a lower density, without making the findings required by this section or without making findings supported by a preponderance of the evidence.

(III)

(ia) Subject to sub-subclause (ib), the local agency, in violation of subdivision (o), required or attempted to require a housing development project to comply with an ordinance, policy, or standard not adopted and in effect when a preliminary application was submitted.

(ib) This subclause shall become inoperative on January 1, 2030.

(ii) If the court finds that one of the conditions in clause (i) is met, the court shall issue an order or judgment compelling compliance with this section within 60 days, including, but not limited to, an order that the local agency take action on the housing development project or emergency shelter. The court may issue an order or judgment directing the local agency to approve the housing development project or emergency shelter if the court finds that the local agency acted in bad faith when it disapproved or conditionally approved the housing development or emergency shelter in violation of this section. The court shall retain jurisdiction to ensure that its order or judgment is carried out and shall award reasonable attorney's fees and costs of suit to the plaintiff or petitioner, ~~except under extraordinary circumstances in which the court finds that awarding fees would not further the purposes of this section.~~provided however, that the court shall not award attorney's fees in either of the following instances:

(I) The court finds, under extraordinary circumstances, that awarding fees would not further the purposes of this section.

(II)

(ia) In a case concerning a disapproval within the meaning of subparagraph (D) or (E) of paragraph (6) of subdivision (h), the court finds that the local agency acted in good faith and had reasonable cause to disapprove the housing development project due to the existence of a controlling question of law about the application of the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*) or implementing guidelines as to which there was a substantial ground for difference of opinion at the time of the disapproval.

(ib) This subclause shall become inoperative on January 1, 2031.

(B) Upon a determination that the local agency has failed to comply with the order or judgment compelling compliance with this section within 60 days issued pursuant to subparagraph (A), the court shall impose fines on a local agency that has violated this section and require the local agency to deposit any fine levied pursuant to this subdivision into a local housing trust fund. The local agency may elect to instead deposit the fine into the Building Homes and Jobs Trust Fund. The fine shall be in a minimum amount of ten thousand dollars ($10,000) per housing unit in the housing development project on the date the application was deemed complete pursuant to Section 65943. In determining the amount of fine to impose, the court shall consider the local agency's progress in attaining its target allocation of the regional housing need pursuant to Section 65584 and any prior violations of this section. Fines shall not be paid out of funds already dedicated to affordable housing, including, but not limited to, Low and Moderate Income Housing Asset Funds, funds dedicated to housing for very low, low-, and moderate-income households, and federal HOME Investment Partnerships Program and Community Development Block Grant Program funds. The local agency shall commit and expend the money in the local housing trust fund within five years for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households. After five years, if the funds have not been expended, the money shall revert to the state and be deposited in the Building Homes and Jobs Trust Fund for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households.

(C) If the court determines that its order or judgment has not been carried out within 60 days, the court may issue further orders as provided by law to ensure that the purposes and policies of this section are fulfilled, including, but not limited to, an order to vacate the decision of the local agency and to approve the housing development project, in which case the application for the housing development project, as proposed by the applicant at the time the local agency took the initial action determined to be in violation of this section, along with any standard conditions determined by the court to be generally imposed by the local agency on similar projects, shall be deemed to be approved unless the applicant consents to a different decision or action by the local agency.

(2) For purposes of this subdivision, "housing organization" means a trade or industry group whose local members are primarily engaged in the construction or management of housing units or a nonprofit organization whose mission includes providing or advocating for increased access to housing for low-income households and have filed written or oral comments with the local agency prior to action on the housing development project. A housing organization may only file an action pursuant to this section to challenge the disapproval of a housing development by a local agency. A housing organization shall be entitled to reasonable attorney's fees and costs if it is the prevailing party in an action to enforce this section.

(l) If the court finds that the local agency (1) acted in bad faith when it disapproved or conditionally approved the housing development or emergency shelter in violation of this section and (2) failed to carry out the court's order or judgment within 60 days as described in subdivision (k), the court, in addition to any other remedies provided by this section, shall multiply the fine determined pursuant to subparagraph (B) of paragraph (1) of subdivision (k) by a factor of five. For purposes of this section, "bad faith" includes, but is not limited to, an action that is frivolous or otherwise entirely without merit.

(m)

(1) Any action brought to enforce the provisions of this section shall be brought pursuant to *Section 1094.5 of the Code of Civil Procedure*, and the local agency shall prepare and certify the record of proceedings in accordance with subdivision (c) of *Section 1094.6 of the Code of Civil Procedure* no later than 30 days after the petition is served, provided that the cost of preparation of the record shall be borne by the local agency, unless the petitioner elects to prepare the record as provided in subdivision (n) of this section. A petition to enforce the provisions of this section shall be filed and served no later than 90 days from the later of (1) the effective date of a decision of the local

agency imposing conditions on, disapproving, or any other final action on a housing development project or (2) the expiration of the time periods specified in subparagraph (B) of paragraph (5) of subdivision (h). Upon entry of the trial court's order, a party may, in order to obtain appellate review of the order, file a petition within 20 days after service upon it of a written notice of the entry of the order, or within such further time not exceeding an additional 20 days as the trial court may for good cause allow, or may appeal the judgment or order of the trial court under *Section 904.1 of the Code of Civil Procedure.* If the local agency appeals the judgment of the trial court, the local agency shall post a bond, in an amount to be determined by the court, to the benefit of the plaintiff if the plaintiff is the project applicant.

(2)

(A) A disapproval within the meaning of subparagraph (D) of paragraph (6) of subdivision (h) shall be final for purposes of this subdivision, if the local agency did not make a lawful determination within the time period set forth in subclause (V) of clause (i) of that subparagraph after the applicant's timely written notice.

(B) This paragraph shall become inoperative on January 1, 2031.

(3)

(A) A disapproval within the meaning of subparagraph (E) of paragraph (6) of subdivision (h) shall be final for purposes of this subdivision, if the local agency did not make a lawful determination within 90 days of the applicant's timely written notice.

(B) This paragraph shall become inoperative on January 1, 2031.

(n) In any action, the record of the proceedings before the local agency shall be filed as expeditiously as possible and, notwithstanding *Section 1094.6 of the Code of Civil Procedure* or subdivision (m) of this section, all or part of the record may be prepared (1) by the petitioner with the petition or petitioner's points and authorities, (2) by the respondent with respondent's points and authorities, (3) after payment of costs by the petitioner, or (4) as otherwise directed by the court. If the expense of preparing the record has been borne by the petitioner and the petitioner is the prevailing party, the expense shall be taxable as costs.

(o)

(1) Subject to paragraphs (2), (6), and (7), and subdivision (d) of Section 65941.1, a housing development project shall be subject only to the ordinances, policies, and standards adopted and in effect when a preliminary application including all of the information required by subdivision (a) of Section 65941.1 was submitted.

(2) Paragraph (1) shall not prohibit a housing development project from being subject to ordinances, policies, and standards adopted after the preliminary application was submitted pursuant to Section 65941.1 in the following circumstances:

(A) In the case of a fee, charge, or other monetary exaction, to an increase resulting from an automatic annual adjustment based on an independently published cost index that is referenced in the ordinance or resolution establishing the fee or other monetary exaction.

(B) A preponderance of the evidence in the record establishes that subjecting the housing development project to an ordinance, policy, or standard beyond those in effect when a preliminary application was submitted is necessary to mitigate or avoid a specific, adverse impact upon the public health or safety, as defined in subparagraph (A) of paragraph (1) of subdivision (j), and there is no feasible alternative method to satisfactorily mitigate or avoid the adverse impact.

(C) Subjecting the housing development project to an ordinance, policy, standard, or any other measure, beyond those in effect when a preliminary application was submitted is necessary to

avoid or substantially lessen an impact of the project under the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*).

(D) The housing development project has not commenced construction within two and one-half years, or three and one-half years for an affordable housing project, following the date that the project received final approval. For purposes of this subparagraph:

(i) "Affordable housing project" means a housing development that satisfies both of the following requirements:

(I) Units within the development are subject to a recorded affordability restriction for at least 55 years for rental housing and 45 years for owner-occupied housing, or the first purchaser of each unit participates in an equity sharing agreement as described in subparagraph (C) of paragraph (2) of subdivision (c) of Section 65915.

(II) All of the units within the development, excluding managers' units, are dedicated to lower income households, as defined by *Section 50079.5 of the Health and Safety Code*.

(ii) "Final approval" means that the housing development project has received all necessary approvals to be eligible to apply for, and obtain, a building permit or permits and either of the following is met:

(I) The expiration of all applicable appeal periods, petition periods, reconsideration periods, or statute of limitations for challenging that final approval without an appeal, petition, request for reconsideration, or legal challenge having been filed.

(II) If a challenge is filed, that challenge is fully resolved or settled in favor of the housing development project.

(E) The housing development project is revised following submittal of a preliminary application pursuant to Section 65941.1 such that the number of residential units or square footage of construction changes by 20 percent or more, exclusive of any increase resulting from the receipt of a density bonus, incentive, concession, waiver, or similar provision, including any other locally authorized program that offers additional density or other development bonuses when affordable housing is provided. For purposes of this subdivision, "square footage of construction" means the building area, as defined by the California Building Standards Code (Title 24 of the California Code of Regulations).

(3) This subdivision does not prevent a local agency from subjecting the additional units or square footage of construction that result from project revisions occurring after a preliminary application is submitted pursuant to Section 65941.1 to the ordinances, policies, and standards adopted and in effect when the preliminary application was submitted.

(4) For purposes of this subdivision, "ordinances, policies, and standards" includes general plan, community plan, specific plan, zoning, design review standards and criteria, subdivision standards and criteria, and any other rules, regulations, requirements, and policies of a local agency, as defined in Section 66000, including those relating to development impact fees, capacity or connection fees or charges, permit or processing fees, and other exactions.

(5) This subdivision shall not be construed in a manner that would lessen the restrictions imposed on a local agency, or lessen the protections afforded to a housing development project, that are established by any other law, including any other part of this section.

(6) This subdivision shall not restrict the authority of a public agency or local agency to require mitigation measures to lessen the impacts of a housing development project under the California Environmental Quality Act (Division 13 (commencing with *Section 21000) of the Public Resources Code*).

(7) With respect to completed residential units for which the project approval process is complete and a certificate of occupancy has been issued, nothing in this subdivision shall limit the application of later enacted ordinances, policies, and standards that regulate the use and occupancy of those residential units, such as ordinances relating to rental housing inspection, rent stabilization, restrictions on short-term renting, and business licensing requirements for owners of rental housing.

(8)

(A) This subdivision shall apply to a housing development project that submits a preliminary application pursuant to Section 65941.1 before January 1, 2030.

(B) This subdivision shall become inoperative on January 1, 2034.

(p)

(1) Upon any motion for an award of attorney's fees pursuant to *Section 1021.5 of the Code of Civil Procedure*, in a case challenging a local agency's approval of a housing development project, a court, in weighing whether a significant benefit has been conferred on the general public or a large class of persons and whether the necessity of private enforcement makes the award appropriate, shall give due weight to the degree to which the local agency's approval furthers policies of this section, including, but not limited to, subdivisions (a), (b), and (c), the suitability of the site for a housing development, and the reasonableness of the decision of the local agency. It is the intent of the Legislature that attorney's fees and costs shall rarely, if ever, be awarded if a local agency, acting in good faith, approved a housing development project that satisfies conditions established in subclauses (I), (II), and (III) of clause (i) of subparagraph (D) of paragraph (6) of subdivision (h) or clauses (i), (ii), and (iii) of subparagraph (E) of paragraph (6) of subdivision (h).

(2) This subdivision shall become inoperative on January 1, 2031.

(p)(q) This section shall be known, and may be cited, as the Housing Accountability Act.

(r) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 3.

No reimbursement is required by this act pursuant to *Section 6 of Article XIII B of the California Constitution* because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of *Section 17556 of the Government Code*.

History

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Sponsor

Ting

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STATE OF CALIFORNIA
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State of California

GOVERNMENT CODE

Section 65589.5

65589.5. (a) (1) The Legislature finds and declares all of the following:

(A) The lack of housing, including emergency shelters, is a critical problem that threatens the economic, environmental, and social quality of life in California.

(B) California housing has become the most expensive in the nation. The excessive cost of the state's housing supply is partially caused by activities and policies of many local governments that limit the approval of housing, increase the cost of land for housing, and require that high fees and exactions be paid by producers of housing.

(C) Among the consequences of those actions are discrimination against low-income and minority households, lack of housing to support employment growth, imbalance in jobs and housing, reduced mobility, urban sprawl, excessive commuting, and air quality deterioration.

(D) Many local governments do not give adequate attention to the economic, environmental, and social costs of decisions that result in disapproval of housing development projects, reduction in density of housing projects, and excessive standards for housing development projects.

(2) In enacting the amendments made to this section by the act adding this paragraph, the Legislature further finds and declares the following:

(A) California has a housing supply and affordability crisis of historic proportions. The consequences of failing to effectively and aggressively confront this crisis are hurting millions of Californians, robbing future generations of the chance to call California home, stifling economic opportunities for workers and businesses, worsening poverty and homelessness, and undermining the state's environmental and climate objectives.

(B) While the causes of this crisis are multiple and complex, the absence of meaningful and effective policy reforms to significantly enhance the approval and supply of housing affordable to Californians of all income levels is a key factor.

(C) The crisis has grown so acute in California that supply, demand, and affordability fundamentals are characterized in the negative: underserved demands, constrained supply, and protracted unaffordability.

(D) According to reports and data, California has accumulated an unmet housing backlog of nearly 2,000,000 units and must provide for at least 180,000 new units annually to keep pace with growth through 2025.

(E) California's overall home ownership rate is at its lowest level since the 1940s. The state ranks 49th out of the 50 states in home ownership rates as well as in the supply of housing per capita. Only one-half of California's households are able to afford the cost of housing in their local regions.

(F) Lack of supply and rising costs are compounding inequality and limiting advancement opportunities for many Californians.

(G) The majority of California renters, more than 3,000,000 households, pay more than 30 percent of their income toward rent and nearly one-third, more than 1,500,000 households, pay more than 50 percent of their income toward rent.

(H) When Californians have access to safe and affordable housing, they have more money for food and health care; they are less likely to become homeless and in need of government-subsidized services; their children do better in school; and businesses have an easier time recruiting and retaining employees.

(I) An additional consequence of the state's cumulative housing shortage is a significant increase in greenhouse gas emissions caused by the displacement and redirection of populations to states with greater housing opportunities, particularly working- and middle-class households. California's cumulative housing shortfall therefore has not only national but international environmental consequences.

(J) California's housing picture has reached a crisis of historic proportions despite the fact that, for decades, the Legislature has enacted numerous statutes intended to significantly increase the approval, development, and affordability of housing for all income levels, including this section.

(K) The Legislature's intent in enacting this section in 1982 and in expanding its provisions since then was to significantly increase the approval and construction of new housing for all economic segments of California's communities by meaningfully and effectively curbing the capability of local governments to deny, reduce the density for, or render infeasible housing development projects and emergency shelters. That intent has not been fulfilled.

(L) It is the policy of the state that this section be interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, housing.

(3) It is the intent of the Legislature that the conditions that would have a specific, adverse impact upon the public health and safety, as described in paragraph (2) of subdivision (d) and paragraph (1) of subdivision (j), arise infrequently.

(4) It is the intent of the Legislature that the amendments removing provisions from subparagraphs (D) and (E) of paragraph (6) of subdivision (h) and adding those provisions to Sections 65589.5.1 and 65589.5.2 by Assembly Bill 1413 (2023), insofar as they are substantially the same as existing law, shall be considered restatements and continuations of existing law, and not new enactments.

(b) It is the policy of the state that a local government not reject or make infeasible housing development projects, including emergency shelters, that contribute to meeting the need determined pursuant to this article without a thorough analysis of the economic, social, and environmental effects of the action and without complying with subdivision (d).

(c) The Legislature also recognizes that premature and unnecessary development of agricultural lands for urban uses continues to have adverse effects on the availability of those lands for food and fiber production and on the economy of the state. Furthermore, it is the policy of the state that development should be guided away

from prime agricultural lands; therefore, in implementing this section, local jurisdictions should encourage, to the maximum extent practicable, in filling existing urban areas.

(d) For a housing development project for very low, low-, or moderate-income households, or an emergency shelter, a local agency shall not disapprove the housing development project or emergency shelter, or condition approval in a manner that renders the housing development project or emergency shelter infeasible, including through the use of design review standards, unless it makes written findings, based upon a preponderance of the evidence in the record, as to one of the following:

(1) The jurisdiction has adopted a housing element pursuant to this article that has been revised in accordance with Section 65588, is in substantial compliance with this article, and the jurisdiction has met or exceeded its share of the regional housing need allocation pursuant to Section 65584 for the planning period for the income category proposed for the housing development project, provided that any disapproval or conditional approval shall not be based on any of the reasons prohibited by Section 65008. If the housing development project includes a mix of income categories, and the jurisdiction has not met or exceeded its share of the regional housing need for one or more of those categories, then this paragraph shall not be used to disapprove or conditionally approve the housing development project. The share of the regional housing need met by the jurisdiction shall be calculated consistently with the forms and definitions that may be adopted by the Department of Housing and Community Development pursuant to Section 65400. In the case of an emergency shelter, the jurisdiction shall have met or exceeded the need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. Any disapproval or conditional approval pursuant to this paragraph shall be in accordance with applicable law, rule, or standards.

(2) The housing development project or emergency shelter as proposed 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 development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible. As used in this paragraph, a "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 the application was deemed complete. The following shall not constitute a specific, adverse impact upon the public health or safety:

(A) Inconsistency with the zoning ordinance or general plan land use designation.

(B) The eligibility to claim a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code.

(3) The denial of the housing development project or imposition of conditions is required in order to comply with specific state or federal law, and there is no feasible method to comply without rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible.

(4) The housing development project or emergency shelter is proposed on land zoned for agriculture or resource preservation that is surrounded on at least two sides by land being used for agricultural or resource preservation purposes, or which does not have adequate water or wastewater facilities to serve the project.

(5) On the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction had adopted a revised housing element that was in substantial compliance with this article, and the housing development project or emergency shelter was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation as specified in any element of the general plan.

(A) This paragraph shall not be utilized to disapprove or conditionally approve a housing development project proposed on a site, including a candidate site for rezoning, that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element if the housing development project is consistent with the density specified in the housing element, even though the housing development project was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation on the date the application was deemed complete.

(B) If the local agency has failed to identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, has failed to demonstrate that the identified zone or zones include sufficient capacity to accommodate the need for emergency shelter identified in paragraph (7) of subdivision (a) of Section 65583, or has failed to demonstrate that the identified zone or zones can accommodate at least one emergency shelter, as required by paragraph (4) of subdivision (a) of Section 65583, then this paragraph shall not be utilized to disapprove or conditionally approve an emergency shelter proposed for a site designated in any element of the general plan for industrial, commercial, or multifamily residential uses. In any action in court, the burden of proof shall be on the local agency to show that its housing element does satisfy the requirements of paragraph (4) of subdivision (a) of Section 65583.

(6) On the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction did not have an adopted revised housing element that was in substantial compliance with this article and the housing development project is not a builder's remedy project.

(e) Nothing in this section shall be construed to relieve the local agency from complying with the congestion management program required by Chapter 2.6 (commencing with Section 65088) of Division 1 of Title 7 or the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code). Neither shall anything in this section be construed to relieve the local agency from making one or more of the findings required pursuant to Section 21081 of the Public Resources Code or otherwise complying with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(f) (1) Except as provided in paragraphs (6) and (8) of this subdivision, and subdivision (o), nothing in this section shall be construed to prohibit a local agency

from requiring the housing development project to comply with objective, quantifiable, written development standards, conditions, and policies appropriate to, and consistent with, meeting the jurisdiction's share of the regional housing need pursuant to Section 65584. However, the development standards, conditions, and policies shall be applied to facilitate and accommodate development at the density permitted on the site and proposed by the development. Nothing in this section shall limit a project's eligibility for a density bonus, incentive, or concession, or waiver or reduction of development standards and parking ratios, pursuant to Section 65915.

(2) Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from requiring an emergency shelter project to comply with objective, quantifiable, written development standards, conditions, and policies that are consistent with paragraph (4) of subdivision (a) of Section 65583 and appropriate to, and consistent with, meeting the jurisdiction's need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. However, the development standards, conditions, and policies shall be applied by the local agency to facilitate and accommodate the development of the emergency shelter project.

(3) Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from imposing fees and other exactions otherwise authorized by law that are essential to provide necessary public services and facilities to the housing development project or emergency shelter.

(4) For purposes of this section, a housing development project or emergency shelter shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision if there is substantial evidence that would allow a reasonable person to conclude that the housing development project or emergency shelter is consistent, compliant, or in conformity.

(5) For purposes of this section, a change to the zoning ordinance or general plan land use designation subsequent to the date the application was deemed complete shall not constitute a valid basis to disapprove or condition approval of the housing development project or emergency shelter.

(6) Notwithstanding paragraphs (1) to (5), inclusive, all of the following apply to a housing development project that is a builder's remedy project:

(A) A local agency may only require the project to comply with the objective, quantifiable, written development standards, conditions, and policies that would have applied to the project had it been proposed on a site with a general plan designation and zoning classification that allow the density and unit type proposed by the applicant. If the local agency has no general plan designation or zoning classification that would have allowed the density and unit type proposed by the applicant, the development proponent may identify any objective, quantifiable, written development standards, conditions, and policies associated with a different general plan designation or zoning classification within that jurisdiction, that facilitate the project's density and unit type, and those shall apply.

(B) (i) Except as authorized by paragraphs (1) to (4), inclusive, of subdivision (d), a local agency shall not apply any individual or combination of objective, quantifiable, written development standards, conditions, and policies to the project that do any of the following:

(I) Render the project infeasible.

(II) Preclude a project that meets the requirements allowed to be imposed by subparagraph (A), as modified by any density bonus, incentive, or concession, or waiver or reduction of development standards and parking ratios, pursuant to Section 65915, from being constructed as proposed by the applicant.

(ii) The local agency shall bear the burden of proof of complying with clause (i).

(C) (i) A project applicant that qualifies for a density bonus pursuant to Section 65915 shall receive two incentives or concessions in addition to those granted pursuant to paragraph (2) of subdivision (d) of Section 65915.

(ii) For a project seeking density bonuses, incentives, concessions, or any other benefits pursuant to Section 65915, and notwithstanding paragraph (6) of subdivision (o) of Section 65915, for purposes of this paragraph, maximum allowable residential density or base density means the density permitted for a builder's remedy project pursuant to subparagraph (C) of paragraph (11) of subdivision (h).

(iii) A local agency shall grant any density bonus pursuant to Section 65915 based on the number of units proposed and allowable pursuant to subparagraph (C) of paragraph (11) of subdivision (h).

(iv) A project that dedicates units to extremely low-income households pursuant to subclause (I) of clause (i) of subparagraph (C) of paragraph (3) of subdivision (h) shall be eligible for the same density bonus, incentives or concessions, and waivers or reductions of development standards as provided to a housing development project that dedicates three percentage points more units to very low income households pursuant to paragraph (2) of subdivision (f) of Section 65915.

(v) All units dedicated to extremely low-income, very low income, low-income, and moderate-income households pursuant to paragraph (11) of subdivision (h) shall be counted as affordable units in determining whether the applicant qualifies for a density bonus pursuant to Section 65915.

(D) (i) The project shall not be required to apply for, or receive approval of, a general plan amendment, specific plan amendment, rezoning, or other legislative approval.

(ii) The project shall not be required to apply for, or receive, any approval or permit not generally required of a project of the same type and density proposed by the applicant.

(iii) Any project that complies with this paragraph shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, redevelopment plan and implementing instruments, or other similar provision for all purposes, and shall not be considered or treated as a nonconforming lot, use, or structure for any purpose.

(E) A local agency shall not adopt or impose any requirement, process, practice, or procedure or undertake any course of conduct, including, but not limited to,

increased fees or inclusionary housing requirements, that applies to a project solely or partially on the basis that the project is a builder's remedy project.

(F) (i) A builder's remedy project shall be deemed to be in compliance with the residential density standards for the purposes of complying with subdivision (b) of Section 65912.123.

(ii) A builder's remedy project shall be deemed to be in compliance with the objective zoning standards, objective subdivision standards, and objective design review standards for the purposes of complying with paragraph (5) of subdivision (a) of Section 65913.4.

(G) (i) (I) If the local agency had a local affordable housing requirement, as defined in Section 65912.101, that on January 1, 2024, required a greater percentage of affordable units than required under subparagraph (A) of paragraph (11) of subdivision (h), or required an affordability level deeper than what is required under subparagraph (A) of paragraph (11) of subdivision (h), then, except as provided in subclauses (II) and (III), the local agency may require a housing development for mixed-income households to comply with an otherwise lawfully applicable local affordability percentage or affordability level. The local agency shall not require housing for mixed-income households to comply with any other aspect of the local affordable housing requirement.

(II) Notwithstanding subclause (I), the local affordable housing requirements shall not be applied to require housing for mixed-income households to dedicate more than 20 percent of the units to affordable units of any kind.

(III) Housing for mixed-income households that is required to dedicate 20 percent of the units to affordable units shall not be required to dedicate any of the affordable units at an income level deeper than lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(IV) A local agency may only require housing for mixed-income households to comply with the local percentage requirement or affordability level described in subclause (I) if it first makes written findings, supported by a preponderance of evidence, that compliance with the local percentage requirement or the affordability level, or both, would not render the housing development project infeasible. If a reasonable person could find compliance with either requirement, either alone or in combination, would render the project infeasible, the project shall not be required to comply with that requirement.

(ii) Affordable units in the development project shall have a comparable bedroom and bathroom count as the market rate units.

(iii) Each affordable unit dedicated pursuant to this subparagraph shall count toward satisfying a local affordable housing requirement. Each affordable unit dedicated pursuant to a local affordable housing requirement that meets the criteria established in this subparagraph shall count towards satisfying the requirements of this subparagraph. This is declaratory of existing law.

(7) (A) For a housing development project application that is deemed complete before January 1, 2025, the development proponent for the project may choose to be subject to the provisions of this section that were in place on the date the preliminary

application was submitted, or, if the project meets the definition of a builder's remedy project, it may choose to be subject to any or all of the provisions of this section applicable as of January 1, 2025.

(B) Notwithstanding subdivision (c) of Section 65941.1, for a housing development project deemed complete before January 1, 2025, the development proponent may choose to revise their application so that the project is a builder's remedy project, without being required to resubmit a preliminary application, even if the revision results in the number of residential units or square footage of construction changing by 20 percent or more.

(8) A housing development project proposed on a site that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element, that is consistent with the density specified in the most recently updated and adopted housing element, and that is inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation on the date the application was deemed complete, shall be subject to the provisions of subparagraphs (A), (B), and (D) of paragraph (6) and paragraph (9).

(9) For purposes of this subdivision, "objective, quantifiable, written development standards, conditions, and policies" means criteria that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal, including, but not limited to, any standard, ordinance, or policy described in paragraph (4) of subdivision (o). Nothing herein shall affect the obligation of the housing development project to comply with the minimum building standards approved by the California Building Standards Commission as provided in Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code. In the event that applicable objective, quantifiable, written development standards, conditions, and policies are mutually inconsistent, a development shall be deemed consistent with the criteria that permits the density and unit type closest to that of the proposed project.

(g) This section shall be applicable to charter cities because the Legislature finds that the lack of housing, including emergency shelter, is a critical statewide problem.

(h) The following definitions apply for the purposes of this section:

(1) "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

(2) "Housing development project" means a use consisting of any of the following:

(A) Residential units only.

(B) Mixed-use developments consisting of residential and nonresidential uses that meet any of the following conditions:

(i) At least two-thirds of the new or converted square footage is designated for residential use.

(ii) At least 50 percent of the new or converted square footage is designated for residential use and the project meets both of the following:

(I) The project includes at least 500 net new residential units.

(II) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, except a portion of the project may be designated for use as a residential hotel, as defined in Section 50519 of the Health and Safety Code.

(iii) At least 50 percent of the net new or converted square footage is designated for residential use and the project meets all of the following:

(I) The project includes at least 500 net new residential units.

(II) The project involves the demolition or conversion of at least 100,000 square feet of nonresidential use.

(III) The project demolishes at least 50 percent of the existing nonresidential uses on the site.

(IV) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, except a portion of the project may be designated for use as a residential hotel, as defined in Section 50519 of the Health and Safety Code.

(C) Transitional housing or supportive housing.

(D) Farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code.

(3) (A) "Housing for very low, low-, or moderate-income households" means housing for lower income households, mixed-income households, or moderate-income households.

(B) "Housing for lower income households" means a housing development project in which 100 percent of the units, excluding managers' units, are dedicated to lower income households, as defined in Section 50079.5 of the Health and Safety Code, at an affordable cost, as defined by Section 50052.5 of the Health and Safety Code, or an affordable rent set in an amount consistent with the rent limits established by the California Tax Credit Allocation Committee. The units shall be subject to a recorded deed restriction for a period of 55 years for rental units and 45 years for owner-occupied units.

(C) (i) "Housing for mixed-income households" means any of the following:

(I) A housing development project in which at least 7 percent of the total units, as defined in subparagraph (A) of paragraph (8) of subdivision (o) of Section 65915, are dedicated to extremely low income households, as defined in Section 50106 of the Health and Safety Code.

(II) A housing development project in which at least 10 percent of the total units, as defined in subparagraph (A) of paragraph (8) of subdivision (o) of Section 65915, are dedicated to very low income households, as defined in Section 50105 of the Health and Safety Code.

(III) A housing development project in which at least 13 percent of the total units, as defined in subparagraph (A) of paragraph (8) of subdivision (o) of Section 65915, are dedicated to lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(IV) A housing development project in which there are 10 or fewer total units, as defined in subparagraph (A) of paragraph (8) of subdivision (o) of Section 65915,

that is on a site that is smaller than one acre, and that is proposed for development at a minimum density of 10 units per acre.

(ii) All units dedicated to extremely low income, very low income, and low-income households pursuant to clause (i) shall meet both of the following:

(I) The units shall have an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or an affordable rent, as defined in Section 50053 of the Health and Safety Code.

(II) The development proponent shall agree to, and the local agency shall ensure, the continued affordability of all affordable rental units included pursuant to this section for 55 years and all affordable ownership units included pursuant to this section for a period of 45 years.

(D) "Housing for moderate-income households" means a housing development project in which 100 percent of the units are sold or rented to moderate-income households, as defined in Section 50093 of the Health and Safety Code, at an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or an affordable rent, as defined in Section 50053 of the Health and Safety Code. The units shall be subject to a recorded deed restriction for a period of 55 years for rental units and 45 years for owner-occupied units.

(4) "Area median income" means area median income as periodically established by the Department of Housing and Community Development pursuant to Section 50093 of the Health and Safety Code.

(5) Notwithstanding any other law, "deemed complete" means that the applicant has submitted a preliminary application pursuant to Section 65941.1 or, if the applicant has not submitted a preliminary application, has submitted a complete application pursuant to Section 65943. The local agency shall bear the burden of proof in establishing that the application is not complete.

(6) "Disapprove the housing development project" includes any instance in which a local agency does any of the following:

(A) Votes or takes final administrative action on a proposed housing development project application and the application is disapproved, including any required land use approvals or entitlements necessary for the issuance of a building permit.

(B) Fails to comply with the time periods specified in subdivision (a) of Section 65950. An extension of time pursuant to Article 5 (commencing with Section 65950) shall be deemed to be an extension of time pursuant to this paragraph.

(C) Fails to meet the time limits specified in Section 65913.3.

(D) Fails to cease a course of conduct undertaken for an improper purpose, such as to harass or to cause unnecessary delay or needless increases in the cost of the proposed housing development project, that effectively disapproves the proposed housing development without taking final administrative action if all of the following conditions are met:

(i) The project applicant provides written notice detailing the challenged conduct and why it constitutes disapproval to the local agency established under Section 65100.

(ii) Within five working days of receiving the applicant's written notice described in clause (i), the local agency shall post the notice on the local agency's internet

website, provide a copy of the notice to any person who has made a written request for notices pursuant to subdivision (f) of Section 21167 of the Public Resources Code, and file the notice with the county clerk of each county in which the project will be located. The county clerk shall post the notice and make it available for public inspection in the manner set forth in subdivision (c) of Section 21152 of the Public Resources Code.

(iii) The local agency shall consider all objections, comments, evidence, and concerns about the project or the applicant's written notice and shall not make a determination until at least 60 days after the applicant has given written notice to the local agency pursuant to clause (i).

(iv) Within 90 days of receipt of the applicant's written notice described in clause (i), the local agency shall issue a written statement that it will immediately cease the challenged conduct or issue written findings that comply with both of the following requirements:

(I) The findings articulate an objective basis for why the challenged course of conduct is necessary.

(II) The findings provide clear instructions on what the applicant must submit or supplement so that the local agency can make a final determination regarding the next necessary approval or set the date and time of the next hearing.

(v) (I) If a local agency continues the challenged course of conduct described in the applicant's written notice and fails to issue the written findings described in clause (iv), the local agency shall bear the burden of establishing that its course of conduct does not constitute a disapproval of the housing development project under this subparagraph in an action taken by the applicant.

(II) If an applicant challenges a local agency's course of conduct as a disapproval under this subparagraph, the local agency's written findings described in clause (iv) shall be incorporated into the administrative record and be deemed to be the final administrative action for purposes of adjudicating whether the local agency's course of conduct constitutes a disapproval of the housing development project under this subparagraph.

(vi) A local agency's action in furtherance of complying with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), including, but not limited to, imposing mitigating measures, shall not constitute project disapproval under this subparagraph.

(E) Fails to comply with Section 65905.5. For purposes of this subparagraph, a builder's remedy project shall be deemed to comply with the applicable, objective general plan and zoning standards in effect at the time an application is deemed complete.

(F) (i) Determines that an application for a housing development project is incomplete pursuant to subdivision (a) or (b) of Section 65943 and includes in the determination an item that is not required on the local agency's submittal requirement checklist. The local agency shall bear the burden of proof that the required item is listed on the submittal requirement checklist.

(ii) In a subsequent review of an application pursuant to Section 65943, requests the applicant provide new information that was not identified in the initial determination and upholds this determination in the final written determination on an appeal filed pursuant to subdivision (c) of Section 65943. The local agency shall bear the burden of proof that the required item was identified in the initial determination.

(iii) Determines that an application for a housing development project is incomplete pursuant to subdivision (a) or (b) of Section 65943, a reasonable person would conclude that the applicant has submitted all of the items required on the local agency's submittal requirement checklist, and the local agency upholds this determination in the final written determination on an appeal filed pursuant to subdivision (c) of Section 65943.

(iv) If a local agency determines that an application is incomplete under Section 65943 after two resubmittals of the application by the applicant, the local agency shall bear the burden of establishing that the determination is not an effective disapproval of a housing development project under this section.

(G) Violates subparagraph (D) or (E) of paragraph (6) of subdivision (f).

(H) Makes a written determination that a preliminary application described in subdivision (a) of Section 65941.1 has expired or that the applicant has otherwise lost its vested rights under the preliminary application for any reason other than those described in subdivisions (c) and (d) of Section 65941.1.

(I) (i) Fails to make a determination of whether the project is exempt from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), or commits an abuse of discretion, as defined in subdivision (b) of Section 65589.5.1 if all of the conditions in Section 65589.5.1 are satisfied.

(ii) This subparagraph shall become inoperative on January 1, 2031.

(J) (i) Fails to adopt a negative declaration or addendum for the project, to certify an environmental impact report for the project, or to approve another comparable environmental document, such as a sustainable communities environmental assessment pursuant to Section 21155.2 of the Public Resources Code, as required pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), if all of the conditions in Section 65589.5.2 are satisfied.

(ii) This subparagraph shall become inoperative on January 1, 2031.

(7) (A) For purposes of this section and Sections 65589.5.1 and 65589.5.2, "lawful determination" means any final decision about whether to approve or disapprove a statutory or categorical exemption or a negative declaration, addendum, environmental impact report, or comparable environmental review document under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) that is not an abuse of discretion, as defined in subdivision (b) of Section 65589.5.1 or subdivision (b) of Section 65589.5.2.

(B) This paragraph shall become inoperative on January 1, 2031.

(8) "Lower density" includes any conditions that have the same effect or impact on the ability of the project to provide housing.

(9) "Objective" means involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.

(10) Notwithstanding any other law, "determined to be complete" means that the applicant has submitted a complete application pursuant to Section 65943.

(11) "Builder's remedy project" means a project that meets all of the following criteria:

(A) The project is a housing development project that provides housing for very low, low-, or moderate-income households.

(B) On or after the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction did not have a housing element that was in substantial compliance with this article.

(C) The project has a density such that the number of units, as calculated before the application of a density bonus pursuant to Section 65915, complies with all of the following conditions:

(i) The density does not exceed the greatest of the following densities:

(I) Fifty percent greater than the minimum density deemed appropriate to accommodate housing for that jurisdiction as specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2.

(II) Three times the density allowed by the general plan, zoning ordinance, or state law, whichever is greater.

(III) The density that is consistent with the density specified in the housing element.

(ii) Notwithstanding clause (i), the greatest allowable density shall be 35 units per acre more than the amount allowable pursuant to clause (i), if any portion of the site is located within any of the following:

(I) One-half mile of a major transit stop, as defined in Section 21064.3 of the Public Resources Code.

(II) A very low vehicle travel area, as defined in subdivision (h).

(III) A high or highest resource census tract, as identified by the latest edition of the "CTCAC/HCD Opportunity Map" published by the California Tax Credit Allocation Committee and the Department of Housing and Community Development.

(D) (i) On sites that have a minimum density requirement and are located within one-half mile of a commuter rail station or a heavy rail station, the density of the project shall not be less than the minimum density required on the site.

(I) For purposes of this subparagraph, "commuter rail" means a railway that is not a light rail, streetcar, trolley, or tramway and that is for urban passenger train service consisting of local short distance travel operating between a central city and adjacent suburb with service operated on a regular basis by or under contract with a transit operator for the purpose of transporting passengers within urbanized areas, or between urbanized areas and outlying areas, using either locomotive-hauled or self-propelled railroad passenger cars, with multitrip tickets and specific station-to-station fares.

(II) For purposes of this subparagraph, "heavy rail" means an electric railway with the capacity for a heavy volume of traffic using high speed and rapid acceleration

passenger rail cars operating singly or in multicar trains on fixed rails, separate rights-of-way from which all other vehicular and foot traffic are excluded, and high platform loading.

(ii) On all other sites with a minimum density requirement, the density of the project shall not be less than the local agency's minimum density or one-half of the minimum density deemed appropriate to accommodate housing for that jurisdiction as specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2, whichever is lower.

(E) The project site does not abut a site where more than one-third of the square footage on the site has been used, within the past three years, by a heavy industrial use, or a Title V industrial use, as those terms are defined in Section 65913.16.

(12) "Condition approval" includes imposing on the housing development project, or attempting to subject it to, development standards, conditions, or policies.

(13) "Unit type" means the form of ownership and the kind of residential unit, including, but not limited to, single-family detached, single-family attached, for-sale, rental, multifamily, townhouse, condominium, apartment, manufactured homes and mobilehomes, factory-built housing, and residential hotel.

(14) "Proposed by the applicant" means the plans and designs as submitted by the applicant, including, but not limited to, density, unit size, unit type, site plan, building massing, floor area ratio, amenity areas, open space, parking, and ancillary commercial uses.

(i) If any city, county, or city and county denies approval or imposes conditions, including design changes, lower density, or a reduction of the percentage of a lot that may be occupied by a building or structure under the applicable planning and zoning in force at the time the housing development project's application is complete, that have a substantial adverse effect on the viability or affordability of a housing development for very low, low-, or moderate-income households, and the denial of the development or the imposition of conditions on the development is the subject of a court action which challenges the denial or the imposition of conditions, then the burden of proof shall be on the local legislative body to show that its decision is consistent with the findings as described in subdivision (d), and that the findings are supported by a preponderance of the evidence in the record, and with the requirements of subdivision (o).

(j) (1) When a proposed housing development project complies with applicable, objective general plan, zoning, and subdivision standards and criteria, including design review standards, in effect at the time that the application was deemed complete, but the local agency proposes to disapprove the project or to impose a condition that the project be developed at a lower density, the local agency shall base its decision regarding the proposed housing development project upon written findings supported by a preponderance of the evidence on the record that both of the following conditions exist:

(A) The housing development project would have a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density. As used in this paragraph,

a "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 the application was deemed complete.

(B) There is no feasible method to satisfactorily mitigate or avoid the adverse impact identified pursuant to paragraph (1), other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density.

(2) (A) If the local agency considers a proposed housing development project to be inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision as specified in this subdivision, it shall provide the applicant with written documentation identifying the provision or provisions, and an explanation of the reason or reasons it considers the housing development to be inconsistent, not in compliance, or not in conformity as follows:

(i) Within 30 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains 150 or fewer housing units.

(ii) Within 60 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains more than 150 units.

(B) If the local agency fails to provide the required documentation pursuant to subparagraph (A), the housing development project shall be deemed consistent, compliant, and in conformity with the applicable plan, program, policy, ordinance, standard, requirement, or other similar provision.

(3) For purposes of this section, the receipt of a density bonus, incentive, concession, waiver, or reduction of development standards pursuant to Section 65915 shall not constitute a valid basis on which to find a proposed housing development project is inconsistent, not in compliance, or not in conformity, with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision specified in this subdivision.

(4) For purposes of this section, a proposed housing development project is not inconsistent with the applicable zoning standards and criteria, and shall not require a rezoning, if the housing development project is consistent with the objective general plan standards and criteria but the zoning for the project site is inconsistent with the general plan. If the local agency has complied with paragraph (2), the local agency may require the proposed housing development project to comply with the objective standards and criteria of the zoning which is consistent with the general plan, however, the standards and criteria shall be applied to facilitate and accommodate development at the density allowed on the site by the general plan and proposed by the proposed housing development project.

(k) (1) (A) (i) The applicant, a person who would be eligible to apply for residency in the housing development project or emergency shelter, or a housing organization may bring an action to enforce this section. If, in any action brought to enforce this

section, a court finds that any of the following are met, the court shall issue an order pursuant to clause (ii):

(I) The local agency, in violation of subdivision (d), disapproved a housing development project or conditioned its approval in a manner rendering it infeasible for the development of an emergency shelter, or housing for very low, low-, or moderate-income households, including farmworker housing, without making the findings required by this section.

(II) The local agency, in violation of subdivision (j), disapproved a housing development project complying with applicable, objective general plan and zoning standards and criteria, or imposed a condition that the project be developed at a lower density, without making the findings required by this section.

(III) The local agency, in violation of subdivision (o), required or attempted to require a housing development project to comply with an ordinance, policy, or standard not adopted and in effect when a preliminary application was submitted.

(IV) The local agency violated a provision of this section applicable to a builder's remedy project.

(ii) If the court finds that one of the conditions in clause (i) is met, the court shall issue an order or judgment compelling compliance with this section within a time period not to exceed 60 days, including, but not limited to, an order that the local agency take action on the housing development project or emergency shelter. The court may issue an order or judgment directing the local agency to approve the housing development project or emergency shelter if the court finds that the local agency acted in bad faith when it disapproved or conditionally approved the housing development or emergency shelter in violation of this section. The court shall retain jurisdiction to ensure that its order or judgment is carried out and shall award reasonable attorney's fees and costs of suit to the plaintiff or petitioner, provided, however, that the court shall not award attorney's fees in either of the following instances:

(I) The court finds, under extraordinary circumstances, that awarding fees would not further the purposes of this section.

(II) (ia) In a case concerning a disapproval within the meaning of subparagraph (I) or (J) of paragraph (6) of subdivision (h), the court finds that the local agency acted in good faith and had reasonable cause to disapprove the housing development project due to the existence of a controlling question of law about the application of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) or implementing guidelines as to which there was a substantial ground for difference of opinion at the time of the disapproval.

(ib) This subclause shall become inoperative on January 1, 2031.

(B) Upon a determination that the local agency has failed to comply with the order or judgment compelling compliance with this section within the time period prescribed by the court, the court shall impose fines on a local agency that has violated this section and require the local agency to deposit any fine levied pursuant to this subdivision into a local housing trust fund. The local agency may elect to instead deposit the fine into the Building Homes and Jobs Trust Fund. The fine shall be in a minimum amount of ten thousand dollars ($10,000) per housing unit in the housing

development project on the date the application was deemed complete pursuant to Section 65943. In determining the amount of the fine to impose, the court shall consider the local agency's progress in attaining its target allocation of the regional housing need pursuant to Section 65584 and any prior violations of this section. Fines shall not be paid out of funds already dedicated to affordable housing, including, but not limited to, Low and Moderate Income Housing Asset Funds, funds dedicated to housing for very low, low-, and moderate-income households, and federal HOME Investment Partnerships Program and Community Development Block Grant Program funds. The local agency shall commit and expend the money in the local housing trust fund within five years for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households. After five years, if the funds have not been expended, the money shall revert to the state and be deposited in the Building Homes and Jobs Trust Fund for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households.

(C) If the court determines that its order or judgment has not been carried out within 60 days, the court may issue further orders as provided by law to ensure that the purposes and policies of this section are fulfilled, including, but not limited to, an order to vacate the decision of the local agency and to approve the housing development project, in which case the application for the housing development project, as proposed by the applicant at the time the local agency took the initial action determined to be in violation of this section, along with any standard conditions determined by the court to be generally imposed by the local agency on similar projects, shall be deemed to be approved unless the applicant consents to a different decision or action by the local agency.

(D) Nothing in this section shall limit the court's inherent authority to make any other orders to compel the immediate enforcement of any writ brought under this section, including the imposition of fees and other sanctions set forth under Section 1097 of the Code of Civil Procedure.

(2) For purposes of this subdivision, "housing organization" means a trade or industry group whose local members are primarily engaged in the construction or management of housing units or a nonprofit organization whose mission includes providing or advocating for increased access to housing for low-income households and have filed written or oral comments with the local agency prior to action on the housing development project. A housing organization may only file an action pursuant to this section to challenge the disapproval of a housing development by a local agency. A housing organization shall be entitled to reasonable attorney's fees and costs if it is the prevailing party in an action to enforce this section.

(l) If the court finds that the local agency (1) acted in bad faith when it violated this section and (2) failed to carry out the court's order or judgment within the time period prescribed by the court, the court, in addition to any other remedies provided by this section, shall multiply the fine determined pursuant to subparagraph (B) of paragraph (1) of subdivision (k) by a factor of five. If a court has previously found that the local agency violated this section within the same planning period, the court

shall multiply the fines by an additional factor for each previous violation. For purposes of this section, "bad faith" includes, but is not limited to, an action or inaction that is frivolous, pretextual, intended to cause unnecessary delay, or entirely without merit.

(m) (1) Any action brought to enforce the provisions of this section shall be brought pursuant to Section 1094.5 of the Code of Civil Procedure, and the local agency shall prepare and certify the record of proceedings in accordance with subdivision (c) of Section 1094.6 of the Code of Civil Procedure no later than 30 days after the petition is served, provided that the cost of preparation of the record shall be borne by the local agency, unless the petitioner elects to prepare the record as provided in subdivision (n) of this section. A petition to enforce the provisions of this section shall be filed and served no later than 90 days from the later of (1) the effective date of a decision of the local agency imposing conditions on, disapproving, or any other final action on a housing development project or (2) the expiration of the time periods specified in subparagraph (B) of paragraph (5) of subdivision (h). Upon entry of the trial court's order, a party may, in order to obtain appellate review of the order, file a petition within 20 days after service upon it of a written notice of the entry of the order, or within such further time not exceeding an additional 20 days as the trial court may for good cause allow, or may appeal the judgment or order of the trial court under Section 904.1 of the Code of Civil Procedure. If the local agency appeals the judgment of the trial court, the local agency shall post a bond, in an amount to be determined by the court, to the benefit of the plaintiff if the plaintiff is the project applicant.

(2) (A) A disapproval within the meaning of subparagraph (I) of paragraph (6) of subdivision (h) shall be final for purposes of this subdivision, if the local agency did not make a lawful determination within the time period set forth in paragraph (5) of subdivision (a) of Section 65589.5.1 after the applicant's timely written notice.

(B) This paragraph shall become inoperative on January 1, 2031.

(3) (A) A disapproval within the meaning of subparagraph (J) of paragraph (6) of subdivision (h) shall be final for purposes of this subdivision, if the local agency did not make a lawful determination within 90 days of the applicant's timely written notice.

(B) This paragraph shall become inoperative on January 1, 2031.

(n) In any action, the record of the proceedings before the local agency shall be filed as expeditiously as possible and, notwithstanding Section 1094.6 of the Code of Civil Procedure or subdivision (m) of this section, all or part of the record may be prepared (1) by the petitioner with the petition or petitioner's points and authorities, (2) by the respondent with respondent's points and authorities, (3) after payment of costs by the petitioner, or (4) as otherwise directed by the court. If the expense of preparing the record has been borne by the petitioner and the petitioner is the prevailing party, the expense shall be taxable as costs.

(o) (1) Subject to paragraphs (2), (6), and (7), and subdivision (d) of Section 65941.1, a housing development project shall be subject only to the ordinances, policies, and standards adopted and in effect when a preliminary application including all of the information required by subdivision (a) of Section 65941.1 was submitted.

(2) Paragraph (1) shall not prohibit a housing development project from being subject to ordinances, policies, and standards adopted after the preliminary application was submitted pursuant to Section 65941.1 in the following circumstances:

(A) In the case of a fee, charge, or other monetary exaction, to an increase resulting from an automatic annual adjustment based on an independently published cost index that is referenced in the ordinance or resolution establishing the fee or other monetary exaction.

(B) A preponderance of the evidence in the record establishes that subjecting the housing development project to an ordinance, policy, or standard beyond those in effect when a preliminary application was submitted is necessary to mitigate or avoid a specific, adverse impact upon the public health or safety, as defined in subparagraph (A) of paragraph (1) of subdivision (j), and there is no feasible alternative method to satisfactorily mitigate or avoid the adverse impact.

(C) Subjecting the housing development project to an ordinance, policy, standard, or any other measure, beyond those in effect when a preliminary application was submitted is necessary to avoid or substantially lessen an impact of the project under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(D) The housing development project has not commenced construction within two and one-half years, or three and one-half years for an affordable housing project, following the date that the project received final approval. For purposes of this subparagraph:

(i) "Affordable housing project" means a housing development that satisfies both of the following requirements:

(I) Units within the development are subject to a recorded affordability restriction for at least 55 years for rental housing and 45 years for owner-occupied housing, or the first purchaser of each unit participates in an equity sharing agreement as described in subparagraph (C) of paragraph (2) of subdivision (c) of Section 65915.

(II) All of the units within the development, excluding managers' units, are dedicated to lower income households, as defined by Section 50079.5 of the Health and Safety Code.

(ii) "Final approval" means that the housing development project has received all necessary approvals to be eligible to apply for, and obtain, a building permit or permits and either of the following is met:

(I) The expiration of all applicable appeal periods, petition periods, reconsideration periods, or statute of limitations for challenging that final approval without an appeal, petition, request for reconsideration, or legal challenge having been filed.

(II) If a challenge is filed, that challenge is fully resolved or settled in favor of the housing development project.

(E) The housing development project is revised following submittal of a preliminary application pursuant to Section 65941.1 such that the number of residential units or square footage of construction changes by 20 percent or more, exclusive of any increase resulting from the receipt of a density bonus, incentive, concession, waiver, or similar provision, including any other locally authorized program that offers

additional density or other development bonuses when affordable housing is provided. For purposes of this subdivision, "square footage of construction" means the building area, as defined by the California Building Standards Code (Title 24 of the California Code of Regulations).

(3) This subdivision does not prevent a local agency from subjecting the additional units or square footage of construction that result from project revisions occurring after a preliminary application is submitted pursuant to Section 65941.1 to the ordinances, policies, and standards adopted and in effect when the preliminary application was submitted.

(4) For purposes of this subdivision, "ordinances, policies, and standards" includes general plan, community plan, specific plan, zoning, design review standards and criteria, subdivision standards and criteria, and any other rules, regulations, requirements, and policies of a local agency, as defined in Section 66000, including those relating to development impact fees, capacity or connection fees or charges, permit or processing fees, and other exactions.

(5) This subdivision shall not be construed in a manner that would lessen the restrictions imposed on a local agency, or lessen the protections afforded to a housing development project, that are established by any other law, including any other part of this section.

(6) This subdivision shall not restrict the authority of a public agency or local agency to require mitigation measures to lessen the impacts of a housing development project under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(7) With respect to completed residential units for which the project approval process is complete and a certificate of occupancy has been issued, nothing in this subdivision shall limit the application of later enacted ordinances, policies, and standards that regulate the use and occupancy of those residential units, such as ordinances relating to rental housing inspection, rent stabilization, restrictions on short-term renting, and business licensing requirements for owners of rental housing.

(p) (1) Upon any motion for an award of attorney's fees pursuant to Section 1021.5 of the Code of Civil Procedure, in a case challenging a local agency's approval of a housing development project, a court, in weighing whether a significant benefit has been conferred on the general public or a large class of persons and whether the necessity of private enforcement makes the award appropriate, shall give due weight to the degree to which the local agency's approval furthers policies of this section, including, but not limited to, subdivisions (a), (b), and (c), the suitability of the site for a housing development, and the reasonableness of the decision of the local agency. It is the intent of the Legislature that attorney's fees and costs shall rarely, if ever, be awarded if a local agency, acting in good faith, approved a housing development project that satisfies conditions established in paragraph (1), (2), or (3) of subdivision (a) of Section 65589.5.1 or paragraph (1), (2), or (3) of subdivision (a) of Section 65589.5.2.

(2) This subdivision shall become inoperative on January 1, 2031.

(q) This section shall be known, and may be cited, as the Housing Accountability Act.

(r) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(Amended by Stats. 2025, Ch. 22, Sec. 11. (AB 130) Effective June 30, 2025. Inoperative January 1, 2031, pursuant to Sec. 1 of Stats. 2023, Ch. 768.)

County of Santa Clara - Clerk-Recorder's Office
State of California

File Number: ENV25842
ENVIRONMENTAL FILING
No. of Pages: 14
Total Fees: $0.00
File Date: 10/09/2025
Expires: 11/08/2025

LOUIS CHIARAMONTE, Clerk-Recorder
By: Corinne Vasquez, Deputy Clerk-Recorder

THIS SPACE FOR CLERK'S USE ONLY

Rec. 25.048

SANTA CLARA COUNTY CLERK
CEQA FILING COVER SHEET

Complete and attach this form to each CEQA Notice filed with the County Clerk
TYPE OR PRINT CLEARLY

Check Document being Filed:

- ☐ Environmental Impact Report (EIR)
  - ☐ Filing Fee (new project)
  - ☐ Previously Paid F&W **(must attach F&W receipt and project titles must match)**
  - ☐ No Effect Determination **(F&W letter must be attached)**
- ☐ Mitigated Negative Declaration (MND) or Negative Declaration (ND)
  - ☐ Filing Fee (new project)
  - ☐ Previously Paid F&W **(must attach F&W receipt and project titles must match)**
  - ☐ No Effect Determination **(F&W letter must be attached)**
- ☐ Notice of Exemption (NOE)
- ☑ Other (Please fill in type):

Government Code Section 65589.5(h)(6)(D) - Challenged Conduct Notice

1. LEAD AGENCY: Town of Los Gatos
2. LEAD AGENCY EMAIL: rsafty@losgatosca.gov
3. PROJECT TITLE: 14288 Capri Drive
4. APPLICANT NAME: Kurt B. Anderson, AIA PHONE: (408)202-5462
5. APPLICANT EMAIL: kanderson@andarchinc.com
6. APPLICANT ADDRESS: 120 W. Campbell Ave, Suite D, Campbell, CA 95008
7. PROJECT APPLICANT IS A: ☐ Local Public Agency ☐ School District ☐ Other Special District ☐ State Agency ☑ Private Entity
8. NOTICE TO BE POSTED FOR 30 DAYS.

Filing fees are due at the time a Notice of Determination/Exemption is filed with our office. For more information on filing fees and No Effect Determinations, please refer to California Code of Regulations, Title 14, section 753.5.

Rev. 8/2023

County of Santa Clara
Clerk-Recorder's Office

110 West Tasman Drive, First Floor
San Jose, California 95134
(408) 299-5688

11/10/2025

TOWN OF LOS GATOS
110 E. Main St.
Los Gatos, CA 95030

Re: CALIFORNIA ENVIRONMENTAL QUALITY ACT POSTINGS

Dear Lead Agency:

Enclosed please find the public copy posted in Santa Clara County Clerk-Recorder's Office for 30 days per CALIFORNIA CODES PUBLIC RESOURCES CODE SECTION 21152 (c)

Sincerely,

County Clerk-Recorder

By: _____
Mike Louie , Deputy Clerk-Recorder

Board of Supervisors: Sylvia Arenas, Betty Duong, Otto Lee, Susan Ellenberg, Margaret Abe-Koga
Executive: James R. Wiliams

From: SoCal Industrial Equities
To: Ryan Safty; Kurt Anderson; Ben Eilenberg; Richard Jacobs
Subject: 14288 Capri Drive - Follow-up re: September 17, 2025 and September 18, 2025 letters
Date: Thursday, October 2, 2025 2:14:29 PM
Attachments: 9-18-2025 Letter.pdf
9-17-2025 Letter.pdf

[EXTERNAL SENDER]

Ryan,

I am following up on our letters sent two weeks ago. We have not received a substantive response to either one.

To remind you, the September 17, 2025 letter outlined the CEQA exemption in Public Resources Code Section 20180.66. The September 18, 2025 letter addressed the improper fees and requirements for the project imposed by the Town.

Please get back to us with a response from the Town on or before October 7, 2025.

Please consider this our request to move forward with the administrative process set forth in Government Code Section 65589.5(h)(6)(D). We will consider withdrawing the request depending on the substantive response. The violations are set forth in detail in the September 17, 2025 and September 18, 2025 letters, both of which are attached.

Thank you in advance.

Ben

LAW OFFICE OF RICHARD B. JACOBS

September 17, 2025

The Town of Los Gatos
Sent via email to Ryan Safty and uploaded

RE: CEQA Exemption under Public Resources Code Section 65589.5 for the project located at 14288 Capri Drive

As per the meeting this morning regarding this project located at 14288 Capri Drive I have been requested to prepare a short memorandum on the question of CEQA exemption for the project. As you may be aware, AB-130 was recently passed by the Legislature and signed by Governor Newsom. Among other matters, AB-130 added Section 20180.66 to the Public Resources Code. For your convenience, the link to AB-130 is https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260AB130.

Section 21080.66(a) sets forth an 8-part test to determine whether a project is exempt from CEQA. I have included each of the 8 parts below with an explanation of how this project meets the criteria:

1. The project must be less than 20 acres, or if it is a Builder's Remedy project, the project must be less than 5 acres. (§ 21080.66(a)(1)(A)&(B).)
    a. This project is a Builder's Remedy project. Therefore it must be less than 5 acres.
    b. This project is less than 1 acre.
2. The project site must be either within the boundaries of an incorporated municipality or be located within an urban area as defined by the U.S. Census Bureau. (§21080.66(a)(2)(A)&(B).)
    a. This project is located within the Town of Los Gatos.
    b. The Town of Los Gatos was incorporated in 1887.
3. The project must be on a parcel that meets any of the following criteria: (A) the parcel was previously developed with an urban use; **or** (B) at least 75% of the perimeter of the site adjoins parcels that are developed with urban uses; **or** (C) at least 75% of the area within one-quarter mile radius of the site is developed with urban uses; **or** (D) for sites with 4 sides, at least 3 of the 4 sides are developed with urban uses and at least 2/3 of the perimeter of the parcel adjoins parcels that are developed with urban uses.
    a. While any of the four preceding criteria are acceptable, this project meets all of the four different methods of satisfying this question.
    b. For convenience, I have included a satellite image of the project site:



c. The project parcel is already developed for urban use.
d. At least 75% of the surrounding parcels are developed for urban use.
e. At least 75% of the area within one-quarter mile is developed for urban use.
f. All 4 of the 4 sides are developed with urban uses and over 2/3 of the perimeter of the site adjoin parcels that are developed for urban uses.

4. The project is consistent with the general plan and/or zoning.
    a. This is a Builder's Remedy project subject to Government Code Section 65589.5.
    b. As per Government Code Section 65589.5(f)(6)(D)(iii), "(f)(6) Notwithstanding paragraphs (1) to (5), inclusive, all of the following apply to a housing development project that is a builder's remedy project: ...(D)(iii) Any project that complies with this paragraph shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, redevelopment plan and implementing instruments, or other similar provision for all purposes, and shall not be considered or treated as a nonconforming lot, use, or structure for any purpose."
    c. Summarized, Builder's Remedy projects are deemed consistent with general plans and zoning for all purposes.
    d. As this is a Builder's Remedy project, it is therefore legally deemed consistent with the general plan and zoning.
5. The project will be at least one-half of the applicable density specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.
    a. This is also known as the "Mullin Density."
    b. This means that the project must be at least five units per acre for an unincorporated area in a nonmetropolitan county, 10 units per acre in a suburban jurisdiction, and 15 units per acre in a metropolitan jurisdiction.

c. As this is a project in a suburban jurisdiction, the project must have at least 10 units per acre.
d. The project has more than the requisite units per acre.

6. The project satisfies the requirements specified in paragraph (6) of subdivision (a) of Section 65913.4 of the Government Code.
    a. Government Code Section 65913.4(a)(6) requires that a project not be on a site that is any of the following:
        i. An area of the coastal zone subject to paragraph (1) or (2) of subdivision (a) of Section 30603 of the Public Resources Code.
        ii. An area of the coastal zone that is not subject to a certified local coastal program or a certified land use plan.
        iii. An area of the coastal zone that is vulnerable to five feet of sea level rise, as determined by the National Oceanic and Atmospheric Administration, the Ocean Protection Council, the United States Geological Survey, the University of California, or a local government's coastal hazards vulnerability assessment.
        iv. In a parcel within the coastal zone that is not zoned for multifamily housing.
        v. In a parcel in the coastal zone and located on either of the following:
            1. On, or within a 100-foot radius of, a wetland, as defined in Section 30121 of the Public Resources Code.
            2. On prime agricultural land, as defined in Sections 30113 and 30241 of the Public Resources Code.
    b. This project is not in a coastal zone, therefore none of the above criteria are implicated.
7. The project does not require the demolition of a historic structure.
    a. There are no historic structures on the site.
8. For a project that was deemed complete on or after January 1, 2025, no portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging.
    a. This project was deemed complete after January 1, 2025.
    b. No portion of this project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging.

Therefore, as set forth in detail above, this project falls within the CEQA exemption created by AB130 and codified in Public Resources Code Section 21080.66(a).

Please confirm to me and my client that the Town will comply with Public Resources Code Section 21080.66(a) and issue a determination that this project is CEQA exempt on or before September 26, 2025.

Sincerely,

Richard B. Jacobs

LAW OFFICE OF RICHARD B. JACOBS

September 18, 2025

The Town of Los Gatos
Sent via email to Ryan Safty and uploaded

RE: Improper Requirements And Fees for the project located at 14288 Capri Drive

As per the meeting yesterday morning regarding this project located at 14288 Capri Drive I have been requested to prepare a short memorandum on the question of whether there are improper requirements and fees being demanded by the Town of Los Gatos. There are.

This letter specifically addresses the items listed in the September 17, 2025 Staff Technical Review for the project.

1. Project Consistency Related Items: Letters
    a. Item 1 – "Multi-Family Residential is not a principally permitted use (or an allowed conditional use) in the C-1 zone. The C-1 zone allows "multiple-family dwelling (in a mixed-use project)" with a conditional use permit. You must apply for a Conditional Use Permit, and request that the "mixed-use" component of the be removed as a part of the application. • Contact project planner when you are ready to pay the CUP fee, and staff will invoice. Please also confirm if you will be paying by check or credit card. • Previous deficiency comment moved to consistency. • This remains outstanding. The fee is now $3,524.26 based on the Town's new fee schedule. See the Town's letters from March 3, 2025, and May 27, 2025, addressing this comment and applicant responses in detail. The application materials continue to make the same argument, without responding to the Town's responses. • The response letter submitted on July 18, 2025, as well as the letter from the Law Office of Richard Jacobs dated May 16, 2025, state that this requirement is not in the "New Residential Submittal Requirements." As noted in the staff's response to the May 16, 2025, letter, the "New Residential Submittal Requirements" is not the Town's submittal checklist for a discretionary planning application. The "New Residential Submittal Requirements" is a checklist for Building Permit submittals"
        i. The primary issue that CUP's are not an allowable requirement for Builder's Remedy projects. This is because Government Code Section 65589.5 deems projects to be consistent with zoning and general plans once the planning application is complete.
            1. As per Government Code Section 65589.5(f)(6)(D)(iii), "(f)(6) Notwithstanding paragraphs (1) to (5), inclusive, all of the following apply to a housing development project that is a builder's remedy project: ...(D)(iii) Any project that complies with this paragraph shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, redevelopment plan and implementing

instruments, or other similar provision for all purposes, and shall not be considered or treated as a nonconforming lot, use, or structure for any purpose."

2. CUP's are only required for projects that are inconsistent with the "by right" uses for a zone. In this case, Government Code Section 65589.5(f)(6)(D)(iii) makes this project consistent with the "by right" uses for the zone.

ii. The second issue is that CUP's are, by their very nature, discretionary.
   1. According to Section 29.20.180 of the Town's Municipal Code, "Conditional use permits. The adoption of this chapter is based on the premise that there are uses which can be specified for each zone which, in practically all instances, will be mutually compatible. In addition, there are other uses which might be compatible with ordinarily allowed uses if properly located and regulated. These are called conditional uses. They are listed in section 29.20.185. <u>However, the listing of a conditional use does not indicate that the use must be allowed.</u> There will be locations or instances where a specified conditional use is inappropriate in a zone regardless of the extent of regulation."
   2. However, with Builder's Remedy projects all discretion must be exercised in favor of the approval and provision of housing. (Gov. Code § 89(a)(2)(L).) Therefore, any discretion must be exercised in favor of the project, meaning that the CUP process is both irrelevant and improper.

iii. The third issue is that CUP's do not address the only five questions that may be addressed by the Town under Government Code Section 65589.5(d)(5).
   1. As noted above, this project is a Builder's Remedy project under Government Code Section 65589.5. As this project was submitted while the Town's Housing Element was non-compliant, the five questions that may be addressed are encapsulated in Government Code Section 65589.5(d)(5). They are:
      a. (1) The jurisdiction has adopted a housing element pursuant to this article that has been revised in accordance with Section 65588, is in substantial compliance with this article, and the jurisdiction has met or exceeded its share of the regional housing need allocation pursuant to Section 65584 for the planning period for the income category proposed for the housing development project, provided that any disapproval or conditional approval shall not be based on any of the reasons prohibited by Section 65008. If the housing development project includes a mix of income categories, and the jurisdiction has not met or exceeded its share of the regional housing need for one or

more of those categories, then this paragraph shall not be used to disapprove or conditionally approve the housing development project. The share of the regional housing need met by the jurisdiction shall be calculated consistently with the forms and definitions that may be adopted by the Department of Housing and Community Development pursuant to Section 65400. In the case of an emergency shelter, the jurisdiction shall have met or exceeded the need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. Any disapproval or conditional approval pursuant to this paragraph shall be in accordance with applicable law, rule, or standards.

b. (2) The housing development project or emergency shelter as proposed 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 development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible. As used in this paragraph, a "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 the application was deemed complete. The following shall not constitute a specific, adverse impact upon the public health or safety:
    i. (A) Inconsistency with the zoning ordinance or general plan land use designation.
    ii. (B) The eligibility to claim a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code.
c. (3) The denial of the housing development project or imposition of conditions is required in order to comply with specific state or federal law, and there is no feasible method to comply without rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible.
d. (4) The housing development project or emergency shelter is proposed on land zoned for agriculture or resource preservation that is surrounded on at least two sides by land being used for agricultural or resource preservation

purposes, or which does not have adequate water or wastewater facilities to serve the project.

e. (5) On the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction had adopted a revised housing element that was in substantial compliance with this article, and the housing development project or emergency shelter was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation as specified in any element of the general plan.
    i. (A) This paragraph shall not be utilized to disapprove or conditionally approve a housing development project proposed on a site, including a candidate site for rezoning, that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element if the housing development project is consistent with the density specified in the housing element, even though the housing development project was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation on the date the application was deemed complete.
    ii. (B) If the local agency has failed to identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, has failed to demonstrate that the identified zone or zones include sufficient capacity to accommodate the need for emergency shelter identified in paragraph (7) of subdivision (a) of Section 65583, or has failed to demonstrate that the identified zone or zones can accommodate at least one emergency shelter, as required by paragraph (4) of subdivision (a) of Section 65583, then this paragraph shall not be utilized to disapprove or conditionally approve an emergency shelter proposed for a site designated in any element of the general plan for industrial, commercial, or multifamily residential uses. In any action in court, the burden of proof shall be on the local agency to show that its housing element does satisfy the requirements of paragraph (4) of subdivision (a) of Section 65583.

f. A CUP does not fit this five point analysis.

b. Item 3 – "CEQA: Clarify whether the applicant team anticipates providing any technical studies related to environmental analysis (traffic, habitat, cultural, air quality, noise, soils etc.) for peer review by the Town Environmental Consultants. If not provided, the studies determined to be required by the Environmental Consultant will be prepared by the Town Environmental Consultants at the cost of the applicant. • You previously indicated via email that your team will prepare an Arborist Report and Traffic Study. Please confirm. Additionally, an email was forwarded to your team on 9/13/24, requesting some additional information in the Phase I ESA and the Noise Report. Please provide a response. • The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please specify which CEQA exemption you believe applies to this project, and provide substantial evidence that the project meets each requirement of the exemption. Staff will then review to determine eligibility.
    i. This item has already been addressed in my letter dated September 17, 2025, a courtesy copy of which is attached hereto as **Exhibit 1**.
    ii. I will also note, to the extent that the Town wishes to attempt to seek additional reports on environmental matters that would be addressed in the CEQA process, those reports are now unnecessary as this project is CEQA exempt.

c. Item 4 – "CEQA: Staff is coordinating with Town Environmental Consultants to determine what environmental analysis will be required for the project. Environmental analysis is required at cost to the applicant. Staff will require payment of a deposit at a future date. • The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please see response to #9 above."
    i. This item has already been addressed in my letter dated September 17, 2025, a courtesy copy of which is attached hereto as **Exhibit 1**.
    ii. I will also note, to the extent that the Town wishes to attempt to seek additional reports on environmental matters that would be addressed in the CEQA process, those reports are now unnecessary as this project is CEQA exempt.

d. Item 5 – "Review by the Town's Consulting Arborist is required to provide a peer review of the arborist report submitted by the applicant. A deposit payment of $2,750 is required. • This continues to remain outstanding."
    i. The primary issue is that the standards of review for the Town Arborist are, by their very nature, discretionary.
        1. According to Section 29.10.0990 of the Town's Municipal Code, "Standards of review.
        2. The Director or deciding body shall review each application for a tree removal permit required by this division using the following standards of review. The standards of review are intended to serve as criteria for evaluating tree removal requests and the basis upon

which the Director or the deciding body will subsequently determine whether or not one (1) or more of the Required Findings listed in section 29.10.0992 can be made. (1)The condition of the tree or trees with respect to: (a) disease, (b) imminent danger of falling, (c) structural failure, (d) proximity to existing or proposed structures, (e) structural damage to a building, or (f) a public nuisance caused by a tree. The International Society of Arboriculture (ISA) Best Management Practices for Tree Risk Assessment shall be used where appropriate in determining a Tree Risk Rating.(2)The condition of the tree giving rise to the permit application cannot be reduced to a less than significant level by the reasonable application of preservation, preventative measures or routine maintenance.(3)The removal of the tree(s) will not result in a density of trees or tree cover that is inconsistent with the neighborhood.(4)The number of trees the particular parcel can adequately support according to good urban forestry practices, or whether a protected tree is a detriment to or crowding another protected tree.(5)In connection with a proposed subdivision of land into two (2) or more parcels, the removal of a protected tree is unavoidable due to restricted access to the property or deemed necessary to repair a geologic hazard (landslide, repairs, etc.).(6)Except for properties located within the hillsides, the retention of a protected tree would result in reduction of the otherwise-permissible building envelope by more than twenty-five (25) percent.(7)The Hillside Development Standards and Guidelines.(8)Removal of the protected tree(s) will not result in a substantial adverse change in the site's aesthetic and biological significance; the topography of the land and the effect of the removal of the tree on erosion, soil retention, or diversion or increased flow of surface waters.(9)Whether the Protected Tree has a significant impact on the property. Significant impact from a tree is defined in section 29.10.0955. Definitions.(10)The species, size (diameter, canopy, height), estimated age and location on the property of the protected tree."

3. However, with Builder's Remedy projects all discretion must be exercised in favor of the approval and provision of housing. (Gov. Code § 89(a)(2)(L).) Therefore, any discretion must be exercised in favor of the project, meaning that the consulting arborist review is both irrelevant and improper.
4. As the Town cannot create new standards to apply to the project after the submission of the SB330 Preliminary Application under Government Code Sections 65941 *et seq.*, the Town's Arborist

cannot perform the discretionary review called for in the Town's Municipal Code.

e. Item 6 – "Review by the Town's Consulting Architect requires payment of a $8,250 deposit. • This continues to remain outstanding."
    i. The primary issue for this requirement is that it is unsupported by my review of the Town's Municipal Code. I did not find any reference to a requirement that the Town's Consulting Architect be retained to review the project.
    ii. The second issue is that any review of the project is limited to the Town' objective design standards in place at the time of the submission of the SB330 Preliminary Application. (Gov. Code § 65589.5(f).) Review of the objective design standards is traditionally the purview of the Planning Staff, not an outside architectural consultant. If you contend that the Town's Consulting Architect is the party conducting the Town's objective design standard analysis, please provide the following:
        1. The statutory authorization delegating that power to the Town's Consulting Architect; and
        2. The contract for the Town's Consulting Architect showing that his/her duties include the review of projects for objective design standards.
f. Item 7 – "Please reach out to all necessary outside agencies and neighboring properties regarding this project (Caltrans, VTA, FAA for the helipad, etc.). • plan.review@vta.org • This remains outstanding. The July 2025 response letter says that VTA communication has already been provided. Staff has not been provided with this information. Staff reached out to VTA, who provided comments on 5/29/25, which were forwarded to your team. Provide a response letter to VTA's comments, explaining what has been addressed."
    i. There is no helipad on this project, so the FAA is irrelevant.
    ii. My clients have already posted all required signage regarding the development providing notice to the neighbors. Please send us any statutory authority for additional requirements regarding noticing the neighbors.
    iii. As to Caltrans and VTA, traffic impacts are part of the CEQA analysis. This item has already been addressed in my letter dated September 17, 2025, a courtesy copy of which is attached hereto as **Exhibit 1**.
    iv. Finally, there does not appear to be a basis for imposing exactions from Caltrans and VTA. The VTA's own admission in its email dated May 29, 2025 that it is not providing ADA compliant facilities two blocks away from my client's project does not obligate my client to pay for the VTA coming into compliance with the ADA. Please provide any basis for imposing this exaction on the project.
g. Item 8 – "Below Market Price Units: The floor plans and the "Project Description/Letter of Justification" need to specify which units are Below Market Price (BMP) and specify how compliance with the Town's BMP requirements are

met. Detailed floor plans for each unit must be provided. The letter should respond to each of the four characteristics listed in Section III below, and the plans should contain enough information so that staff can determine that the size of units are compatible with the market rate, that the location of BMP units are dispersed throughout the proposal, that the exterior appearance be indiscernible from the market rate units, and that all project facilities and amenities be available to the BMP units. Pursuant to the Town's Below Market Price Housing Program, Section III (Characteristics of BMP Units): A. Size of units: BMP dwelling units should to the extent possible, be consistent with the market rate units in the project. The Town and developer may negotiate regarding the size of units if more units than required are to be provided. BMP units should be provided proportionately in the same unit type mix (number of bedrooms) as the market rate units. In consideration of the household size of the households on the current program interest list, the Town and developer may negotiate to provide a greater proportion of a particular unit type. There should to the extent possible, not be a significant identifiable difference between the BMP and market-rate units visible from the exterior. The size and design of the BMP units should to the extent possible, be consistent with the market-rate units in the development. The goal of the BMP Program is for a seamless integration of the BMP units with the market-rate units in a development. B. Location of units: BMP units shall be dispersed throughout the development, to the extent feasible, in all buildings, on each floor, and in each project phase. A concentration of BMP units in one location is not desirable and will generally not be allowed. C. Finish of units: The external appearance of BMP units should be indiscernible to that of the market rate units in the project. The internal finish of BMP units should be identical to that of the market rate units in the project, except that the developer may request Town approval of substitutions for luxury interior finishes, appliances, or fixtures, if such substitutions do not violate any Town code requirement. D. Project Facilities: All project facilities and amenities, including parking, must be available on the same basis to the BMP units as to the market rate units in the project, to the extent feasible, unless the deciding body approves a reduction in parking for the BMP units. • This remains outstanding. The Project Description/Letter of Justification does not mention the Town's BMP program. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation."

   i. The Town's BMP program is superseded by the California State Housing Laws for this project, including the Housing Crisis Act, the Housing Accountability Act, the Permit Streamlining Act and the related measures. (Cal. Const. Art. XI, Sec. 7.) Therefore, the Town's BMP program is irrelevant to this project.

h. Item 10 – "Project Description/Letter of Justification: (Updated 7/17/25) - Staff is requesting that this information be included in the revised "Project Description/Letter of Justification". • See comment above regarding BMP information included in the letter. The letter needs to also specify the exact

number of proposed BMP units (not a percentage). • This continues to remain outstanding (BMP information). The July 2025 response letter says that this was included in the plans. However, staff is asking for a written statement in the Project Description/Letter of Justification. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation."

i. The Town's BMP program is superseded by the California State Housing Laws for this project, including the Housing Crisis Act, the Housing Accountability Act, the Permit Streamlining Act and the related measures. (Cal. Const. Art. XI, Sec. 7.) Therefore, the Town's BMP program is irrelevant to this project.

While my client is happy to work with the Town on any items that do not conflict with the State Housing Laws, these items do conflict with those laws and therefore are improper restrictions and exactions on the project.

Please confirm to me and my client that the Town will comply with the State Housing Laws and rescind the foregoing requirements.

Sincerely,

Richard B. Jacobs

TOWN OF LOS GATOS
FIFTH STAFF TECHNICAL
REVIEW COMMENTS

STAFF TECHNICAL REVIEW
PLANNING DIVISION
September 17, 2025

ITEM 4: 14288 Capri Drive
Architecture and Site Application S-24-044

Requesting Approval for Demolition of an Existing Commercial Building, Construction of a Multi-Family Residential Development (119 Apartment Units), Site Work Requiring a Grading Permit, and Removal of Large Protected Trees Under Senate Bill 330 (SB 330) on Property Zoned C-1. APN 406-30-016. CEQA Review is Pending.
PROPERTY OWNER: Los Gatos LLC.
APPLICANT: Kurt B. Anderson.

PROJECT PLANNER: Ryan Safty
LAST REVIEWED BY STAFF: 9/18/24, 1/8/25, 4/23/25, 8/14/25
SUBMITTAL DATE: 8/23/24

DETERMINATION: This planning application resubmitted to the Town on August 22, 2025, is deemed COMPLETE effective September 17, 2025. In conformance with Section 65589.5(j)(2), this letter provides written documentation identifying the applicable plans, programs, policies, ordinances, standards, requirements, and similar provisions that the project is inconsistent with, and the reasons the project is inconsistent.

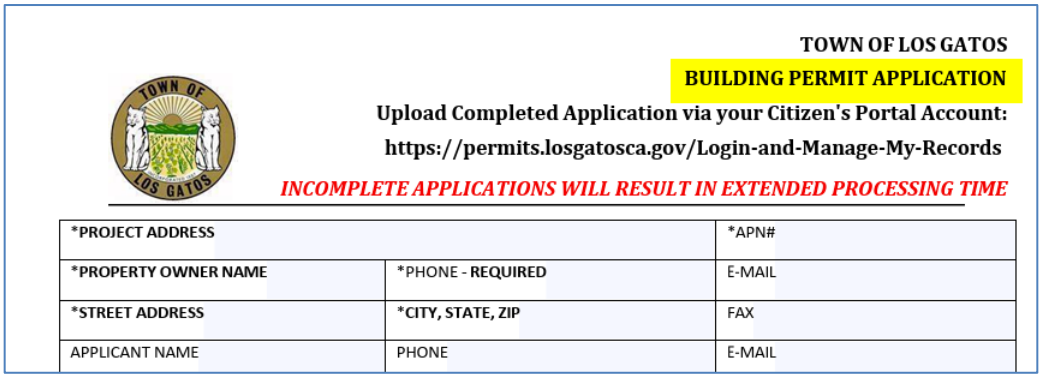
The Town is currently seeking a judicial determination regarding the correct interpretation of Government Code Section 65941.1(e). Under the Town's interpretation, the vesting provided by your preliminary application has expired prior to this completeness determination. However, if requested by you, the Town will continue to process this planning application, at your own risk, under the vesting provided by your preliminary application, pending a judicial determination regarding the effect of Government Code Section 65941.1(e) upon any vesting provided by your preliminary application.

The following comments apply to the most recent submittal. Resubmittal of plans and application materials to address inconsistencies noted herein is required. Comments that have been resolved are shown in ~~strikeout~~, additional notes are provided in green for those that remain outstanding.

When resubmitting, please continue to provide the Town with two printed, full-sized plan sets (24" by 36").

ENVIRONMENTAL: CEQA review is pending.

SUBMITTAL NOTE: The July 2025 resubmittal documents erroneously refer to the "New Residential Submittal Requirements" as the appropriate application package and submittal requirements to follow. This is not the application package for a discretionary planning application. Instead, this is a Building Permit Application submittal guide. If you click on the link to the (incorrect) application package which your letters refer to, "New Residential Submittal Requirements", you will see the following:
https://www.losgatosca.gov/DocumentCenter/View/23918/New-Residential-Submittal-Requirements-and-Application-PDF?bidId=



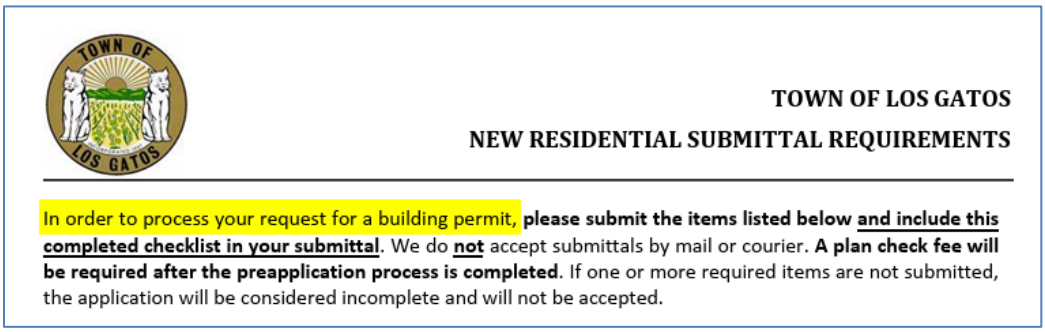
TOWN OF LOS GATOS

BUILDING PERMIT APPLICATION

Upload Completed Application via your Citizen's Portal Account:
https://permits.losgatosca.gov/Login-and-Manage-My-Records

INCOMPLETE APPLICATIONS WILL RESULT IN EXTENDED PROCESSING TIME

*PROJECT ADDRESS		*APN#
*PROPERTY OWNER NAME	*PHONE - REQUIRED	E-MAIL
*STREET ADDRESS	*CITY, STATE, ZIP	FAX
APPLICANT NAME	PHONE	E-MAIL



TOWN OF LOS GATOS

NEW RESIDENTIAL SUBMITTAL REQUIREMENTS

In order to process your request for a building permit, **please submit the items listed below and include this completed checklist in your submittal**. We do **not** accept submittals by mail or courier. **A plan check fee will be required after the preapplication process is completed**. If one or more required items are not submitted, the application will be considered incomplete and will not be accepted.

The **correct application package**, which is what your team signed and submitted when applying for this application, can be found via the link below.
https://www.losgatosca.gov/DocumentCenter/View/361/Development-Review-Application-Package-PDF?bidId=

PROJECT DEFICIENCIES RELATED TO APPLICATION COMPLETENESS: NONE

TOWN OF LOS GATOS
FIFTH STAFF TECHNICAL
REVIEW COMMENTS

CONSISTENCY ISSUES: While conducting the completeness review of your planning application, staff had previously identified consistency issues that were observed and had provided them as "courtesy consistency comments" while the application was incomplete. The following list constitutes the Consistency Review for Planning, in conformance with Section 65589.5(j)(2). Items underlined are new (consistency) comments based on new information provided as part of the July and August 2025 resubmittal to the Town. Although a resubmittal occurred in August 2025, only the outstanding completeness items were addressed and no response letters were received, so these consistency comments from August 14, 2025, remain outstanding.

PROJECT CONSISTENCY RELATED ITEMS: LETTERS

1) Multi-Family Residential is not a principally permitted use (or an allowed conditional use) in the C-1 zone. The C-1 zone allows "multiple-family dwelling (in a mixed-use project)" with a conditional use permit. You must apply for a Conditional Use Permit, and request that the "mixed-use" component of the be removed as a part of the application.
   - Contact project planner when you are ready to pay the CUP fee, and staff will invoice. Please also confirm if you will be paying by check or credit card.
   - **Previous deficiency comment moved to consistency.**
   - This remains outstanding. The fee is now $3,524.26 based on the Town's new fee schedule. See the Town's letters from March 3, 2025, and May 27, 2025, addressing this comment and applicant responses in detail. The application materials continue to make the same argument, without responding to the Town's responses.
   - The response letter submitted on July 18, 2025, as well as the letter from the Law Office of Richard Jacobs dated May 16, 2025, state that this requirement is not in the "New Residential Submittal Requirements." As noted in the staff's response to the May 16, 2025, letter, the "New Residential Submittal Requirements" is not the Town's submittal checklist for a discretionary planning application. The "New Residential Submittal Requirements" is a checklist for Building Permit submittals.
2) ~~Provide photographs of the existing development on-site. The photographs on the plans just show street views (Google) and do not include the interior of the lot and existing structures and sheds.~~
3) CEQA: Clarify whether the applicant team anticipates providing any technical studies related to environmental analysis (traffic, habitat, cultural, air quality, noise, soils etc.) for peer review by the Town Environmental Consultants. If not provided, the studies determined to be required by the Environmental Consultant will be prepared by the Town Environmental Consultants at the cost of the applicant.
   - *You previously indicated via email that your team will prepare an Arborist Report and Traffic Study. Please confirm. Additionally, an email was forwarded to your team on*

9/13/24, requesting some additional information in the Phase I ESA and the Noise Report. Please provide a response.

- The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please specify which CEQA exemption you believe applies to this project, and provide substantial evidence that the project meets each requirement of the exemption. Staff will then review to determine eligibility.

4) CEQA: Staff is coordinating with Town Environmental Consultants to determine what environmental analysis will be required for the project. Environmental analysis is required at cost to the applicant. Staff will require payment of a deposit at a future date.
   - The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please see response to #9 above.
5) Review by the Town's Consulting Arborist is required to provide a peer review of the arborist report submitted by the applicant. A deposit payment of $2,750 is required.
   - This continues to remain outstanding.
6) Review by the Town's Consulting Architect requires payment of a $8,250 deposit.
   - This continues to remain outstanding.
7) Please reach out to all necessary outside agencies and neighboring properties regarding this project (Caltrans, VTA, FAA for the helipad, etc.).
   - plan.review@vta.org
   - This remains outstanding. The July 2025 response letter says that VTA communication has already been provided. Staff has not been provided with this information. Staff reached out to VTA, who provided comments on 5/29/25, which were forwarded to your team. Provide a response letter to VTA's comments, explaining what has been addressed.
8) Below Market Price Units: The floor plans and the "Project Description/Letter of Justification" need to specify which units are Below Market Price (BMP) and specify how compliance with the Town's BMP requirements are met. Detailed floor plans for each unit must be provided. The letter should respond to each of the four characteristics listed in Section III below, and the plans should contain enough information so that staff can determine that the size of units are compatible with the market rate, that the location of BMP units are dispersed throughout the proposal, that the exterior appearance be indiscernible from the market rate units, and that all project facilities and amenities be available to the BMP units. Pursuant to the Town's Below Market Price Housing Program, Section III (Characteristics of BMP Units):

   A. Size of units: BMP dwelling units should to the extent possible, be consistent with the market rate units in the project. The Town and developer may negotiate regarding the size of units if more units than required are to be provided. BMP units should be provided proportionately in the same unit type mix (number of bedrooms) as the market rate units. In consideration of the household size of the households on the current program interest list, the Town and developer may negotiate to provide a greater proportion of a particular unit type. There should to the extent possible, not be a significant identifiable difference between the BMP

and market-rate units visible from the exterior. The size and design of the BMP units should to the extent possible, be consistent with the market-rate units in the development. The goal of the BMP Program is for a seamless integration of the BMP units with the market-rate units in a development.

B. Location of units: BMP units shall be dispersed throughout the development, to the extent feasible, in all buildings, on each floor, and in each project phase. A concentration of BMP units in one location is not desirable and will generally not be allowed.

C. Finish of units: The external appearance of BMP units should be indiscernible to that of the market rate units in the project. The internal finish of BMP units should be identical to that of the market rate units in the project, except that the developer may request Town approval of substitutions for luxury interior finishes, appliances, or fixtures, if such substitutions do not violate any Town code requirement.

D. Project Facilities: All project facilities and amenities, including parking, must be available on the same basis to the BMP units as to the market rate units in the project, to the extent feasible, unless the deciding body approves a reduction in parking for the BMP units.

- This remains outstanding. The Project Description/Letter of Justification does not mention the Town's BMP program. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation.

9) ~~Contact the garbage and recycling service provider to ensure the trash rooms and trash pickup (once shown on the plans) are adequately sized for the proposed uses and that they have adequate access for pick up. Provide correspondence from provider.~~

10) Project Description/Letter of Justification: (Updated 7/17/25) - Staff is requesting that this information be included in the revised "Project Description/Letter of Justification".

- See comment above regarding BMP information included in the letter~~. The letter needs to also specify the exact number of proposed BMP units (not a percentage).~~
  - This continues to remain outstanding (BMP information). The July 2025 response letter says that this was included in the plans. However, staff is asking for a written statement in the Project Description/Letter of Justification. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation.
- ~~The Existing Property Description states that the property is located at the southwest corner of Winchester and Highway 85. This is not accurate. The property is north of the intersection.~~
- ~~The Existing Property Description states that the project is surrounded on three sides by streets and parking. This is not accurate. It is surrounded on two sides by streets, and the third side is an existing residence.~~
- ~~The letter states that, "the exterior façade incorporates stone and [….]," yet stone is not shown in the plans.~~
- ~~Clarify if the rooftop uses are exclusively for the residents, or if they are also available to~~

~~the public and provide a summary of the roof top uses.~~

- ~~Provide details on how the mechanical parking spaces will work.~~
  i. ~~Are the spaces going to be used exclusively for residents? Will someone need to be on-site to maintain them? How do you ensure someone's car is not blocking you in? Are some of the spaces reserved for the leasing office?~~
- ~~Provide justification for the helipad, which is a prohibited use per Town Code Section 29.10.045.~~
- ~~If no commercial or public uses are proposed, this multi-family residential use is not allowed in the C-1 zone (whether principally permitted or a conditional use). Provide justification.~~
- ~~Update the "Compliance with the Objective Design Standards" based on staff's markups. It is not accurate.~~
- The letter states that each residential level has the same number of units and unit types. That is not accurate. Level 12 is different from the others.
  - This continues to remain outstanding. The July 2025 response letter says that this was updated to state that levels 5 through 11 have 15 units and that level 12 has 14 units. The letter continues to say the following: "There are eight stacked residential levels which are comprised of five studios, 7 one-bedroom units, 2 two-bedroom units and 1 three-bedroom unit per level," but doesn't explain the configuration of level 12.
- ~~The letter says that all units have exterior balconies that exceed the Town's requirements. That is not accurate. The juliet balconies are much smaller than the required 60 square feet per unit.~~
- The plans and response letter refer to guest parking, reserved unit parking, and office parking. Please provide a statement within the letter to how this will work. Do the larger units get additional spaces, or are not all of the resident spaces "reserved"?
  - This remains outstanding. The question will come up at public hearings (as with other projects). 181 stalls are proposed for the 119 residential units. Does your team know how these will be distributed? If so, please specify in your letter.
- Specify which Town Requirements are not being complied with for this project.
  - The July 2025 letter now includes a list of (some) of the items that are not being complied with, but only the ones from the Objective Design Standards checklist. Note: Town Code and the General Plan also include objective standards. Please include all of the exceptions; such as: max lot coverage (General Plan and Town Code), max building height (General Plan and Town Code), max density (General Plan), max FAR (Town Code), max height (Town Code), setbacks (Town Code), cul-de-sac radius (Town Code), parking garage minimum turn radius (Town Code), allowed uses (Town Code), etc. Ensure that all items listed as not compliant (marked "no") in the Objective Design Standards checklist are included here.
- ~~Provide basic project information (lot size, building size, existing building size to be demolished, proposed use, height, etc.).~~

- The letter should speak to how the project complies with the 2020 General Plan Land Use and Community Design elements.
  - This comment remains outstanding. We understand your team's position that General Plan conformance is not required. However, staff is asking that this information be included in the Letter of Justification.
- ~~The letter should speak to the required conditional use permit findings per the Town's application package.~~
- ~~The letter should speak to the structural condition of the (previously) residential structure per the Town's application package.~~
- The letter now erroneously refers to the "New Residential Submittal Requirements" as the appropriate application package and submittal requirements to follow. This is not the application package for a discretionary planning application. Instead, this is a Building Permit Application submittal guide. If you click on the link included in your letter, you will see that this is referring to Building Permit submittals.
- Some of the plans now show a turning radius along the cul-de-sac that is below the Town requirement 32 feet. If this is proposed, justification is needed here to ensure that adequate space is provided for cars and emergency vehicles. See comment from Santa Clara County Fire on this item.
- The revised letter now states that CEQA is not required. Please see earlier responses to #9 and #10 above.
- The revised Proposed Development Description section refers to a new landing pad, which has been removed from the proposal based on the latest plans. Remove mention to the landing pad from the Proposed Development Description.
- The Compliance with the Objective Design Standards Section states that the application is meeting VTA's short-term parking recommendation. Specify what VTA's recommendation is. Per the cover sheet of the plans, VTA's recommendation is 1 space for every 20 stalls for GUEST bike parking. What do they recommend for the tenants?
- The Compliance with the Objective Design Standards Section states that the "items that do not comply are addressed below." The second item listed (long-term bike parking) states: "we are in compliance." As noted in the Objective Design Standards Checklist, the required number of bike spaces is complied with, but the location is not. Update accordingly.
- Justification for Item A.3.4 is not applicable. The justification is related to the number of spaces required (which should be A.3.2). A.3.4 refers to dimensions of bike rooms, which also needs separate justification as the height is not complied with in Diagram 8.

11) Objective Design Standard Checklist: The Objective Design Standard Checklist ~~is incomplete and~~ was filled out incorrectly. Please see attached for staff's comments. When resubmitting, please follow the format provided in staff's comments. The Excel document can be provided to you upon request, and there is a column for the applicant's response. Additionally, when

noting the sheet that the objective standard is located on, ensure that the level of specificity is also detailed on the sheet for staff to verify the project's compliance. Describe how each Objective Design Standard is being achieved. Provide exhibits, details, and dimensions in planning set as necessary to illustrate and quantify how each applicable standard is achieved.

- This remains outstanding. A large portion of the previous comments were successfully addressed, but staff still needs additional details (see attached updated ODS Checklist). When responding "no" to any of the items, please provide brief justification within the "applicant response" section. Alternatively, a separate letter of exceptions can be submitted which provides this justification.

12) Provide response letters to the Town' review letters. No responses provided this last round.

PROJECT CONSISTENCY RELATED ITEMS: PROJECT PLANS

Cover Sheet:

13) ~~Project Details:~~
- ~~Dedication appears to be required. Specify existing and proposed lot size (before and after dedication).~~
- ~~Specify the existing building size and use.~~
- ~~Specify the size of the office/leasing area.~~
- ~~Specify existing and proposed lot coverage.~~
- ~~Specify existing and Correct the proposed floor area ratio.~~
- ~~Specify number of BMP units and what affordability level they are.~~

14) ~~Project Summary:~~
- ~~Specify the size and height of the existing structures to be removed.~~

15) ~~Gross Building Floor Area per Floor:~~
- ~~Provide a separate column which shows the countable floor area of each floor (removing the balconies and decks).~~

16) ~~Parking Table:~~
- ~~Specify if any of the spaces are reserved. Does each unit get reserved spaces? Are there any spaces for the leasing office and employees?~~

17) ~~Bicycle Parking:~~
- ~~Use the same terminology that the Town uses ("Short-Term vs "Long-Term"), differentiating the types and number of spaces provided.~~

18) ~~Open Space:~~
- ~~Use the same terminology as the Town ("Landscape area", "Private Recreation Space", "Community Recreation Space").~~
- ~~Specify the proposed amount of each area, and highlight each area on the plans. The "provided private open space" section is blank.~~

19) ~~Project Summary:~~

- ~~The total height of the building is 163'-4" per Sheet A7.0, not 154'. The plans need to consistently show this maximum height.~~

20) ~~Add the dedicated office parking spaces to the Vehicle Parking Requirement & Provided section so that the numbers match (158 vs 160 spaces).~~

21) ~~The Unit Data table contains a "total" column that is unclear. Specify what "total" this is showing. If it is floor area, the math is wrong. This table is on several sheets.~~

22) The required parking shown is wrong (Town Code requires 300 spaces).
- This continues to remain outstanding. The plans say "required parking", implying that the Town's standard parking requirement is not 300 spaces. Please also add a line for "Town's required parking". If the intent here is to use a different parking requirement (i.e. per State Density Bonus Law), please clarify. As of now, the statement appears to be saying that the Town Code requirement is 145 spaces, which is not accurate.
- The response letter claims that Town Code does not require 300 spaces. See Town Code parking breakdown below:

i. 1.5 parking spaces per unit = 179 spaces
ii. 1 visitor parking space per unit = 119 spaces
iii. Office parking is 1 space/235 sf = 2 spaces
iv. Total = 300 spaces

23) ~~Enclosed bike parking within the parking garage is "long term", not "short-term". Update the provided bike parking totals accordingly.~~

24) ~~The Gross Building Floor Area Per Floor table shows levels 6-12 being 19,674 sf. The floor plans show 19,643 sf. Update accordingly.~~

25) ~~Please update all renderings to show trees at time of planting, or add a note stating how long it will take the trees to get to this size. It seems unlikely that the palm trees on Capri Drive will be 30+ feet tall at time of planting.~~

26) ~~The existing building height that was added this last round does not match the existing height shown on the survey sheet.~~

27) ~~The proposed floor area ratio that was added this last round is incorrect. It should be roughly 10.5 (244,951/23,225).~~

28) The proposed parking counts table do not match the numbers shown throughout the floorplans. Please ensure consistency throughout plan sheets.
- This remains outstanding. The table shows 187 spaces, yet the Project Details to the left show 188 stalls. It appears the error stems from the Parking Stalls Provided table, as level 1 is shown with a total of 102 spaces, yet DG0.1 shows 102 spaces here.

29) ~~The proposed setbacks that were added are incorrect. The proposed side yards per Sheet A2.0 are roughly 16' and 1'. The cover sheet shows 0'.~~

30) The required setbacks that were added are incorrect. The required front setback along Capri is 175' (see Town Code for additional height requirements when a building is across the street from a residential zone and over 20 feet in height). The rear setback along Winchester is 15' (see Town Code definition of "through lot"). The required side setbacks are 0'.

- This remains outstanding. The response letter says that this is a Builder's Remedy project and that setbacks don't have to be met. That said, your plans list "required setbacks" which are not consistent with the Town's requirements. Revise accordingly.

31) The Total Grand Floor Area (275,197) does not match the Gross SF Grand Total (274,980 sf) in the table below.
- This remains outstanding as these totals are still not consistent in the plans. The updates now show total countable floor area as both 244,951 sf and 242,612 sf, and show the total gross sf as both 274,536 sf and 272,808 sf. The plans need to be consistent.
- Note that in the Floor Area Table, the basement should not be included in the "countable sf".

32) Please add the Town's required bike parking to the Bicycle Parking Table that was added.
- This remains outstanding. The table currently doesn't make sense. The table shows the Town's requirement (1 per unit) and then shows the VTA's recommended guest bike parking (1 per 20 units) for a "total required" of 125, when the Town requires 119. It would be helpful if you could use the Town's standard language "short-term" vs "long-term". Is VTA's guest parking requirement supposed to supplement the Town standard for short-term bike parking?
- Additionally, the "long-term (residence)" bike parking shows 126 at levels 1 though 4, while the counts on DG0.1 and DG0.2 add up to 138.

33) ~~Project Summary: ensure the existing (14' vs 16') and proposed (167' vs 171') building heights listed in this table are consistent with the heights shown in the plans.~~

34) ~~The landscape area table does not match what is shown in the landscape plans.~~

35) Update the submittal dates on the title sheet to reflect this August 22, 2025, submittal.

Old Sheet C1.0 (New Sheet C2.0):

36) ~~Label existing setbacks.~~

37) ~~The survey shows an existing 4,292 sf building to be removed. Based on Google Maps, County Assessor's office, and site pictures, the existing building is closer to 2,100 sf and there are several sheds at the rear of the site. Update the survey accordingly.~~

38) The existing tree table is missing information (see submittal item comments above).
- This continues to remain outstanding. See comments above regarding height.

39) ~~Provide a legend for the symbols and abbreviations used.~~

40) ~~All trees with canopies within 30' of construction shall be included in the tree inventory and on this sheet. The neighbor trees at 14274 Capri Drive are missing. Also label the (what appears to be) shrubs along Winchester Boulevard.~~

41) ~~The arborist report, once updated per comment above, needs to provide protection recommendation for the missing trees.~~

42) ~~Ensure driplines are included for all trees identified. For example, trees 9 and 10 don't have driplines/canopies shown, and there are some canopies shown that aren't numbered.~~

43) ~~Who owns Tree 31? (town or neighbor?)~~

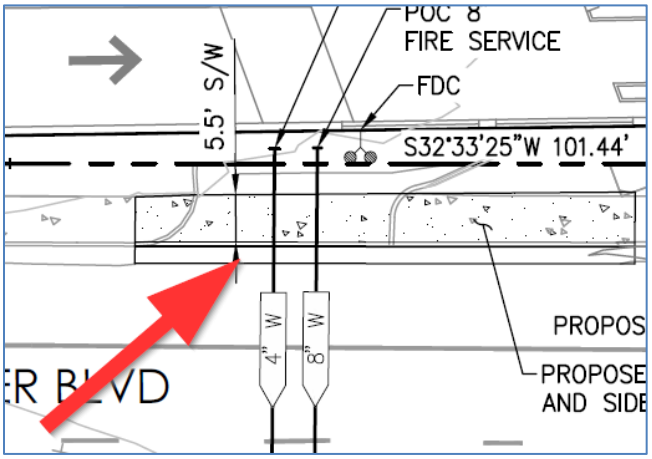
44) Specify which of the trees are considered fruit-bearing. Now that canopy spread and tree height was provided, staff calculated the tree replacement requirement as being (108) 24"

box trees or (54) 36" box trees. As proposed, only (23) 36" box trees are proposed, which would be short of the requirement by (31) 36" box trees or (62) 24" box trees. This would require an in-lieu payment of $15,500 per Town Code. However, several of these trees may be exempt from the replacement requirement if they are determined to be "fruit-bearing" (Trees 10, 17, 20, 21, 26, 27, 30-36, and 39). This could drastically reduce the in-lieu fee.

Old Sheet C2.0 (New Sheet C3.0):

45) ~~Utilities are shown overhead. Confirm with PPW if they will require undergrounding.~~
46) ~~The Earthwork Notes show Maximum site fill = 0'. The plans show 275 cubic yards of fill, which means that more than 0' of fill are proposed. Be more specific with your information.~~
47) ~~Show the dedication area and include dimensions and total area.~~
48) ~~Provide an additional section running through the length of the site.~~
49) ~~Dimensions the property boundaries.~~
50) ~~Dimension the sidewalks, curbs, roadways, etc (plans must be fully dimensioned).~~
51) ~~Show traffic direction on the streets.~~
52) ~~Specify location of the fill area (this should also be labeled in the civil sections).~~
53) ~~Provide details on the "temporary loading/staging zone". The arrow is pointing to the sidewalk.~~
54) ~~Would any physical barrier be proposed between the southern edge of the cul-de-sac and Winchester Blvd?~~
55) ~~There is a "proposed driveway" note on 14333 Capri Drive.~~
56) ~~Put an "X" on the (visible) trees that are proposed for removal.~~
57) ~~The sidewalk around Tree 1 shows the bulb-out encroaching into the bike lane to remain. Sheet C1.0 shows this being removed. Ensure the plans are consistent.~~
58) ~~Provide a legend for the symbols and abbreviations used.~~
59) ~~The area to the north of the building would create a dead-end area (see area highlighted below). Consider fencing this area off so as not to create a safety issue.~~
60) ~~Please provide the following setbacks (see below).~~
61) The plans now show a dog park and fenced area at the southern end of the cul-de-sac. On this sheet, the site plan, or the landscape plan, provide additional details (fence height, design, lighting, landscaping, etc.). Please also ensure that coordination with Parks and Public Works continues to occur as this is proposed within the Town's right-of-way.
    - The response letter says that the dog park has been removed from the proposal, yet the landscape plans still show it.
62) ~~Now that the arborist report shows recommended tree protection, show it on this sheet or note it somewhere in the plan set.~~
63) ~~Dimension the depth of the roof overhang, noted as "Outline of Floor Above."~~
64) The bulb out along Winchester has been removed, but (what appears to be) a driveway approach is now shown, which would lead to a 13-story wall. Please confirm what is proposed here.

- This remains outstanding. See screenshot below.



65) ~~Please specify estimated location of construction staging here or somewhere in the plan set.~~
66) Specify the surfacing materials of the parking garage.
- **Previous deficiency comment moved to consistency.** Please specify these materials.

~~New Sheet C3.1:~~
67) ~~Remove the scale at the bottom of the sheet as it is not accurate.~~
68) ~~Show existing and proposed grade lines, noting areas of cut and fill (and labeling the cut and fill depths).~~

~~Old Sheet C3.0 (new Sheet C4.0):~~
69) ~~The total site area is shown here as 29,305 sf, while the rest of the plans show 23,225 sf.~~
70) ~~Specify the percent of increase/replacement.~~

New Sheet DG0.1:
71) ~~This sheet shows a 19' ceiling height in Level 1, the section shows 16', and the floor plan on A3.0 shows 15'.~~
72) ~~The plans say 58 "guest bicycle parking" proposed. Use the correct terminology ("short-term") and correct the number (12 are proposed; the indoor spaces are long-term).~~
73) ~~The short-term/guest parking spaces would block the sidewalk. Revise accordingly.~~
74) ~~Provide details of vehicular gate (50% open rule).~~
75) ~~Specify ceiling height in the bike rooms.~~
76) Label widths of pedestrian entrances.
- This remains outstanding. The door to the parking garage (north of the mail room) is not dimensioned.

77) ~~Provide details of the long-term bike parking for compliance with the Objective Design Standards.~~
78) ~~Put an "X" on the (visible) trees that are proposed for removal.~~

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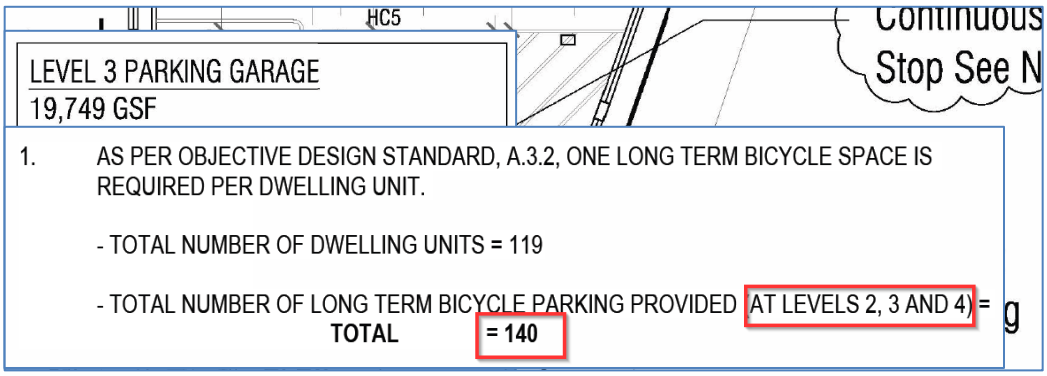
79) ~~There is a miscellaneous double line adjacent to the angled parking stall in Level 1.~~
80) Keynote 4 says that ground mounted utility cabinets will be screened. The plans (perhaps the Landscape plan) need to show this detail.
- This remains outstanding. The plans do not specify height of utility cabinets. See related comments in ODS checklist. You can estimate the height for now.

81) ~~Please fix the setback annotations that are blocked by trees.~~
82) Specify how far the entrances are recessed per related comments on ODS Checklist.
- This remains outstanding. The door to the parking garage (north of the mail room) is not dimensioned. The other entrances were added.

83) ~~Specify how far the building steps in as it transitions from the lobby to the parking garage along Winchester related comments on ODS Checklist.~~
84) ~~A new parking area is shown on Capri Drive but the call-out is covered.~~
85) ~~New Floor Plan Note 2 provides a good response/justification for the short-term parking requirement exceptions. Please provide this in the ODS Checklist response or in the justification letter as requested.~~
86) Add the north arrows back to this sheet. They were removed in this submittal.
87) The long-term bike parking was modified, and now the floor plan note is not legible. It appears to show 32 spaces, while the table shows 34. Update accordingly.
88) A dashed green line was added and dimensioned (30') adjacent to the leasing office, but it is not labeled. Staff does not know what this is showing.
89) The "R" numbers throughout the parking areas no longer add up. For example, the numbers go from "R1 thru R19" and then jumps up to "R25 thru R49." The numbers were changed in this submittal and are no longer accurate.
90) Please note that the math provided for Floor Plan Note 2 is not accurate. It notes that "119 x 20 = 5.96".

New Sheet DG0.2:

91) ~~Floor plan note 1 says there are 120 long-term bike parking spaces, when there are 166.~~
92) ~~Floor plan note 2 says to see detail DG0.1/3 for long term bike parking details. Detail DG0.1/3 is a short-term space.~~
93) Plans were updated and now the long term bike parking notes are inconsistent. Ensure that in each table below, the floor plan matches the actual floor plan. For example, Level 3 floor



plan table shows 52 long term bike spaces, while the call-out notes show 32 and 24 (56 total), and the call-out for 24 bike spaces is pointing to bike room 3, which shows 20 bikes. Similarly, Floor Plan Note 1 needs to be updated as the updated count is no longer 140, and bike parking is proposed on the first floor and not just levels 2-4. See below screenshot.

94) A new "continuous wheel stop see note 2" call-out was added, but note 2 does not correspond to wheel stops. Update accordingly.

95) A new "sunshade device outline" call-out was added, but the dimension is not noted. Specify how far it overhangs beyond the wall.

96) The dimensions for the southernmost architectural awning (above the lounge) are not accurate. The dimensions measure to the property line, and this awning does not extend that far.

New Sheet DG0.3:

97) ~~Floor plan note 2, "total private space provided" is blank. Please note that the rule states that each unit needs 60 square feet. This is not complied with.~~

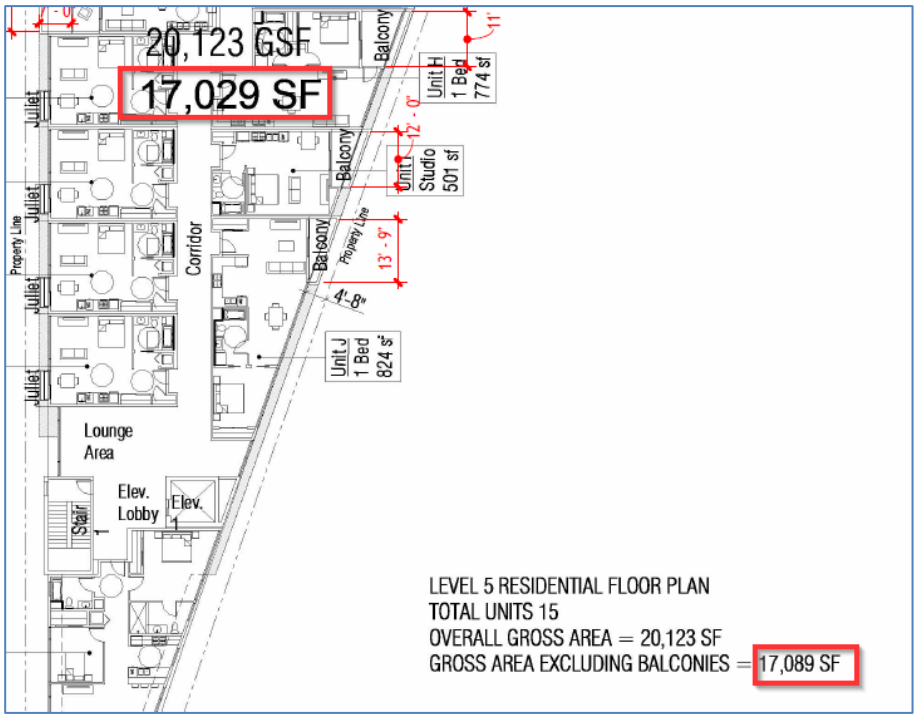
98) ~~What do the following numbers represent? (see below).~~

99) ~~Provide a scale.~~

100) ~~As noted above, specify location of BMP units somewhere in the plans.~~

101) The common open space note was updated on Sheet A3.0 and the Cover Sheet, but not this sheet.

102) New notes are added to the floor plans for Level 5 and Levels 6-11 that show building sizes that do not match the tables directly below. Revise accordingly. See below for an example.



New Sheet DG0.4:

103) ~~Label the proposed areas in the terrace plan.~~

104) ~~Add the following to Note 1, "the mechanical equipment will be shorter than the proposed roof screen."~~

105) A new "metal screen tall fence" call-out is shown along the play-court. Specify the height and design somewhere in the plans.

106) New boxes are shown in the play-court which are not legible. What are these showing?

~~Sheet A1.0:~~

107) ~~Label the addresses of the properties shown.~~

108) ~~You must also include pictures of the existing structure proposed for demolition. The pictures provided are from Google Streetview and do not show inside the property fence. This is a submittal requirement.~~

Sheet A2.0:

109) ~~Label or provide a legend for the public improvements shown outside of the building along Capri Drive.~~

110) ~~Label the trees. Staff is assuming these are proposed.~~

111) ~~Provide dimensions for the sidewalks (plans must be fully dimensioned).~~

112) ~~Specify all setbacks, including the setback along the southern edge of the building.~~

113) ~~Label and dimension the property lines.~~

114) ~~The majority of the items in the O.S. checklist say they are complied with on this Sheet. Anytime the O.S. checklist references this sheet, there should be annotations or dimensions that clearly show compliance.~~

115) ~~Show the full extent of Winchester Blvd.~~

116) ~~In the Site Data table, specify the lot size before and after dedication.~~

117) ~~Show the required building setbacks. This is a submittal requirement (noted above).~~

118) ~~The sidewalk around Tree 1 shows the bulb-out encroaching into the bike lane to remain. Sheet C1.0 shows this being removed. Ensure the plans are consistent.~~

119) ~~Several of the setback labels along Winchester Blvd are not legible.~~

120) ~~Please provide the following setbacks (see below).~~

121) Fix the proposed and required setbacks as noted above in the Cover Sheet comments.
- This remains outstanding. The response says that required setbacks were updated (which they weren't), and the response references North 40. This is not a North 40 project.

122) ~~Fix the FAR as noted above in the Cover Sheet comments.~~

123) Provide details of the proposed fencing here or somewhere in the plans.
- This remains outstanding. Thank you for providing details for the metal panel fence; however, staff is still looking for location details for the 6' tall concrete wall.

124) A new, Proposed Landscaping Calcs, table was added. The total shown (2,504 sf) does not match the totals shown throughout the rest of the plan set. Additionally, specify what "LA" refers to, as each area is numbered "LA1, LA2,…" etc.

125) Per Town Code Section 29.10.06702, minimum turning radius is 32'. This sheet shows that

30.5' are proposed. Ensure that the turning radius is consistent between the sheets, and if under 32 feet is proposed, include justification in the project description letter on how the proposed radius can accommodate cars and emergency vehicles. The letter currently just talks about the transformer location and the need for an easement.

126) The sheet says "(E) cul-de-sac." There is no existing cul-de-sac at the site.

127) Specify the ROW width of the new cul-de-sac. Town code requires 42'. If this is not met, provide justification.

Sheet A2.1:

128) The revised cul-de-sac radius note (32') does not match the rest of the plans.

129) The sheet says "(E) cul-de-sac." There is no existing cul-de-sac at the site.

Sheet A3.0:

130) ~~Provide dimensions throughout the parking garages (i.e. drive aisle, parking space dimensions, radius of angled spaces, turn-around area, turn radius, etc.).~~

131) ~~Label and dimension the property lines.~~

132) ~~Provide full road details (full extent of drive aisles, center line, etc.).~~

133) ~~Per Town Code, dead end areas in a parking garage must have turn-around space approved by the Town Engineer. Each level of the parking garage has a dead-end area.~~

134) ~~Provide details of the bike parking areas (what type of bike parking, number of spaces, individual bike lockers or one larger room, etc.). See the Town's Objective Design Standards checklist for more detail.~~

135) ~~Provide specific details for the mechanical parking lifts proposed (not just a factory spec sheet). You need to show how much room each parking lifts takes, and how the Town's requirements for drive aisles are still complied with.~~

136) ~~Label the size of the lease office area.~~

137) ~~Specify if a vehicular gate is proposed. If so, provide details on design and location.~~

138) ~~Level 1 is shown with a 19' clear ceiling height, yet the elevation shows a 16' plate height. Which is accurate?~~

139) ~~Show maneuverability of the angled parking stall (north-eastern corner of the garage) in relation to the two-way ramp immediately adjacent.~~

140) ~~What is meant by "PIT PARKING"? Does this refer to the bottom of the mechanical lifts?~~

141) ~~Show how trash pick-up will be accessed. Does the truck drive into the parking garage?~~

142) ~~Per the spec sheet, the mechanical lifts have a stall depth of 18.3', yet the plans only show 18 feet. Ensure that the lift spaces fit as shown.~~

143) ~~Per the spec sheet, the only way to get a 3-parking space lift is to have some sort of tandem configuration. No tandem configuration is shown. Confirm that the 3 spaces per stall can work in this configuration.~~

144) ~~Label the width of the vehicle entrance (each drive aisle).~~

145) ~~Parking spaces adjacent to a wall (i.e. space 42) must be a minimum of 9.5' wide.~~

146) ~~Update the short term and long-term bike parking notes based on the comments on Sheet DG0.1.~~

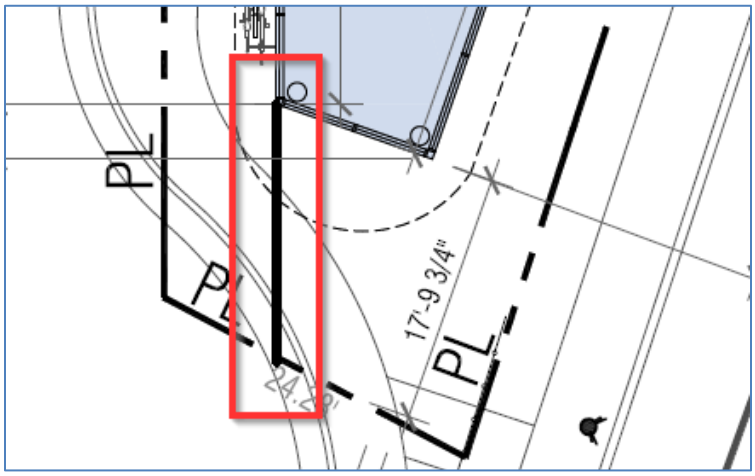
147) ~~Town Code requires one continuous curb for wheel stops.~~
148) ~~Specify the height of the proposed concrete wall.~~
149) ~~Parking stalls with a 60-degree angle (space 60) must have a depth of 19'-8" per Town Code.~~
150) ~~There are two parking spaces numbered 61.~~
151) The front elevation shows a shade element/roof element over the door adjacent to the mail room. Show depth of overhang on this sheet per applicable ODS Checklist comments.
- This remains outstanding. They are not shown or dimensioned on this sheet, but they were added to DG0.2. Update this sheet as well.

152) Specify how far the proposed prefab concrete wall extends.
- This remains outstanding.

153) Show the Town's standard double-striping in plans (see attached).
- This remains outstanding. Would the mechanical lift spaces contain the double-striping?

154) There is a new note along the vehicular entry to the garage that says "slope". Specify what the slope would be.
155) The Level 1 table shows 101 parking stalls, while the floor plans shows 97. The spaces shown adjacent to Stair 2 are shown as 24 spaces on this sheet, and 29 on DG0.1. Update accordingly.
156) Specify the exact location of the concrete wall. It is not clear if it extends all the way to the Capri Drive frontage (which would not be allowed).
- **Previous deficiency comment moved to consistency.**

157) A new bold line was added south of the building (see below). Specify what this is for.



Sheet A4.0:

158) ~~Provide dimensions throughout the parking garages (i.e. drive aisle, parking space dimensions, radius of angled spaces, turn-around area, turn radius, motorcycle spaces, etc.).~~
159) ~~Label and dimension the property lines.~~
160) ~~Per Town Code, dead end areas in a parking garage must have turn-around space approved by the Town Engineer. Each level of the parking garage has a dead-end area.~~

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161) ~~Provide details of the bike parking areas (what type of bike parking, number of spaces, individual bike lockers or one larger room, etc.). See the Town's Objective Design Standards checklist for more detail.~~
162) ~~What is the purpose of a lounge within a parking garage? Perhaps you could include a brief explanation in the Letter of Justification.~~
163) ~~Please note that the lounge areas count toward the Community Recreation Space requirement.~~
164) ~~Level 4 has 31 total spaces (29 single stalls). The plans say 32 total spaces (30 single stalls).~~
165) ~~Show maneuverability of the angled parking stall (north-eastern corner of the garage) in relation to the two-way ramp immediately adjacent.~~
166) ~~Clarify if any of the spaces are reserved for employees or future tenants (leasing office).~~
167) The minimum inside turning radius in the parking garage is 20' per Town Code. The plans show a turning radius of only 10-11 feet.
    - This continues to remain outstanding and non-conforming. The turning radius shown does not comply. Explain how the reduced turning radius can accommodate auto movements within the garage and provide justification for the reduction.
168) ~~Town code requires stalls to have "double striping". See Town Code 29.10.155 for details. This needs to be shown on the plans.~~
169) ~~Specify if key access is provided for the bike rooms.~~
170) ~~Provide details or notes on the continuous curb that is shown, ensuring compliance with Town standards.~~
171) New notes were added for the architectural metal awnings and sunshade device. Provide dimensions of each.

Sheet A4.1:
172) As the turn-around spaces have been reconfigured, show how parking space R1 (adjacent to the mail room) would back-out.

Sheet A4.2:
173) The turn-around exhibit for parking space R116 shows that the vehicle would need to drive outside of the building walls to make that turn. Revise accordingly.

New Sheet A4.3: (in the future, when adding a new plan sheet, please create a new page number since we are tracking comments per sheet number).
174) This sheet appears to be included to justify an exception to the minimum turning radius within a parking garage. Reference to this sheet should be included in your justification letter.
175) Include the centerline of the ramps. As drawn, it appears that a Ford Escape would extend beyond the drive aisle.

Sheet A4.4 (Previously Sheet A4.3):
176) ~~Dimensions the bike storage length in Diagrams 3, 4, and 7 per ODS Standard A.3.4.e.~~

177) ~~The bike arrangement in Diagram 1 would block the sidewalk and should be removed. The arrangement in Diagram 2 is what is shown on the plans.~~
178) ~~Label the height of the bike racks in Diagram 8 for compliance with ODS Standard A.3.4.e.~~
179) ~~The bike parking table says that 140 long-term spaces are located on floors 2-4, when they are actually located on floors 1-4.~~
180) Diagram 3 now shows two bike spaces adjacent to the workstand and pump station. Specify the dimensions and type of bike parking proposed here.

~~Sheet A5.1:~~
181) ~~This sheet was included twice in the plan set.~~

~~Sheet A5.0:~~
182) ~~Provide setback dimensions along the entire building.~~
183) ~~Label and dimension the property lines.~~
184) ~~Specify the size of each balcony and include dimensions so staff can confirm the "private recreation space" requirements are met.~~
185) ~~Confirm that the unit sizes shown are not including the balconies.~~
186) ~~Level 5 and Levels 6-12 look identical, yet the overall gross area is roughly 500 square feet different. Please confirm this is accurate. Again, decks don't count as gross square footage.~~
187) ~~Specify the corridor width.~~
188) ~~Confirm what the shaded area of Level 5 represents (roof below?).~~
189) ~~Why are the open space areas for Level 5 labeled as decks when they are above grade?~~
190) ~~There are setbacks on Level 5 that are incorrect (i.e. 8' setback shown several feet inside Unit A).~~
191) ~~The Unit Data table contains a "total" column that is unclear. Specify what "total" this is showing. If it is floor area, the math is wrong. This table is on several sheets.~~
192) ~~The Gross Building Floor Area Per Floor table on the cover sheet shows levels 6-12 being 19,674 sf. The floor plans show 19,643 sf. Update accordingly.~~

~~Sheet A6.0:~~
193) ~~Provide setback dimensions along the entire building.~~
194) ~~Label and dimension the property lines.~~
195) ~~Is anything proposed underneath the helipad? It appears to be an empty building shell.~~
196) ~~Specify if any mechanical equipment is proposed on the roof. If so, specify if it will be visible.~~
197) ~~Confirm if the roof top activities are solely for the use of residents.~~
198) ~~Specify the size of the covered clubhouse.~~
199) ~~The Level 13 data shows 8,256 sf of "total community open space", while the Community Open Space table at the bottom of the sheet says a total of 18,166 sf of community open space is provided at the roof terrace. Update accordingly.~~
200) ~~Add the three trees along the sports court, per the landscape plans.~~
201) The size of the quiet open deck is no longer legible.
202) A new, Proposed Landscaping Calcs, table was added. Specify what "LA" refers to, as each

area is numbered "LA1, LA2,…" etc.

203) The total in the Proposed Landscape Area table (1,242 sf) does not match the total shown in the level 13 table (1,277 sf).

204) The total community recreation space (12,134 sf – in the Level 13 table) does not match what is shown in the Community Open Space table (18,166 sf at roof terrace level 13).

205) Please specify the height of the new metal screen fence along the outdoor play-court.

Sheet A7.0 and A7.1:

206) ~~Label existing and proposed grade on all elevation and section drawings.~~

207) ~~Give cardinal directions for the elevation titles.~~

208) ~~Provide all four sides of the building.~~

209) ~~Provide information on proposed exterior materials. The color scheme legend is not correct and hardly used. One of the two items used (E – wood composite cladding) is pointing to a glass railing.~~

210) ~~Please provide a section running through the helipad portion of the building. Staff is unclear what is proposed within this building. Is the helipad technically a 14th story?~~

211) ~~Provide finished floor heights along each story of the building.~~

212) ~~Show neighboring structures in the "Front Elevation along Capri Drive."~~

213) ~~Label the vehicular and pedestrian entry points.~~

214) ~~There is a (roughly) 10' difference between the two elevations. All the elevation and section drawings need to show the maximum proposed height.~~

215) ~~This sheet shows the total height at 168', while the streetscape shows 167'.~~

216) ~~Label the vertical clearance below the sunshade device (front elevation).~~

217) ~~Items "F" through "I" are missing in the color scheme.~~

218) ~~The neighboring structure on the left elevation is cut off and missing its height dimension.~~

219) ~~Show the new trees along the Left Elevation and Rear Elevation.~~

220) ~~Provide the address and height for all buildings shown. The office building on the front elevation is missing this.~~

221) ~~Now that existing grade is shown, ensure that building height is measured to existing grade on all section and elevation drawings.~~

222) Provide material callout for the garage gate on the front elevation ("K").
- This remains outstanding. The "K" call-out does not have an arrow and is currently on top of the residence at 14274.

223) Label the metal screen around the play court, specify the height, and include a material call-out.

224) On the left elevation, the cypress trees are cut-off, and notes to the old Brisbane box trees (removed from the landscape plans) are still shown.

225) Provide details on the new exterior molding/band proposed.

Sheet A8.0:

226) ~~Label existing and proposed grade on all elevation and section drawings.~~

227) ~~Label building heights (existing neighboring buildings and proposed building).~~

228) Specify proposed materials.
229) Label property lines.
230) Provide finished floor heights along each story of the building.
231) Provide the address and heights of all neighbors shown.
232) Label the vehicular and pedestrian entry points.
233) The "Winchester Avenue Streetview" appears to be mislabeled. The Winchester Streetview would arguable be just as wide as the Capri Drive street view. Instead, this looks like a street view from the southern corner of the building. Rename accordingly.
234) Label the location of each elevation and street view within the smaller Site Plan on this sheet.
235) What is shown on the Capri Drive Streetview? (see below).
236) Add the missing Winchester Blvd Streetscape.
237) Label maximum total height on each streetscape. Left elevation isn't maximum height. Left elevation shows 154', but it isn't pointing to the top of the screening. Additionally, the sections show this area as 155'.
238) See comment above regarding different max heights shown between streetscapes and elevations.
239) As noted in the completeness section above, there are three missing views from the streetscape, as well as missing buildings from the streetscapes that were provided.
240) Specify the heights of the residences in the new Rear Elevation.

Sheet A9.0:

241) Provide a site plan showing where each view is taken from.
242) Label exterior materials.
243) Include neighboring buildings where applicable.
244) "View 1 Along Capri Drive" is not "facing west." Revise accordingly.
245) Either show tree sizes based off size at planting, or note how long they will take to get this tall.

Sheets A10.0 and A10.1:

246) Include a north arrow in the Kep Map and label the streets.
247) Label existing and proposed grade on all elevation and section drawings.
248) Specify the finished floor heights.
249) Show neighboring buildings (noting addresses and height).
250) The section shows 155', the elevations show 154', and one of the elevations shows 163'-4". The maximum proposed height needs to be consistent throughout all the drawings.
251) Specify what "T.O. P.W." means. This is a height measurement shown just below the rooftop.
252) There is a "Capri Dr" label to the left of the section view, which should not be there.
253) What does this "x" represent? (see below).
254) Section B-B shows the top of rooftop at 155', while the elevations show 154'.
255) Now that existing grade is shown, ensure that building height is measured to existing grade

~~on all section and elevation drawings.~~

256) The address added on A10.1 is incorrect. There is no "579" across Capri Drive.

Sheet A11.0- A11.3:

257) ~~Specify the size (square feet) of each unit's balcony.~~
258) ~~Ensure that the unit size shown does not include the balcony.~~
259) ~~Provide width and depth dimensions of all the balconies (Unit B is missing the width).~~
260) ~~Ensure that the full extent of the balcony is shown (missing on A11.2 and A11.3).~~
261) ~~The Unit Data table contains a "total" column that is unclear. Specify what "total" this is showing. If it is total floor area, the math is wrong. This table is on several sheets.~~
262) ~~There are two different "Unit H" floor plans, but only one "H" column in the table.~~
263) ~~There is a "I12" column in the table that doesn't match any of the floor plan titles.~~
264) ~~Units F, G, H, I, H (there are two "H" floor plans) are missing the second depth dimension along the balcony.~~
265) ~~Sheet A11.0 was included twice in the plan set.~~
266) The Total Private Open Space shown in the table on these sheets is 21,003 sf, while the cover sheet shows 17,656.
267) The Key Map on Sheet A11.2 is not displaying correctly.
268) The summary table on Sheet A11.3 is cut-off. The "total" column should say "total private open space" to match the other tables.

Sheet A12.0

269) ~~The shadow study is incomplete, and the shadow is cut-off. Zoom out on the December views to show the full extent of the shadows.~~
270) ~~Include addresses and number of stories of each neighbor shown.~~
271) The March 21st (3pm) shadow study does not show the full extent of the shadow.

~~Sheet A13.0:~~

272) ~~The plans need to be updated to clearly show where each of these materials are used.~~
273) ~~Add information on the vehicular and pedestrian gates.~~

New Sheet A16.0:

274) ~~For Diagram #2, staff is unclear where the "stepbacks" are taken from. For example, when the wall plane says "2' stepback", what is it stepping back from?~~
275) ~~For the Level 13 diagram on A16.1, what is the 5'-11" dashed line represent?~~

Sheet PL-1:

276) ~~Include a planting plan with a proposed tree table (see application packet for details).~~
277) Is any fencing proposed? The O.S. Checklist calls for at least 5 trees along the rear property line and a masonry wall.
    - This remains outstanding. Please clearly call out fencing proposed on the northern property line.

278) ~~Specify the percentage of the site that is landscaped.~~
279) ~~Specify the percentage of the community open space that has landscaping.~~
280) ~~Specify the percent of the front setback area that is landscaped. Note that the landscape area highlighted extends into the public right-of-way. Only the on-site landscaping counts.~~
281) ~~Ensure that the total landscape area (4,645 sf) does not include the landscaping in the public right of way. A diagram showing the overall landscape area would be helpful.~~
282) The electric transformer must be screened from view. Provide details on how this will be accomplished.
- This remains outstanding. Specify (or estimate) the height of the transformer.

283) ~~Consider adding fencing along the cypress screen wall at the north of the building. Currently it dead ends and would present a possible safety issue.~~
284) ~~The Italian Cypress is missing from the tree list on this sheet.~~
285) The palm trees were removed, but they are still shown on this sheet.
286) Fix the call-out line for the electrical transformer now that it has moved.

~~Sheet PL-2:~~
287) ~~Specify the size of trees at maturity (submittal requirement).~~
288) ~~Note that in-lieu fees will be required as the number of replacement trees does not meet Town Code.~~

Sheet PL-3:
289) Staff is having difficulty telling the difference between the (new) Trumpet Vine and the Toyon plants. Revise accordingly.

~~New Sheet E0.10:~~
290) ~~Lighting is needed every 30' per the Town's Objective Design Standards (A.7.1). The lighting plan needs to note distances between exterior lights.~~
291) ~~Add information to confirm lights will comply with the 30-degree shielding rule per Objective Design Standard A.7.2.~~

~~New Sheet E0.16:~~
292) ~~Lighting is needed every 30' per the Town's Objective Design Standards (A.7.1). The lighting plan needs to note distances between exterior lights.~~
293) ~~The step lights along the "quick deck" would not meet the height requirements of A.7.1.~~
294) ~~Specify the height of wall mount lights and SW3 within the sports court.~~
295) ~~Add information to confirm lights will comply with the 30-degree shielding rule per Objective Design Standard A.7.2.~~

Sheet E0.50:
296) ~~Ensure there is an image for each of the callouts in the luminaire schedule. S1, SW1, D1, and SW3 are missing.~~
297) ~~Specify mounting height for each. Only a few are shown. See related comment on ODS~~

~~Checklist.~~

General Comments:

1) Please modify plans per the above comments and resubmit to Planning via the Town's Online Permitting Service with a compliance memorandum and any other supporting documents. Please also submit 2, full-size printed sets to Town Hall.
2) This Architecture and Site application is required to follow the Town's Height Pole and Netting Policy. Height poles/renderings and project identification signs will be required prior to the public notice of any pending approval.
3) 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 of 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.
4) 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 from September 17, 2025 will be processed as a new application, subject to new fees.
5) 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.
6) The project is subject to WELO - New construction projects with an aggregate landscape area equal to or greater than five hundred 500 square feet or rehabilitated landscape projects with an aggregate landscape area of 2,500 square feet are subject to the State's Model Water Efficiency Landscape Ordinance (WELO). A complete WELO Landscape Documentation Package is required prior to issuance of building and/or grading permits. A completed WELO Certificate of Completion is required prior to final inspection/certificate of occupancy. Review by the Town's Consulting Landscape Architect for WELO requires a payment of a $5,500 deposit.

The application is complete but contains inconsistencies as identified above. Please resubmit and provide a compliance memorandum showing how all the deficiencies, corrections, and general comments have been addressed. When resubmitting, please include two printed, full-sized, 24" by 36" plan sets.

TOWN OF LOS GATOS
FIFTH STAFF TECHNICAL
REVIEW COMMENTS

Ryan Safty

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N:\DEV\PLANNING PROJECT FILES\Capri Drive\14288\S-24-044 - SB 330 Formal App\Staff Comment Letters\R5 - Complete\PLN - 14288 Capri Drive - Complete Letter 9-17-25.docx

OBJECTIVE DESIGN STANDARDS CHECKLIST - 7/18/25 UPDATES

APPLICANT RESPONSIBILITY
Applicants are responsible for accurately responding to each objective design standard listed below by indicating whether each standard has been met or does not apply. Applicants shall indicate the sheet(s) within the project plans that show compliance with each objective design standard.

Highlighted fields represents missing, incomplete, or inaccurate responses as identified by staff

			A. SITE STANDARDS		SHEETS (UPDATED 7/18/25)	STAFF RESPONSE (UPDATED BASED ON 7/18/25 RESUBMITTAL)	APPLICANT RESPONSE	STAFF RECOMMENDATION TO INCREASE JUSTIFICATION AND NEW STAFF COMMENTS BASED ON PLAN UPDATES
			A.1. Pedestrian Access					
YES	**NO**	**N/A**		**Objective Design Standard**				
X			A.1.1	All on-site buildings, entries, facilities, amenities, and vehicular and bicycle parking areas shall be internally connected with a minimum four-foot-wide pedestrian pathway or pathway network that may include use of the public sidewalk. The pedestrian pathway network shall connect to the public sidewalk along each street.	DGO.1 / Note 1, A2.0	**Project complies.**		
X			A.1.2	Pedestrian pathways within internal parking areas shall be separated from vehicular circulation by a physical barrier, such as a grade separation or a raised planting strip, of at least six inches in height and at least six feet in width. A pedestrian pathway is exempt from this standard where it crosses a parking vehicular drive aisle.	A2.0, PL-1, PL-2	**Project complies.**		
			A.2. Short-Term Bicycle Parking (Class II)					
			Short-term bicycle parking (Class II bicycle parking facility) consists of racks that support the bicycle frame at two points and allow for the bicycle frame and one wheel to be locked to the rack with a U-lock.		A3.0, DG0.1			
X			A.2.1	Short-term bicycle parking space shall be located within 50 feet of the primary pedestrian building entrance.	DGO.1 / Keynote 1	**Project complies.**		
	X		A.2.2	Short-term bicycle parking shall be provided at a rate of one space per dwelling unit and one space per 2,000 square feet of non-residential floor area.	DGO.1 / Note 2	**Project does not comply.** 119 spaces required, 12 proposed.	Our approach is to supply the amount of guest stalls the VTA recommends which is substantially less than the Town. This is allowed by Builder's Remedy.	Thank you for providing justification. As noted in the comment letter, the application materials need to specify what VTA's recommended bike parking count is. The plans show that VTA recommends 1 GUEST bike space for every 20 units, but does not specify their recommendation for tenants. Therefore, this argument is incomplete as we don't specify what VTA's recommendation is for the project.
X			A.2.3	Each short-term bicycle parking space shall be a minimum of seven feet in length and two feet in width.	DGO.1 / Note 3	**Project complies.**		
		X	A.2.4	If more than 20-short term bicycle spaces are provided, at least 50 percent of the spaces shall be covered by a permanent solid-roofed weather protection structure.	*no sheet provided*	**N/A.** 12 spaces proposed.		
			A.3. Long-Term Bicycle Parking (Class I)					
			Long-term bicycle parking facilities (Class I bicycle parking facility) consists of bicycle lockers or bicycle rooms with key access for use by residents.		DGO.2 / Note 3			
	X		A.3.1	Long-term bicycles parking facilities shall be located on the ground floor and shall not be located between the building and the street.	DGO.2 / Note 4	**Project does not comply.** Long-term bike spaces are on garage levels 1-4, while the standard says they shall be located on the ground floor.	We have added a bike room on the ground level and have additional secured bike rooms on the upper levels.	
X			A.3.2	Multi-family residential and residential mixed-use buildings shall provide one long-term bicycle parking space per dwelling unit. Developments such as townhomes that include individual garages for each unit shall not be required to provide long-term bicycle parking.	DGO.2 / Note 1	**Project complies.**		
			A.3.3	Bicycle locker minimum requirements:				
		X		a. Dimensions of 42 inches wide, 75 inches deep, and 54 inches high.	*no sheet provided*	**N/A.** Bike lockers are not proposed.		
		X		b. Must withstand a load of 200 pounds per square foot.	*no sheet provided*	**N/A.** Bike lockers are not proposed.		
		X		c. Opened door must withstand 500-pound vertical load.	*no sheet provided*	**N/A.** Bike lockers are not proposed.		
			A.3.4	Bicycle rooms with key access minimum requirements:				
X				a. Bicycle rooms shall have a minimum ceiling height of seven feet.	DGO.1 / Keynote 7	**Project complies.**		
X				b. Bicycle rooms shall contain racks that support the bicycle frame at two points and allow for the bicycle frame and one wheel to be locked to the rack with a U-lock.	A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project complies.**		
X				c. Long-term bicycle parking spaces shall be served by an aisle with a minimum width of six feet.	A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project complies.**		
X				d. Maneuverability space of at least two feet shall be provided between the aisle and long-term bicycle parking spaces.	A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project complies.**		

	X				e. Each horizontal long-term bicycle parking space shall be a minimum of seven feet in length, two feet in width, four-and one-half feet in height. Each vertical long-term bicycle parking space shall be a minimum of three-and one-half feet in length, two feet in width, and seven feet in height.	A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project does not comply.** 2' width requirement is not met. Two-tier system does not meet height requirement.	Provide justification. Only justification provided for long-term bikes is regarding the number of spaces required (A.3.2). Also, update the page reference as A4.3 now shows turning-radius.	
				A.4. Vehicular Access					
		X		A.4.1	Off-street parking lots shall have vehicular circulation using an internal vehicular network that precludes the use of a public street for aisle-to-aisle internal circulation.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
				A.5. Parking Location and Design					
		X		A.5.1	Surface parking lots and carports shall not be located between the primary building frontage and the street.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
		X		A.5.2	Uncovered parking rows with at least 15 consecutive parking spaces shall include a landscape area of six feet minimum width at intervals of no more than 10 consecutive parking stalls. One tree shall be provided in each landscape area.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
				A.6. Parking Structure Access					
X				A.6.1	Any vehicular entry gate to a parking structure shall be located to allow a minimum of 18 feet between the gate and the back of the sidewalk to minimize conflicts between sidewalks and vehicle queuing.	DGO.1 / Keynote 2	**Project complies.**		
	X			A.6.2	A parking structure shall not occupy more than 50 percent of the building width of any street-facing façade, and it shall be recessed a minimum of five feet from the street-facing façade of the building.	*no sheet provided*	**Project does not comply.** Parking structure occupies more than 50% of street facing façade.	Due to the irregular shape of the parcel and the fact it is triangular in shape and bounded by street on two sides, the parking has to be configured in a garage structure that occupies the majority of the site. Builder's Remedy allows us to not conform to the guidelines.	
X				A.6.3	For projects with five or more residential units and that have a vehicle access gate to the parking structure, a pedestrian gate shall also be provided.	DGO.1 / Keynote 3	**Project complies.**		
				A.7. Utilities					
	X			A.7.1	Pedestrian-oriented lighting shall be provided along all pedestrian paths in community recreation spaces. Exterior lighting fixtures shall be a minimum of three feet and a maximum of 12 feet in height. Light fixtures shall be placed along the pedestrian path at a spacing of no more than 30 linear feet.	E0.10, E0.16	**Project does not comply.** Mounting height details for SW3 are shown at 13' when 12' is max.	Provide justification.	
X				A.7.2	Exterior lighting shall be fully shielded and restrain light to a minimum 30 degrees below the horizontal plane of the light source. Lighting shall be arranged so that the light will not shine directly on lands of adjacent residential zoned properties. Uplighting is prohibited.	E0.10, General Note 5	**Project complies.**		
	X			A.7.3	Street-level views of ground level utility cabinets, mechanical equipment, trash, and service areas shall be screened from sight with landscape planting, fencing, or a wall, as allowed by the Town Code. The screening shall be at least the same height as the item being screened and screening that is not landscape material shall be constructed with one or more of the materials used on the primary building.	DGO.1 / Keynote 4, PL-3	**Additional details required.** Plans do not specify height of utility item being screened. Additionally, justification provided in ODS checklist is not accurate. The plants around the new transformer would have a maturity height of 2', 4', and 10' (not 1').	Plants around the utility cabinet will be 1 foot height upon maturity. The cabinets will be painted by art. See PL-3 sheet for planting heights as a mature size.	Thank you for providing justification. However, the justification provided does not line up with what the plans show. The justification states that the plants around the utility cabinet will be 1 foot tall at maturity, while PL-3 shows these plants ranging in height from 2' to 10' in height.
X				A.7.4	Rooftop mechanical equipment shall be screened from view from the street. Solar	DGO.4 / Note 1	**Project complies.**		
				A.8. Landscaping and Screening					
	X			A.8.1	At least 50 percent of the front setback area shall be landscaped.	A2.0	**Additional details required.** Plans do not specify amount of landscaping along front setback. Sheet A2.0 shows total landscape area. The plans need to specify the percent of the front setback that is landscaped.	Landscaping and Screening: Again, this is a Builder's Remedy project and we do not have to conform to this requirement and we can request waivers to this requirement.	Provide required details in plans. Staff does not have enough information to determine if this is complied with or not.
	X			A.8.2	A minimum 10-foot-wide landscape buffer shall be provided along the full length of the shared property line between multi-family or Residential Mixed-Use development and abutting residential properties. The buffer shall include the following: a. A solid masonry wall with a six-foot height, except within a street-facing setback where walls are not permitted; and b. Trees planted at a rate of at least one tree per 30 linear feet along the shared property line. Tree species shall be selected from the Town of Los Gatos Master Street Tree List and shall be a minimum 15-gallon size.	*no sheet provided*	**Project does not comply.** 10-wide buffer is not proposed.	Landscaping and Screening: Again, this is a Builder's Remedy project and we do not have to conform to this requirement and we can request waivers to this requirement.	
		X		A.8.3	Surface parking lots shall be screened from view of the street with landscaping or a wall with a minimum three-foot height to screen the parking lot when not already screened by a primary building. When located in a street-facing setback, screening may not exceed a height of three feet.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
				A.9. Fencing					

	X			A.9.1	Fences, walls, and gates within required setbacks along all street frontages are prohibited unless used to screen on-site parking spaces from view from the street.	*no sheet provided*	**Project does not comply and additional details required.** Provide a sheet reference. This set of plans has less information on proposed fencing than the last round, but fencing is now shown adjacent to the cul-de-sac, which does not comply with this requirement. Provide justification, details in plans, and a sheet reference.	Provide justification.	
X				A.9.2	Chain link fencing is prohibited.	*no sheet provided*	**Project complies.**		
		X		A.9.2	Perimeter barrier gates for vehicles and pedestrian entry gates shall have a maximum height of six feet.	*no sheet provided*	**N/A.** Perimeter barrier gates are not proposed.		
X				A.9.4	Solid vehicular and pedestrian entry gates are prohibited. Entry gates shall be a minimum 50 percent open view.	DGO.1 / Keynote 3, A7.0	**Project complies.**		
				A.10. Retaining Walls					
		X		A.10.1	Retaining walls shall not exceed five feet in height. Where an additional retained portion is necessary, multiple-terraced walls shall be used. Terraced walls shall set back at least three feet from the lower segment.	*no sheet provided*	**N/A.** Retaining walls are not proposed.		
		X		A.10.2	Retaining walls shall not run in a straight continuous direction for more than 50 feet without including the following: a. A break, offset, or landscape pocket in the wall plane of at least three feet in length and two feet in depth; and b. Landscaping at a minimum height of three feet at the time of installation along a minimum of 60 percent of the total length of the retaining wall.	*no sheet provided*	**N/A.** Retaining walls are not proposed.		
				A.11. Landscaped, Private, and Community Recreation Spaces					
				A.11.1	The landscaped, private, and community recreation spaces listed below are required for all qualifying projects. Community recreation spaces and private recreation spaces are calculated independent of each other. Landscaped areas within community recreation spaces can contribute to required minimums for both landscaped area and community recreation space.	*no sheet provided*			
	X				a. Landscaped space: A minimum of 20 percent of the site area shall be landscaped.	PL-1, DGO.3 / Note 1	**Project does not comply.** PL-1 shows 16%.	Landscaped spaces: we do not comply with the 20% but have modified our plans to be at 16% landscape areas of the site. Again, the configuration of the site warrants the reduction in landscape area in addition to the loss of land at the proposed cul-de-sac.	
	X				b. Private recreation space: The minimum horizontal dimension is six feet in any direction and a minimum area of 60 square feet. The minimum vertical clearance required is eight feet. Private recreation space shall be directly accessible from the residential unit. Landscaped sections of private recreation space shall not count towards required landscaping requirements.	DG0.3 / Note 1, A10.0, A10.1	**Project does not comply.** The juliet balconies do not comply.	Juliet balconies: Our juliet balconies are 6'-5" wide but only 13 square feet. The remaining square feet required is in the community recreation space. We still comply with the total open area required.	
		X			i. Each ground floor dwelling unit shall have a minimum of 120 square feet of usable private recreation space.	*no sheet provided*	**N/A.** Ground units are not proposed.		
	X				ii. Each dwelling unit above the ground floor shall have a minimum of 60 square feet of usable private recreation space. Where multiple balconies are provided for a single unit, the 60-square-foot minimum can be an aggregate of all balconies, provide each balcony meets the requirements for minimum horizontal dimensions.	DGO.3 / Note 2	**Project does not comply.** The juliet balconies do not comply.	Juliet balconies: Our juliet balconies are 6'-5" wide but only 13 square feet. The remaining square feet required is in the community recreation space. We still comply with the total open area required.	
X					c. Community recreation space: The minimum dimensions are 10 feet by six feet. A minimum of 60 percent of the community recreation space shall be open to the sky and free of permanent solid-roofed weather protection structures. Community recreation space shall provide shading for a minimum 15 percent of the community recreation space by either trees or structures, such as awnings, canopies, umbrellas, or a trellis. Tree shading shall be calculated by using the diameter of the tree crown at 15 years maturity. Shading from other built structures shall be calculated by using the surface area of the overhead feature.	A6.0	**Project appears to comply, but additional details required in plans.** It appears that more than 60% of the area is open to the sky (8,256 sf / 12,134 sf = 68%). However, two vastly different numbers for proposed community open space are provided (12,134 sf vs 18,166 sf). It appears that at least 15% of this space is shaded, but no calculation was provided, and no details showing how many square feet is shaded.	Provide additional details in plans to show compliance (percentages).	
		X			i. Community recreation space shall be provided in Residential Mixed-Use developments at a minimum of 100 square feet per residential unit plus a minimum of two percent of the non-residential square footage.	*no sheet provided*	**N/A.** Not a mixed-use project.		
X					ii. Community recreation space shall be provided in multi-family residential development projects at a minimum of 100 square feet per residential unit.	A6.0, DGO.3 / Note 3	**Project complies.**		
		X			iii. A project with four or less residential units is exempt from community recreation space requirements.	*no sheet provided*	**N/A.** More than 4 residential units proposed.		
X					iv. Landscaped roof space can satisfy both required landscaping requirements and community recreation space requirements. Landscaped roof space may not be used to satisfy more than 50 percent of the required landscaping for the site.	PL-1	**Project complies.**		
				A.12. Building Placement					

X				A.12.1	To ensure buildings provide a continuous frontage along sidewalks, development in commercial zones shall place at least 75 percent of any ground floor street-facing façade on or within five feet of the setback line designated in the Town Code.	A2.0	**Project complies.**		
		X		A.12.2	A Residential Mixed-Use project with a ground-floor non-residential use shall provide site amenities on a minimum of 15 percent of the ground plane between the building and the front or street-side property line. The site amenities shall be comprised of any of the following elements:	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			a. Landscape materials or raised planters;	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			b. Walls designed to accommodate pedestrian seating, no higher than 36 inches;	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			c. Site furnishings, including fountains, sculptures, and other public art; or	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			d. Tables and chairs associated with the ground floor use.	*no sheet provided*	**N/A.** Not a mixed-use project.		

			B. BUILDING DESIGN			**SHEETS (UPDATED 7/18/25)**	**STAFF RESPONSE (UPDATED BASED ON 7/18/25 RESUBMITTAL)**	**APPLICANT RESPONSE**	**STAFF RECOMMENDATION TO INCREASE JUSTIFICATION AND NEW STAFF COMMENTS BASED ON PLAN UPDATES**
			B.1. Massing and Scale						
YES	**NO**	**N/A**		**Objective Design Standard**					
	X			B.1.1	Multiple-story building façades that face a street shall incorporate breaks in the building mass by implementing a minimum of three of the following solutions along the combined façade area of all primary buildings facing the street:	*no sheet provided*	**Project does not comply.** 3 or more solutions not used.	We are not in compliance, but we have placed multiple deck areas along the façade that are recessed into the building greater than the minimum two feet to create articulation in the massing of the building. The 5' second floor setback is not possible with the configuration and size of the parcel.	
	X				a. A minimum of 40 percent of the upper floor façade length shall step back from the plane of the ground-floor façade by at least five feet;	A16.0 Diagram #2	**Project does not comply.** The second floor does not step-back 5' from the ground floor.		
	X				b. Changes in the façade plane with a minimum change in depth of two feet for a minimum length along the façade of two feet at intervals of no more than 30 feet;	A16.0, A16.1	**Project does not comply.**	We are not in compliance, but we have placed multiple deck areas along the façade that are recessed into the building greater than the minimum two feet to create articulation in the massing of the building. The 5' second floor setback is not possible with the configuration and size of the parcel.	
X					c. Recessed façade plane to accommodate a building entry with a minimum ground plane area of 24 square feet. Where an awning or entry covering is provided, it can extend beyond the wall plane;	A16.0	**Project complies.**		
	X				d. An exterior arcade that provides a sheltered walkway within the building footprint with a minimum depth of eight feet. For a façade 50 feet or greater, the arcade must be a minimum length of 65 percent of the full building façade; for a facade less than 50 feet, the arcade must be a minimum of 80 percent of the full	*no sheet provided*	**Project does not comply.** No exterior arcade proposed.	This particular project does not lend itself to an arcade to be included in the design especially with the size and shape of the lot.	
	X				e. Ground floor open area abutting street-facing façade with a minimum area of 60 square feet; or	*no sheet provided*	**Additional details required.** This is marked as "yes" now, but not plan sheet reference is provided. It appears that the area near the main entrance (south-side of the building, facing Capri) would be close to meeting this, but not all of this is "open area" as bike parking is proposed.	Provide a sheet reference that shows compliance with this standard and update plans to include these details.	
	X				f. Vertical elements, such as pilasters or columns, that protrude a minimum of one foot from the façade and extend the full height of the building base or ground floor, whichever is greater.	*no sheet provided*	**Project does not comply.** Vertical elements are not proposed.	We do not comply because vertical columns do not blend with the architecture we have proposed. This is totally subjective and not appropriate on this project.	
	X			B.1.2	Upper floors above two stories shall be set back by a minimum of five feet from the ground-floor façade.	A16.1	**Project does not comply.** The upper floors do not step back 5' from the ground floor.	Provide justification. The updated ODS checklist says "see letter of justification", but no justification for this item is provided in your Letter of Justification.	
			B.2. Parking Structure Design						
X				B.2.1	The ground-floor façade of a parking structure facing a street or pedestrian walkway shall be fenestrated on a minimum of 40 percent of the façade.	A16.0, A16.1	**Project complies.**		
X				B.2.2	Façade openings on upper levels of a parking structure shall be screened at a minimum 10 percent and up to 30 percent of the opening to prevent full transparency into the structure.	A7.0, A7.1	**Project complies.**		
X				B.2.3	Parking structures facing a street and greater than 40 feet in length shall include landscaping between the building façade and the street, or façade articulation of at least 25 percent of the façade length. The façade articulation shall be implemented by one of the following solutions:	PL-1	**Project complies.**		

		X			a. An offset of the façade plane with a depth of at least 18 inches for a minimum of eight feet in horizontal length; or		A7.0, A7.1	**N/A.** Landscaping is used instead of façade articulation.	
		X			b. A different building material covering the entire façade articulation.		A7.0, A7.1	**N/A.** Landscaping is used instead of façade articulation.	
				B.3. Roof Design					
	X			B.3.1	At intervals of no more than 40 feet along the building façade, horizontal eaves shall be broken using <u>at least one</u> of the following strategies:			**Project does not comply.** No solutions are proposed.	The shape and size of the roof has been carefully designed to support solar panels and because of the height of the project, this design guideline for roofs is not appropriate.
	X				a. Gables;		*no sheet provided*	**Project does not comply.** Gables are not proposed.	
	X				b. Building projection with a depth of a minimum of two feet;		A16.1	**Project does not comply.**	
	X				c. Change in façade or roof height of a minimum of two feet;		A7.0, A7.1, A10.0	**Project does not comply.**	
	X				d. Change in roof pitch or form; or		*no sheet provided*	**Project does not comply.**	
	X				e. Inclusion of dormers, parapets, and/or varying cornices.		A10.0, A10.1	**Project does not comply.**	
		X		B.3.2	Skylights shall have a flat profile rather than domed.		*no sheet provided*	**N/A.** Skylights are not proposed.	
		X		B.3.3	The total width of a single dormer or multiple dormers shall not exceed 50 percent of the total roof length at the street-facing façade. The dormer width shall be measured at dormer roof fascia, or widest part of the dormer.		*no sheet provided*	**N/A.** Dormers are not proposed.	
		X		B.3.4	Carport roof materials shall be the same as the primary building.		*no sheet provided*	**N/A.** Carports are not proposed.	
				B.4. Façade Design and Articulation					
X				B.4.1	Buildings greater than two stories shall be designed to differentiate the base, middle, and top of the building on any street-facing façade. Each of these elements shall be distinguished from one another using <u>at least two</u> of the following solutions:		A16.0, A16.1	**Project complies.** Solutions (d) and (e) are met.	
	X				a. Variation in building mass for a minimum of 60 percent of the length of the street-facing façade through changes in the façade plane that protrude or recess with a minimum dimension of two feet;		A16.0, A16.1	**Project does not comply.**	
	X				b. Balconies or habitable projections with a minimum depth of two feet for a minimum of 20 percent length of the street-facing façade;		A11.0 - A11.4	**Project does not comply.**	
	X				c. Variation in façade articulation, using shade and weather protection components, projecting a minimum of three feet for a minimum of 20 percent length from the street-facing façade;		*no sheet provided*	**Project does not comply.**	
X					d. The use of at least two different façade materials, each covering a minimum of 20 percent of the street-facing façade, or		DG0.3 / Note 5, A7.0, A7.1	**Project complies.**	
X					e. The upper floor shall implement a façade height that is a minimum of two feet greater than the façade height of the floor immediately below. The greater façade height shall be made evident by taller windows or arrangement of combined windows.		DG0.3 / Note 6	**Project complies.**	
X				B.4.2	All façade materials, such as siding, window types, and architectural details, used on the street-facing façade shall be used on all other building façades.		DG0.3 / Note 7	**Project complies.**	
	X			B.4.3	Variation in the street-facing façade planes shall be provided for buildings greater than one story by incorporating any combination of the following architectural solutions to achieve a <u>minimum of 16 points</u>:		A7.0, A7.1, A9.0, A10.0, A.10.1	**Project does not comply.** Not enough points achieved**. See below.**	Provide justification.
					Architectural features, such as:				
	X				○ Arcade or gallery along the ground floor;	8 points	*no sheet provided*	**Project does not comply.** Arcade or gallery is not proposed.	
		X			○ Awnings or canopies on all ground floor windows of commercial space;	6 points	*no sheet provided*	**N/A.** Commercial space is not proposed.	You marked "yes"; however, there is no commercial space proposed so this cannot be met.
X					○ Building cornice;	**5 points**	*no sheet provided*	**Additional details required.** This is now marked as "yes", but not plan sheet reference is provided. Staff sees a new "molding/band" on the elevations. Please confirm this is what you are referring to.	
	X				○ Façade sconce lighting at a minimum of one light fixture per 15 linear feet.	3 points	E0.10	**Project does not comply.** Sheet E0.10 shows that light spacing does not meet this requirement.	

	X				▪ Bay or box windows projecting a minimum of 18 inches from the façade plane and comprising a minimum of 20 percent of the fenestration on the upper floors of the facade;	6 points	*no sheet provided*	**Project does not comply.** Bay windows are not proposed.		
	X				▪ Balconies or Juliet balconies provided on a minimum of 40 percent of the fenestration on the upper floors of the facade;	5 points	A10.0, A10.1	**Additional details required.** This is marked as "yes". The plans do not clearly show/state how this is complied with. Provide this diagram and/or calculation in the plans. Additionally, fix the sheet reference as Sheets A10.0 and A10.1 show building sections.		
	X				▪ Landscaped trellises or lattices extending across a minimum of 65 percent of any level of the facade;	5 points	*no sheet provided*	**Project does not comply.** Landscaped trellices or lattices are not proposed.		
X					▪ Materials and color changes;	**3 points**	A7.0, A7.1	**Project complies.**		
	X				▪ Eaves that overhang a minimum of two feet from the facade with supporting brackets;	3 points	*no sheet provided*	**Additional details required.** This is now marked as "yes". The plans do not clearly show/state how this is complied with. Provide this diagram and/or calculation in the plans. Additionally, provide a sheet reference that shows eaves with a 2' overhang on both street-facing facades.		
	X				▪ Window boxes or plant shelves under a minimum of 60 percent of the fenestration on the upper floors of the facade; or	3 points	*no sheet provided*	**Project does not comply.** Window boxes are not proposed.		
	X				▪ Decorative elements such as molding, brackets, or corbels	3 points	*no sheet provided*	**Additional details required.** This is now marked as "yes". The plans do not clearly show/state how this is complied with. Provide this diagram in the plans. Additionally, provide a sheet reference that shows the decorative elements "at all the railings", as you note in the ODS checklist.		
					TOTAL	**8 points (16 needed)**		**Project does not comply.** Not enough points achieved.	Provide justification.	
		X		B.4.4	Garage doors shall be recessed a minimum of 12 inches from the façade plane and		*no sheet provided*	**N/A.** Garage doors are not proposed.		
X				B.4.5	Changes in building materials shall occur at inside corners.		DGO.1 / Note 5	**Project complies.**		
X				B.4.6	A primary building entrance shall be provided facing a street or community recreation space. Additionally, all development shall meet the following requirements:		*no sheet provided*	**Project complies.**		
X					a. Pedestrian entries to ground-floor and upper-floor non-residential uses shall meet at least one of the following standards:		A3.0, A4.0	**Project complies.**		
X					i. The entrance shall be recessed in the façade plane at least three feet in depth; or		A5.0, A2.0, A3.0, A4.0	**Project complies.**		
X					ii. The entrance shall be covered by an awning, portico, or other architectural element projecting from the façade a minimum of three feet.		A5.1, A3.0, A4.0	**Project complies.**		
		X			b. For ground-floor commercial uses, façades facing a street shall include		*no sheet provided*	**N/A.** Commercial space is not proposed.		
X				B.4.7	Pedestrian entries to buildings shall meet minimum dimensions to ensure adequate access based on use and development intensity. Building entries inclusive of the doorway and the facade plane shall meet the following minimum dimensions:		A10.0, A10.1	**Project complies.**		
		X			a. Individual residential entries: five feet in width		*no sheet provided*	**N/A.** Individual entries on ground floor not proposed.		
X					b. Single entry to multiple residential unit building, including Residential Mixed-Use buildings: eight feet in width		A3.0, A2.0	**Project complies.**		
X					c. Storefront entry: six feet in width		A3.0, A2.0	**Project complies.**		
X				B.4.8	Mirrored windows are prohibited.		*A7.0*	**Project complies.**		
X				B.4.9	Awnings shall be subject to the following requirements:		A7.0, A7.1	**Project complies.**		
X					a. A minimum vertical clearance of eight feet measured from the pedestrian pathway;		A7.0	**Project complies.**		
		X			b. Shall not extend beyond individual storefront bays; and		*no sheet provided*	**N/A.** Individual storefront bays are not proposed.		
X					c. Shall not be patterned or striped.		A9.0	**Project complies.**		

	X			B.4.10	For buildings abutting a single-family zoning district or existing single-family use, no part of a rooftop or upper floor terrace or deck shall be closer than five feet from the facade plane of the lower floor, to prevent views into adjacent residential uses.	*no sheet provided*	**Project does not comply.** The proposed balconies along the northern elevation do not comply. Provide a sheet reference and justification. The response says that the balconies would face a commercially zoned parcel to the north. This is true, however, the standard says "or existing single-family use." The property to the north is zoned C-1 but is used as a single-family residence.	Provide justification.	
	X			B.4.11	Balconies are allowed on facades facing the street and those facades facing existing non-residential uses on abutting parcels. Such balconies shall be without any projections beyond the building footprint.	DG0.3 / Note 8	**Project does not comply.** The proposed balconies would face the existing adjacent residential use to the north.	Provide justification.	
		X		B.4.12	Residential Mixed-Use buildings shall provide at least one of the following features along street-facing façades where the façade exceeds 50 feet in length:	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
		X			a. A minimum five-foot offset from the façade plane for a length of at least 10 feet;	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
		X			b. Multiple pilasters or columns, each with a minimum width of two feet; or	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
		X			c. Common open space, such as a plaza, outdoor dining area, or other spaces.	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
X				B.4.13	Continuous blank façades on any floor level shall not exceed 25 percent of the entire façade length along any street.	DG0.3 / Note 9, A9.0	**Project complies.**		

Draft Res
modified by Town
Council deliberations
and direction.

DRAFT RESOLUTION 2025-___

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ADOPTING FINDINGS REQUIRED BY GOVERNMENT CODE § 65589.5(f)(6)(D)(iv) IN RESPONSE TO NOTICE OF CHALLENGED CONDUCT SUBMITTED TO THE TOWN ON OCTOBER 2, 2025

PROPERTY LOCATION: 14288 CAPRI DRIVE
APN: 406-30-016
ARCHITECTURE AND SITE APPLICATION: S-24-044
PROPERTY OWNER: LOS GATOS LLC
APPLICANT: SOCAL INDUSTRIAL EQUITIES

WHEREAS, the Government Code Section 65589.5(h)(6)(D) defines "disapprove the housing development project" to include any instance in which a local agency fails to cease a course of conduct undertaken for an improper purpose, including to harass or to cause unnecessary delay or needless increases in the cost of a proposed housing development project, that effectively disapproves the proposed housing development without taking final administrative action if certain conditions are met; and

WHEREAS, Government Code Section 65589.5(h)(6)(D)(i) provides that the applicant for a proposed housing development project must provide a local agency with written notice detailing the challenged conduct and why it constitutes disapproval; and

WHEREAS, Government Code Section 65589.5(h)(6)(D)(iii) bars the local agency from making a determination on a Challenged Conduct Notice until at least 60 days after the project applicant provides the local agency with the written Challenged Conduct Notice; and

WHEREAS, Government Code Section 65589.5(h)(6)(D)(iv) provides that within 90 days of receipt of the applicant's written Challenged Conduct Notice, the local agency shall issue written statement that it will immediately cease the challenged conduct, or issue written findings that (1) articulate an objective basis for why the challenged course of conduct is necessary, and (2) provide clear instructions on what the applicant must submit or supplement so that the local agency can make a final determination regarding the next necessary approval or set the date and time of the next hearing; and

WHEREAS, on August 23, 2024, SoCal Industrial Equities submitted Architecture and Site Application S-24-044 for 119 dwelling units; and

WHEREAS, Architecture and Site Application S-24-044 was deemed complete on September 17, 2025; and

WHEREAS, on October 2, 2025, SoCal Industrial Equities submitted a Challenged Conduct Notice pursuant to Government Code Section 65589.5(h)(6)(D)(i), as described in Exhibit A and attached as Attachment A; and

WHEREAS, within five working days of receiving the Challenged Conduct Notice, the Town posted the notice on the Town's website and filed the notice with the Santa Clara County Clerk. No person had made a written request for notice under Public Resources Code Section 21167(f); and

WHEREAS, the Town considered all objections, comments, evidence and concerns about the project and the applicant's written notice and did not make a determination until at least 60 days after receipt of the applicant's written notice; and

WHEREAS, on December 16, 2025, the Los Gatos Town Council reviewed the Challenged Conduct Notice and proposed findings at a public meeting and considered all public testimony and all written materials provided to the Council; and

WHEREAS, based on substantial evidence and the totality of the record, the Town Council resolves as follows.

NOW, THEREFORE, BE IT RESOLVED, THAT THE TOWN COUNCIL HEREBY FINDS THAT BASED ON SUBSTANTIAL EVIDENCE IN THE RECORD:

1. The foregoing recitals are true and correct and are incorporated by reference into this action.

2. The Town Council adopts the findings, attached hereto as **Exhibit "A,"** including all attachments and linked documents, in response to the Challenged Conduct Notice provided by SoCal Industrial Equities on October 2, 2025.

PASSED AND ADOPTED at a meeting of the Town Council of the Town of Los Gatos, California, held on the 16th day of December, 2025, by the following vote:

TOWN COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR, LOS GATOS TOWN COUNCIL

DATE: _____

EXHIBIT "A"

December 16, 2025

VIA ELECTRONIC MAIL

Ben Eilenberg
SoCal Industrial Equities
eilenberglegal@gmail.com
socalindustrialequities@gmail.com

RE: Findings in Response to Challenged Conduct Notice (Gov't Code Section 65589.5(h)(6)(D) Regarding Vista Capri Housing Development Project

This Exhibit provides the findings of the Town of Los Gatos (the "Town") in response to the Challenged Conduct Notice (the "Notice") submitted to the Town on October 2, 2025 by SoCal Industrial Equities (the "Applicant") for a 119-unit housing development project (the "Project") located at 14288 Capri Drive in the Town.

In response to the receipt of the Notice, and as required by the Government Code Section 65589.5(h)(6)(D)(ii)[1], the Town posted the Notice on the Town's website on October 9, 2025 (https://www.losgatosca.gov/2371/C) and filed the Notice with the Santa Clara County Clerk on October 9, 2025 (*See* Attachment A). No person has made a request for notices under Public Resources Code Section 21167(f).

As required by Section 65589.5(h)(6)(D)(iv), this letter describes why the challenged course of conduct was necessary and provides clear instructions on what the Applicant must submit or supplement so that the Town can make a final determination regarding the next necessary approval or set the date and time of the next hearing.

Background and Project History

On March 5, 2024, the Applicant filed a preliminary application for the Project containing all the information required by Section 65941.1. On August 23, 2024, the Applicant filed Architecture and Site Application No. S-24-044 (the "Application") for approval of demolition of an existing commercial building, construction of a multi-family residential development containing 119 units, and site work requiring a grading permit. The Town found the application to be complete on September 17, 2025, pursuant to Section 65943.

If the Town considers a proposed housing development project to be inconsistent, not in compliance, or not in conformity with any applicable "plan, program, policy, ordinance, standard, requirement, or other similar provision," Section 65589.5(j)(2) requires the Town to provide written documentation identifying the provision and an explanation of the reasons that the development is non-compliant within 30 days after the application is found to be complete under Section 65943. In accordance with this requirement of state law, the Town provided written documentation of the Project inconsistencies to the Applicant in a letter dated September 17, 2025 (the "Staff Technical

[1] All further references are to the Government Code unless otherwise stated.

Review Letter"), in the same letter in which the Town found the Project to be complete (*See* Attachment B).

On September 17, 2025, the Applicant's legal counsel, Richard Jacobs, sent a letter to the Town detailing the Applicant's position that the Project qualifies for the statutory exemption from the California Environmental Quality Act ("CEQA") contained in Public Resources Code Section 20180.66 and requesting a response by September 26, 2025 (*See* Attachment A).

On September 18, 2025, Jacobs sent another letter to the Town, this time raising various objections to requests in the Staff Technical Review Letter (*See* Attachment A).

On October 2, 2025, the Applicant's representative, Ben Eilenberg, sent an email to the Town regarding the September 17 and September 18 letters. Eilenberg's email stated, in relevant part: "Please consider this our request to move forward with the administrative process set forth in Government Code Section 65589.5(h)(6)(D)." Eilenberg's email attached Jacobs' September 17 and September 18 letters (*See* Attachment A). Based on the foregoing, the Town determined that the Applicant's Challenged Conduct Notice – which includes Eilenberg's email and both of Jacobs' letters – was submitted on October 2, 2025.

Section 65589.5(h)(6)(D)(iii) does not allow the Town to make any determination about the Notices until at least 60 days after the Notice is filed, so that that the Town could not make any determination regarding the issues raised in the Notice before December 1, 2025. The Town must make a determination within 90 days after the Notice.

Actions Challenged

A course of conduct "effectively disapproves" a proposed housing development if the course of conduct was "undertaken for an improper purpose, such as to harass or to cause unnecessary delay or needless increases in the cost of the proposed housing development," and that course of conduct "effectively disapproves the proposed housing development" [Section 65589.5(h)(6)(D)].

The Notice challenges several actions taken by the Town regarding the Project, as follows:

Issues Related to CEQA Compliance

- The Applicant's contention that the Project is eligible for the exemption from CEQA provided by Public Resources Code Section 21080.66 (September 17, 2025 Letter).

- The Town's request for additional information to determine what environmental analysis should be completed for the Project and the Town's note that future fees may be required to complete the required environmental analysis (Items 3 and 4 in September 18, 2025 Letter).

Other Issues Contained in September 18, 2025 Letter

- The Town's requirement that the Project apply for a Conditional Use Permit and ask not to include commercial uses in the Project (Item 1).

- The Town's requirement that the Applicant pay outstanding fees related to review by the Town's Consulting Arborist and Consulting Architect (Items 5 and 6),

- The Town's recommendation that the Applicant reach out to all necessary outside agencies and neighboring properties to provide any required notification regarding the Project (Item 7).

- The Town's determination that the Project Description/Letter of Justification and the Project floor plans do not demonstrate how the Project complies with the Town's Below Market Price (BMP) program requirements (Items 8 and 10).

Challenges to Town's Actions under CEQA

The September 17 letter states that the Project qualifies for the statutory exemption from CEQA in Public Resources Code Section 20180.66. Items 3 and 4 in the September 18 letter state that any attempts from the Town to require additional reports on environmental matters are improper because the Project is exempt from CEQA.

However, the Town's actions "in furtherance of complying with [CEQA], including, but not limited to, imposing mitigation measures, **shall not constitute project disapproval under this subparagraph**" (i.e., pursuant to a Challenged Conduct Notice) [Section 65589.5(h)(6)(D)(vi)]. The requests included in Items 3 and 4 in the Staff Technical Review Letter (challenged in the September 18 letter), copied below, were in furtherance of complying with CEQA:

3) CEQA: Clarify whether the applicant team anticipates providing any technical studies related to environmental analysis (traffic, habitat, cultural, air quality, noise, soils, etc.) for peer review by the Town Environmental Consultants. If not provided, the studies determined to be required by the Environmental Consultant will be prepared by the Town Environmental Consultants at the cost of the applicant.

    - *You previously indicated via email that your team will prepare an Arborist Report and Traffic Study. Please confirm. Additionally, an email was forwarded to your team on 9/13/24, requesting some additional information in the Phase I ESA and the Noise Report. Please provide a response.*

    - The response letter uploaded in July 2025 [a response from the applicant quoted by the Town] states that, "under the new laws passed, CEQA no longer applies to this project." Please specify which CEQA exemption you believe applies to this project, and provide substantial evidence that the project meets each requirement of the exemption. Staff will then review to determine eligibility.

4) CEQA: Staff is coordinating with Town Environmental Consultants to determine what environmental analysis will be required for the project. Environmental analysis is required at cost to the applicant. Staff will require payment of a deposit at a future date.

    - The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." See response to #[3] above.

The Applicant has challenged both of these items based on the Applicant's contention that no further environmental review can be required because the Project is eligible for the statutory exemption from CEQA provided by Section 21080.66. Both items were requested by the Town in furtherance of

complying with CEQA. As a result, the Town's request for that information cannot constitute project disapproval pursuant to a Challenged Conduct Notice.

The September 17, 2025 letter asserts that the Project is eligible for the statutory exemption provided by Public Resources Code Section 20180.66. The Town was reviewing the letter but had not reached a conclusion when the Challenged Conduct Notice was filed on October 2, 2025. The Town's review of the request was in furtherance of complying with CEQA by determining whether the Project was eligible for the proposed exemption. As a result, the Town's actions cannot constitute project disapproval pursuant to a Challenged Conduct Notice. Note that because no response can be made to a Challenged Conduct Notice for 60 days, the Town's response has been substantially delayed.

All of the issues raised regarding the Town's actions in furtherance of complying with CEQA are not a proper subject for a Challenged Conduct Notice and will not be further discussed further.

The Housing Accountability Act establishes a specific procedure for an applicant to challenge a local agency if the applicant believes a project is eligible for a CEQA exemption (*See* Section 65589.5.1). The Applicant has not invoked or followed this process.

Objective Basis for the Challenged Course of Conduct.

The findings below respond to the remaining items challenged in the Applicant's letter of September 18, 2025. All of the challenged conduct relates to items contained in the Staff Technical Review Letter, dated September 17, 2025, regarding the Project's consistency with Town standards and requirements. Agency conduct is not consistent with State law if it is taken for an improper purpose.

In responding to the Notice, the Town must first provide findings that articulate an objective basis for why the challenged course of conduct was necessary. In this case, the Town's course of conduct was both required by and complies with state law, is consistent with the Town's local objective requirements, and was not undertaken for an improper purpose.

A. The Town's Challenged Course of Conduct Was Required by State Law.

Government Code Section 65589.5(j)(2)(A) requires the following actions by the Town:

> "If the local agency considers a proposed housing development project to be inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision as specified in this subdivision, it shall provide the applicant with written documentation identifying the provision or provisions, and an explanation of the reason or reasons it considers the housing development to be inconsistent, not in compliance, or not in conformity as follows:
>
> > "(i) Within 30 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains 150 or fewer housing units."

After the Project application was found to be complete on September 17, 2025 under Section 65943, the Town was required to notify the Applicant within 30 days of any standard with which the Project was inconsistent. Town Staff reviewed each applicable "plan, program, policy, ordinance, standard, requirement, or other similar provision" adopted by the Town. On the same day that the Town found

the application was complete, the Town sent the Applicant the Staff Technical Review Letter, which contained the required written documentation identifying the provisions with which the Project was inconsistent, including an explanation of the reasons it considered the housing development project to be inconsistent. The purpose of a consistency letter is to enable an applicant to correct any deficiencies so that a housing development project may be approved. An applicant may elect to achieve consistency by some combination of design modifications, requests for rezoning or other discretionary approvals, or specific requests for concessions and waivers of the various standards that were not met, as permitted under state density bonus law (*See* Sections 65915 *et seq*.).

The requirements of State law provide an objective basis why this course of conduct was necessary: the Town was required to provide the Applicant with written documentation identifying those Town standards with which it considered the Project to be inconsistent.

B. The Town's Determinations of Inconsistency are Supported by Local and State Law.

The Applicant challenges several of the conclusions in the Staff Technical Review Letter. These actions by the Town constitute a disapproval only if they were taken for an improper purpose, such as to harass or to cause unnecessary delay or needless cost increases [Section 65589.5(h)(6)(D)]. **The sections below present the Town's objective bases for the challenged course of conduct.**

1. Conditional Use Permit Requirement.

Town Requirement. The project site is zoned C-1 (Neighborhood Commercial). The Town's Zoning Code provides that "the activities listed in the table in section 29.20.185 are allowed [in the C-1 Zone] if a conditional use permit is issued" (Town Code § 29.60.215). Among the conditionally permitted uses for the C-1 Zone is "Multiple-family dwelling (in a mixed-use project)" (Town Code § 29.20.185(8)(c)) (See Attachment C). The requirement to apply for a Conditional Use Permit (CUP) is applied uniformly to all projects that propose multi-family residences in the C-1 zone.

The Staff Technical Review Letter explains that multi-family residential is not a principally permitted use in the C-1 Zone, and that the C-1 Zone allows 'multiple-family dwelling (in a mixed-use project)' with a conditional use permit. Accordingly, the Staff Technical Review Letter provides that because the Project proposes to construct multi-family dwellings but no commercial in the C-1 Zone, the Applicant "must apply for a Conditional Use Permit," and request that mixed-uses not be required.

Applicant Objection. The Notice states that the "primary issue [is that] CUP's are not an allowable requirement for Builder's Remedy projects…because Government Code Section 65589.5 [the "Housing Accountability Act," or "HAA"] deems projects to be consistent with zoning and general plans once the planning application is complete." To support this assertion, the Notice cites to Section 65589.5(f)(6)(D)(iii), which provides "Notwithstanding paragraphs (1) to (5), inclusive, all of the following apply to a housing development project that is a builder's remedy project:….Any project that complies with this paragraph shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, redevelopment plan and implementing instruments, or other similar provision for all purposes, and shall not be considered or treated as a nonconforming lot, use, or structure for any purpose."

The Notice further challenges the Town's requirement that the Project apply for a CUP on the basis that "CUP's are, by their very nature, discretionary." The Notice states that because "with Builder's

Remedy projects all discretion must be exercised in favor of the approval and provision of housing (Gov. Code § 89(a)(2)(L)),” then “CUP process is both irrelevant and improper.”

Basis for the Town’s Course of Conduct. The Project does not qualify as a “builder’s remedy project” as defined by the version of the HAA that went into effect on January 1, 2025. The provisions that the Notice quotes from Section 65589.5 apply only to projects meeting the definition of a “builder’s remedy project” contained in Section 65589.5(h)(11).

The Project is Not a “Builder’s Remedy Project” As Now Defined by the HAA. Section 65589.5(h)(11) provides that a “builder’s remedy project” must not have a density that exceeds the greatest of the following: (a) 50 percent greater than the minimum density deemed appropriate to accommodate housing for the jurisdiction (which is 30 dwelling units/acre for the Town); (b) three times the density allowed by the general plan, zoning, or state law, whichever is greater; or (c) the density that is consistent with the density specified in the housing element [Section 65589.5(h)(11)(C)(i)]. Where any portion of the site is located in a high or highest resource census tract, then the greatest allowable density is 35 units per acre more than the amount allowable pursuant to clause (i) [Section 65589.5(h)(11)(C)(ii)].

Here, the maximum density allowed on the site by the general plan and zoning is 20 dwelling units per acre; no provisions of state law set density for the site. Three times the maximum density is 60 dwelling units per acre, plus 35 dwelling units per acre because the site is in a high opportunity census tract. The maximum density is thus 95 dwelling units per acre.

For the 0.53-acre Project site, the base density allowed is 51 units (rounded up). The Project is proposed to have 24 low income units, entitling the project to a 50 percent density bonus, and so allowing 77 units. The Applicant is proposing to construct 119 units, well in excess of the maximum density for a “builder’s remedy project” as defined by Section 65589.5(h)(11). Therefore, the provisions to which the Notice cites do not apply to the Project because the Project is not a “builder’s remedy project” for the purposes of the cited sections.

The Project May Utilize the “Builder’s Remedy” Provisions Contained in the 2024 Version of the HAA. Nonetheless, because the Project submitted a preliminary application prior to certification by the California Department of Housing and Community Development (HCD) of the Town’s Sixth Cycle Housing Element, the Project is a “builder’s remedy project” under the 2024 version of the HAA [Section 65589.5(f)(7)(A)]. That version of the HAA stated that, “**nothing in this section** shall be construed to prohibit a local agency from requiring the housing development project to comply with objective, quantifiable, written development standards, conditions, and policies appropriate to, and consistent with, meeting the [Town’s] share of the regional housing need” so long as the ordinance, policy, or standard being applied was adopted and in effect at the time that the project submitted its preliminary application [Sections 65589.5(f)(1),(o)]. The Town may therefore require the Project to comply with objective standards in effect when the preliminary application was filed, even if the Town may not be able to deny the project under Section 65589.5(d)(5) (2024).

The HAA Allows the Town to Require a CUP. The requirement to *apply for* a CUP is an objective, written standard that was in effect at the time that the preliminary application for the Project was submitted. Specifically, the Town’s Zoning Code provides that “the activities listed in the table in section 29.20.185 *are allowed [in the C-1 Zone] if a conditional use permit*

is issued" [Town Code § 29.60.215 (emphasis added)]. Among the conditionally permitted uses for the C-1 Zone is "Multiple-family dwelling (in a mixed-use project)" [Town Code § 29.20.185(8)(c)]. The requirement to apply for a CUP is applied uniformly to all projects that propose a multi-family residential use in the C-1 zone.[2]

Further, the contention that the review of an application for a CUP is inherently discretionary is entirely speculative. For one, the Staff Technical Review Letter merely requires that the Applicant *submit the application for* a CUP, which, as explained, is an objective requirement in and of itself. More importantly, the Staff Technical Review Letter does not state or imply that the Town will consider or require the Project to comply with any subjective standards to issue the CUP.

2. Town Consulting Arborist Fee.

Town Requirement. The Staff Technical Review Letter states that review by the Town's Consulting Arborist is required to provide a peer review of the arborist report submitted by the Applicant, and a deposit of $2,750 is required.

Applicant Objection. Citing to the standards in Section 29.10.0990 of the Town Code, the Notice challenges the Town's requirement for payment for a fee for review by the Town's Consulting Arborist on the basis that "the standards of review for the Town Arborist are, by their very nature, discretionary." The Notice states that because "with Builder's Remedy projects all discretion must be exercised in favor of the approval and provision of housing" then "the consulting arborist review is both irrelevant and improper." The Notice also states that because "the Town cannot create new standards that apply to the project after the submission of the SB330 Preliminary Application under Government code Sections 65941, *et seq.*, the Town's Arborist cannot perform the discretionary review called for in the Town's Municipal Code."

Basis for the Town's Course of Conduct. As explained above, the Project does not qualify as a "builder's remedy project" under the 2025 version of the HAA. Accordingly, the Town may, under the 2024 version of the HAA, require the Project "to comply with objective, quantifiable, written development standards, conditions, and policies appropriate to, and consistent with, meeting the [Town's] share of the regional housing need pursuant to Section 65584" so long as the ordinance, policy, or standard being applied was adopted and in effect at the time that the housing development project submitted its preliminary application [Section 65589.5, subs. (f)(1); (o)]. "Ordinances, policies, and standards" include "permit or processing fees" [Section 65589.5(o)(4)].

The Town has adopted a Tree Protection Ordinance (Division 2 of Chapter 29 of the Town Code) which applies "to every property owner and to every person, corporation, partnership, sole proprietorship or other entity responsible for removing, maintaining or protecting a tree"

[2] Even if the Project is redesigned to meet the 2025 definition of a "builder's remedy project," the Town could still require an application for a conditional use permit. For projects meeting the 2025 definition, the statute provides that the applicant cannot be required to apply for a legislative approval, such as a general plan or zoning amendment, and cannot be required to apply for any permit not generally required of a project of the same type and density as proposed by the applicant. (§ 65589.5(f)(6)(D)(i), (ii).) A conditional use permit is not a legislative approval. The Town requires all applicants for multifamily projects in commercial zones to apply for a use permit and may require the same for builder's remedy projects proposing multifamily uses in commercial zones.

which trees are enumerated in the Code (*See* Town Code § 29.10.0960). Where any new development proposes the removal of or impact to one or more protected trees, the Town requires that the application for the development project "include a Tree Survey Plan and Tree Preservation Report based on this survey" [Town Code § 29.10.1000(a)]. The Tree Survey and Tree Preservation Report (together, the "Arborist Report") are to be prepared by either the applicant's certified arborist or the Town's consulting arborist [Town Code § 29.10.1000(a);(c)]. Where the Arborist Report is completed by the applicant's certified arborist, the Town's consulting arborist is required to peer review the Arborist Report [Town Code §§ 29.10.1000(b); (c)(2)]. The Arborist Report is required to be submitted as part of the project application and included as part of the staff report to the Town reviewing body upon consideration of the application for a development project [Town Code § 29.10.1000(a); (c)(1); (d)] (See Attachment D).

Since the requirement to provide an Arborist Report as part of the application for a new development is provided in the Town Code and applies uniformly to all projects that propose the removal or impact to a protected tree, this requirement is an objective standard with which the Town can require compliance. Similarly, the requirement to pay a fee to have the submitted Arborist Report reviewed by the Town's Consulting Arborist is also a written, objective standard that can be found in Town's Comprehensive Fee Schedule for Fiscal Year 2023/24[3]. The Fee Schedule was published on the Town's website at the time that the Project submitted its preliminary application. On page 26, under "Development Services," the Fee Schedule provides that fees for "consultation" shall be equal to actual cost on an hourly basis. Although that provision establishes a deposit of $2,000, provisions regarding "Fees for Major Projects," on page 15, state:

> If it is anticipated that the application processing costs of selected major projects will significantly exceed the following fees, the Director of Community Development may collect a deposit and charge actual time spent to process the applications based upon current hourly rates.

Here, the staff emailed the Consulting Arborist, who stated that the cost of the review was estimated at $2,500. The Town's Fee Schedule, on page 21, imposes a 10 percent Administrative Fee on all other fees. The Administrative Fee for the Consulting Arborist's review totaled $250, resulting in the requested deposit of $2,750.

The requirement to *pay for* a Consulting Arborist's review is an objective, written standard that was in effect at the time that the preliminary application for the Project was submitted.

Further, the contention that the Arborist's review is inherently discretionary is entirely speculative. The Staff Technical Review Letter merely requires that the Applicant *submit the deposit for* the review, which is an objective requirement in and of itself. More importantly, the Staff Technical Review Letter does not state or imply that the Town will consider or require the Project to comply with any subjective standards.

[3] The Town's fee schedule is published on the Town's website. The fee schedule applicable to this Project is available here: https://www.losgatosca.gov/DocumentCenter/View/35733/FY23-24-Fee-Schedule?bidId=.

3. Town Consulting Architect Fee.

Town Requirement. The Staff Technical Review Letter states that review by the Town's Consulting Architect requires payment of an $8,250 deposit.

Applicant Objection. The Notice challenges that Town's requirement for payment of a fee for review by the Town's Consulting Architect on the basis that "it is unsupported by [the Applicant's] review of the Town's Municipal Code" meaning that the Applicant "did not find any reference to a requirement that the Town's Consulting Architect." The Notice also objects to this requirement on the basis that "any review of the project is limited the Town' [*sic*] objective design standards" which "is traditionally in the purview of the Planning Staff, not an outside architectural consultant" and accordingly requests that the Town provide (1) statutory authorization delegating the power to conduct objective design standard review to the Town's Consulting Architect and (2) a copy of the contact with the Town's Consulting Architect demonstrating that their duties include review of projects for objective design standards.

Basis for the Town's Course of Conduct. The Project does not qualify as a "builder's remedy project" under the 2025 version of the HAA. Accordingly, the Town may, under the 2024 version of the HAA, require the Project "to comply with objective, quantifiable, written development standards, conditions, and policies appropriate to, and consistent with, meeting the [Town's] share of the regional housing need pursuant to Section 65584" so long as the ordinance, policy, or standard being applied was adopted and in effect at the time that the housing development project submitted its preliminary application [Section 65589.5, subs. (f)(1); (o)]. "Ordinances, policies, and standards" includes "design review standards and criteria" and "permit or processing fees" [Section 65589.5(o)(4)].

The Town Council has established the roles and responsibilities of the Town's Planning Commission and Consulting Architect by resolution [*See* Attachment E (Town Council Resolution No. 2002-25)]. The Resolution provides that the "architectural consultant will review plans and provide guidance to applicants to ensure plans are in compliance with applicable design standards and guidelines, specific plans and the General Plan" and that "[r]eports on projects that reviewed by the Planning Commission will include the recommendations of the architectural consultant and plans that have been revised to incorporate those recommendations." (*Id.*) The Town's contract with the current Consulting Architect, Cannon Design Group, incorporates the duties established by Resolution No. 2002-25 into the scope of services [*See* Attachment F (Agreement for Consulting Services, Article II, section 2.1)].

Since the requirement for review by the Consulting Architect applies uniformly to all projects that require review by the Planning Commission, this requirement is an objective standard with which the Town can require compliance. Similarly, the requirement to pay a fee to have the plans reviewed by the Town's Consulting Architect is also a written, objective standard that can be found in Town's Comprehensive Fee Schedule for Fiscal Year 2023/24[4]. The Fee Schedule was published on the Town's website at the time that the Project submitted its preliminary application. On page 26, under "Development Services," it provides that fees for

[4] The Town's fee schedule is published on the Town's website. The fee schedule applicable to this Project is available here: https://www.losgatosca.gov/DocumentCenter/View/35733/FY23-24-Fee-Schedule?bidId=.

"consultation" shall be equal to actual cost on an hourly basis. Although that provision establishes a deposit of $2,000, provisions regarding "Fees for Major Projects," on page 15, state:

> If it is anticipated that the application processing costs of selected major projects will significantly exceed the following fees, the Director of Community Development may collect a deposit and charge actual time spent to process the applications based upon current hourly rates.

Here, the staff called the Consulting Architect, who stated that the cost of the review was estimated at $7,500. The Town's Fee Schedule, on page 21, imposes a 10 percent Administrative Fee on all other fees. The Administrative Fee for the Consulting Arborist's review totaled $750, resulting in the requested deposit of $8,250.

The requirement to *pay for* a Consulting Architect's review is an objective, written standard that was in effect at the time that the preliminary application for the Project was submitted.

Further, the contention that the Architect's review is inherently discretionary is entirely speculative. The Staff Technical Review Letter merely requires that the Applicant *submit the deposit for* the review, which is an objective requirement in and of itself. More importantly, the Staff Technical Review Letter does not state or imply that the Town will consider or require the Project to comply with any subjective standards.

4. Notification to Outside Agencies and Neighboring Properties.

Town Requirement. The Staff Technical Review Letter requests that the Applicant provide a response letter to VTA's comments, which were provided to Staff on May 29, 2025 and thereafter forwarded by Staff to the Applicant, to explain which of VTA's comments have been addressed.

Applicant Objection. The Notice challenges the request to respond to VTA's comments on the basis that traffic impacts are part of CEQA analysis and therefore do not need to be addressed since the Project is exempt from CEQA. Additionally, the Notice states that "there does not appear to be a basis for imposing exactions from Caltrans and VTA" and that "VTA's own addition in its email dated May 29, 2025 that it is not providing ADA compliant facilities two blocks away from [the Project] does not obligate [the Applicant] to pay for the VTA coming into compliance with the ADA." The Notice requests a basis for imposing this exaction on the Project.

> **Basis for the Town's Course of Conduct.** While the request to respond to VTA's comment was included in the "consistency" letter, it was a recommendation only. Neither the continued processing of the Project application nor scheduling the Project for public hearing are contingent upon the requirement that the Applicant provide a written response to VTA's comments.

5. Town's Below Market-Rate Program Requirements.

Town Requirement. The Staff Technical Review Letter provides that the "floor plans and the 'Project Description/Letter of Justification' need to specify which units are Below Market Price (BMP) and specify how compliance with the Town's BMP requirements at met." Specifically, the Staff Technical Review Letter states that the "Project Description/Letter of Justification does not mention the Town's

BMP program" and requests that the Applicant provide justification(s) if they do not intend to comply with the BMP unit size or other standards. The Staff Technical Review Letter requests that the Applicant provide a written statement in the Project Description/Letter of Justification about how the Project will comply with the BMP requirements or alternatively, if the Project will not comply any of the BMP requirements, a justification for any such deviation.

Applicant Objection. The Notice challenges both of these aforementioned requirements on the basis that the "Town's BMP Program is superseded by the California State Housing Laws for this project, including the Housing Crisis Act, the Housing Accountability Act, the Permit Streamlining Act and the related measures. (Cal. Const. Art. XI, Sec. 7.)" Therefore, the Notice concludes, "the Town's BMP Program is irrelevant to this project."

Basis for the Town's Course of Conduct. The Project does not qualify as a "builder's remedy project" under the 2025 version of the HAA. Accordingly, the Town may, under the 2024 version of the HAA, require the Project "to comply with objective, quantifiable, written development standards, conditions, and policies appropriate to, and consistent with, meeting the [Town's] share of the regional housing need pursuant to Section 65584" so long as the ordinance, policy, or standard being applied was adopted and in effect at the time that the housing development project submitted its preliminary application [Section 65589.5, subs. (f)(1); (o)]. "Ordinances, policies, and standards" includes "zoning" and "any other rules, regulations, requirements, and policies of a local agency, as defined in Section 66000, including those relating to development impact fees…and other exactions" [Section 65589.5(o)(4)].

The Town's BMP program is codified in Division 6 of Article VIII of Chapter 29 of the Town Code and further detailed in the Town's Below Market Price Housing Program Guidelines (the "Guidelines").[5] The BMP Program is applicable to all residential projects that include five (5) or more residential units or parcels (Town Code § 29.10.3025). As applicable to this Project, the BMP Program requires that "all projects in excess of one hundred (100) market rate units must provide a number of BMP units equal to twenty (20) percent of the market rate units."[6] (*Id*.) The Guidelines establish additional requirements related to the characteristics of the BMP units, including the size, location and finish of said units (Guidelines, section III).

The requirement to provide BMP units is a written, objective standard that was in effect at the time that the Applicant submitted the preliminary application for the Project. As such, the Town may request additional information to determine how and whether the Applicant intends to comply with the requirement to provide BMP units, or alternatively, whether the

[5] The Town's BMP Program Guidelines are published on the Town's website and are available here: https://www.losgatosca.gov/DocumentCenter/View/2773/BMP-POLICIES?bidId=.

[6] To qualify as a builder's remedy project under the 2024 version of the HAA, the Project must be "housing for very low, low, or moderate income households" meaning that either (a) at least 20 percent of the total units shall be sold or rented to lower-income households (as defined in Health and Safety Code Section 50079.5) or (b) 100 percent of the units are sold or rented to persons and families of moderate income (as defined in Health and Safety Code Section 50093) or persons and families of middle income (as defined in Section 65008). (Section 65589.5(d); (h)(3).)

Applicant is seeking a waiver from the BMP requirements and the basis for the requested waiver.

State law also requires that occupants of the affordable housing units within a mixed-income multifamily structure shall have the same access to the common entrances and common areas and amenities of that structure as the occupants of the market-rate housing units and that a mixed-income multifamily structure shall not isolate the affordable housing units within that structure to a specific floor or an area on a specific floor (Health and Safety Code § 17929). The Town needs to know the location of the BMP units to confirm that the Project conforms with this requirement.

Finally, state and federal fair housing laws do not allow discrimination against families with children. The Town needs to know the size and number of bedrooms and baths to ensure that the units have the same proportion of bedrooms and baths as the market-rate units and are not all designated for studio and one-bedroom units that are unsuitable for children.

C. There Is No Evidence that the Course of Conduct was Undertaken for an Improper Purpose, Such as to Harass or to Cause Unnecessary Delay or Needless Increases in the Cost of the Proposed Project.

The Notice provides no evidence that the Town's course of conduct in providing the Staff Technical Review Letter was undertaken for the purpose of harassing the Applicant, causing unnecessary delay, or causing needless increases in Project costs. None of the requirements that the Applicant objects to would necessarily require changes in the Project, nor would they cause an unnecessary delay or increase in cost. The statute cannot be interpreted to mean that an applicant can submit a project inconsistent with Town ordinances, polices, guidelines and standards and then argue that the Town's actions in pointing out those inconsistencies was taken for an improper purpose.

The Applicant disagrees with some of the requirements contained in the Staff Technical Review Letter. However, even if the Applicant's arguments are correct, disagreements about the interpretation of State law cannot be considered to have been made for an improper purpose unless the Town's conclusions were made in bad faith, that is, "frivolous, pretextual, intended to cause unnecessary delay, or entirely without merit" [Section 65589.5(l)]. As described above and in the record, the Town has provided reasoned, good faith arguments for the conclusions in the Staff Technical Review Letter. Many of the arguments made by the Applicant are based on provisions of state law that are not even applicable to its Project.

Without evidence of an improper purpose for the Town's actions, its actions cannot constitute an "effective disapproval" under Section 65589.5(h)(6)(D).

Instructions on What the Applicant Must Submit or Supplement

Findings in response to a Challenged Conduct Notice must provide "clear instructions on what the Applicant must submit or supplement so that the local agency can make a final determination regarding the next necessary approval or set the date and time of the next hearing" [Section 65589.5(h)(6)(D)(iv)(II)].

The Applicant must submit or supplement the following so that the Town can make a final determination regarding the next necessary approval and set the date and time of the next hearing:

1. Submit an application for a Conditional Use Permit, and request that the mixed-use component of the conditional use not be required as part of the CUP application. Contact the Project planner, Ryan Safty, when prepared to pay the CUP application fee of $2,358.26 and indicate whether you will be paying the fee by check or credit card.

2. Submit a deposit fee of $2,750 for the Town's Consulting Arborist to complete a peer review of the arborist report you have submitted, and indicate whether you will be paying the fee by check or credit card.

3. Submit a deposit fee of $8,250 for the Town's Consulting Architect to complete a review of the Project plans, and indicate whether you will be paying the fee by check or credit card.

4. Submit revised floor plans for the Project specifying which units will be designated as BMP units and detailing the floor plan and number of bedrooms and baths for each BMP unit.

5. Submit a written statement in the Project Description/Letter of Justification either (a) explaining how the Project intends to comply with each of the four BMP Program requirements and state law, or (b) alternatively, if the Project will not comply with one or more of the BMP Program requirements, providing a justification for the requested deviation.

The Town will respond to the request regarding the Project's eligibility for the CEQA exemption provided by Public Resources Code Section 21080.66 within 30 days. If you disagree with this determination, you may elect to utilize the procedure established under the Housing Accountability Act to assert that the Project is eligible for a CEQA exemption (*See* Section 65589.5.1).

Attachments:

A. Challenged Conduct Noticed Filed with Town on October 2, 2025

B. Town's Fifth Planning Staff Technical Review Letter, dated September 17, 2025

C. C-1 Zoning District Standards and Town Code Section 29.20.185

D. Tree Protection Ordinance (Town Code Sections 29.10.0950 – 29.10.1050)

E. Resolution No. 2002-25, Resolution of the Town Council of the Town of Los Gatos Governing the Design Review Process and Clarifying the Roles and Responsibilities of the Town Planning Commission and Architectural Consultant

F. Agreement for Consultant Services, dated July 1, 2022, by and between the Town of Los Gatos and Larry Cannon of Cannon Design Group

G. Email with Estimate of Arborist Consulting Costs

Cc: Richard B. Jacobs
richardjacobslaw@gmail.com

Kurt Anderson, Architect

County of Santa Clara - Clerk-Recorder's Office
State of California

File Number: ENV25842
ENVIRONMENTAL FILING
No. of Pages: 14
Total Fees: $0.00
File Date: 10/09/2025
Expires: 11/08/2025

LOUIS CHIARAMONTE, Clerk-Recorder
By: Corinne Vasquez, Deputy Clerk-Recorder

SANTA CLARA COUNTY CLERK
Rec. 25.048 **CEQA FILING COVER SHEET**

THIS SPACE FOR CLERK'S USE ONLY

Complete and attach this form to each CEQA Notice filed with the County Clerk
TYPE OR PRINT CLEARLY

Check Document being Filed:

- ☐ Environmental Impact Report (EIR)
  - ☐ Filing Fee (new project)
  - ☐ Previously Paid F&W **(must attach F&W receipt and project titles must match)**
  - ☐ No Effect Determination **(F&W letter must be attached)**
- ☐ Mitigated Negative Declaration (MND) or Negative Declaration (ND)
  - ☐ Filing Fee (new project)
  - ☐ Previously Paid F&W **(must attach F&W receipt and project titles must match)**
  - ☐ No Effect Determination **(F&W letter must be attached)**
- ☐ Notice of Exemption (NOE)
- ☑ Other (Please fill in type):

Government Code Section 65589.5(h)(6)(D) - Challenged Conduct Notice

1. LEAD AGENCY: Town of Los Gatos
2. LEAD AGENCY EMAIL: rsafty@losgatosca.gov
3. PROJECT TITLE: 14288 Capri Drive
4. APPLICANT NAME: Kurt B. Anderson, AIA PHONE: (408)202-5462
5. APPLICANT EMAIL: kanderson@andarchinc.com
6. APPLICANT ADDRESS: 120 W. Campbell Ave, Suite D, Campbell, CA 95008
7. PROJECT APPLICANT IS A: ☐ Local Public Agency ☐ School District ☐ Other Special District ☐ State Agency ☑ Private Entity
8. NOTICE TO BE POSTED FOR 30 DAYS.

Filing fees are due at the time a Notice of Determination/Exemption is filed with our office. For more information on filing fees and No Effect Determinations, please refer to California Code of Regulations, Title 14, section 753.5.

Rev. 8/2023

ATTACHMENT A

County of Santa Clara
Clerk-Recorder's Office

110 West Tasman Drive, First Floor
San Jose, California 95134
(408) 299-5688

11/10/2025

TOWN OF LOS GATOS
110 E. Main St.
Los Gatos, CA 95030

Re: CALIFORNIA ENVIRONMENTAL QUALITY ACT POSTINGS

Dear Lead Agency:

Enclosed please find the public copy posted in Santa Clara County Clerk-Recorder's Office for 30 days per CALIFORNIA CODES PUBLIC RESOURCES CODE SECTION 21152 (c)

Sincerely,

County Clerk-Recorder

By: _____
Mike Louie , Deputy Clerk-Recorder

Board of Supervisors: Sylvia Arenas, Betty Duong, Otto Lee, Susan Ellenberg, Margaret Abe-Koga
Executive: James R. Wiliams

From: SoCal Industrial Equities
To: Ryan Safty; Kurt Anderson; Ben Eilenberg; Richard Jacobs
Subject: 14288 Capri Drive - Follow-up re: September 17, 2025 and September 18, 2025 letters
Date: Thursday, October 2, 2025 2:14:29 PM
Attachments: 9-18-2025 Letter.pdf
9-17-2025 Letter.pdf

[EXTERNAL SENDER]

Ryan,

I am following up on our letters sent two weeks ago. We have not received a substantive response to either one.

To remind you, the September 17, 2025 letter outlined the CEQA exemption in Public Resources Code Section 20180.66. The September 18, 2025 letter addressed the improper fees and requirements for the project imposed by the Town.

Please get back to us with a response from the Town on or before October 7, 2025.

Please consider this our request to move forward with the administrative process set forth in Government Code Section 65589.5(h)(6)(D). We will consider withdrawing the request depending on the substantive response. The violations are set forth in detail in the September 17, 2025 and September 18, 2025 letters, both of which are attached.

Thank you in advance.

Ben

LAW OFFICE OF RICHARD B. JACOBS

September 17, 2025

The Town of Los Gatos
Sent via email to Ryan Safty and uploaded

RE: CEQA Exemption under Public Resources Code Section 65589.5 for the project located at 14288 Capri Drive

As per the meeting this morning regarding this project located at 14288 Capri Drive I have been requested to prepare a short memorandum on the question of CEQA exemption for the project. As you may be aware, AB-130 was recently passed by the Legislature and signed by Governor Newsom. Among other matters, AB-130 added Section 20180.66 to the Public Resources Code. For your convenience, the link to AB-130 is https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260AB130.

Section 21080.66(a) sets forth an 8-part test to determine whether a project is exempt from CEQA. I have included each of the 8 parts below with an explanation of how this project meets the criteria:

1. The project must be less than 20 acres, or if it is a Builder's Remedy project, the project must be less than 5 acres. (§ 21080.66(a)(1)(A)&(B).)
    a. This project is a Builder's Remedy project. Therefore it must be less than 5 acres.
    b. This project is less than 1 acre.
2. The project site must be either within the boundaries of an incorporated municipality or be located within an urban area as defined by the U.S. Census Bureau. (§21080.66(a)(2)(A)&(B).)
    a. This project is located within the Town of Los Gatos.
    b. The Town of Los Gatos was incorporated in 1887.
3. The project must be on a parcel that meets any of the following criteria: (A) the parcel was previously developed with an urban use; **or** (B) at least 75% of the perimeter of the site adjoins parcels that are developed with urban uses; **or** (C) at least 75% of the area within one-quarter mile radius of the site is developed with urban uses; **or** (D) for sites with 4 sides, at least 3 of the 4 sides are developed with urban uses and at least 2/3 of the perimeter of the parcel adjoins parcels that are developed with urban uses.
    a. While any of the four preceding criteria are acceptable, this project meets all of the four different methods of satisfying this question.
    b. For convenience, I have included a satellite image of the project site:



c. The project parcel is already developed for urban use.
d. At least 75% of the surrounding parcels are developed for urban use.
e. At least 75% of the area within one-quarter mile is developed for urban use.
f. All 4 of the 4 sides are developed with urban uses and over 2/3 of the perimeter of the site adjoin parcels that are developed for urban uses.

4. The project is consistent with the general plan and/or zoning.
    a. This is a Builder's Remedy project subject to Government Code Section 65589.5.
    b. As per Government Code Section 65589.5(f)(6)(D)(iii), "(f)(6) Notwithstanding paragraphs (1) to (5), inclusive, all of the following apply to a housing development project that is a builder's remedy project: ...(D)(iii) Any project that complies with this paragraph shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, redevelopment plan and implementing instruments, or other similar provision for all purposes, and shall not be considered or treated as a nonconforming lot, use, or structure for any purpose."
    c. Summarized, Builder's Remedy projects are deemed consistent with general plans and zoning for all purposes.
    d. As this is a Builder's Remedy project, it is therefore legally deemed consistent with the general plan and zoning.
5. The project will be at least one-half of the applicable density specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.
    a. This is also known as the "Mullin Density."
    b. This means that the project must be at least five units per acre for an unincorporated area in a nonmetropolitan county, 10 units per acre in a suburban jurisdiction, and 15 units per acre in a metropolitan jurisdiction.

c. As this is a project in a suburban jurisdiction, the project must have at least 10 units per acre.
d. The project has more than the requisite units per acre.

6. The project satisfies the requirements specified in paragraph (6) of subdivision (a) of Section 65913.4 of the Government Code.
    a. Government Code Section 65913.4(a)(6) requires that a project not be on a site that is any of the following:
        i. An area of the coastal zone subject to paragraph (1) or (2) of subdivision (a) of Section 30603 of the Public Resources Code.
        ii. An area of the coastal zone that is not subject to a certified local coastal program or a certified land use plan.
        iii. An area of the coastal zone that is vulnerable to five feet of sea level rise, as determined by the National Oceanic and Atmospheric Administration, the Ocean Protection Council, the United States Geological Survey, the University of California, or a local government's coastal hazards vulnerability assessment.
        iv. In a parcel within the coastal zone that is not zoned for multifamily housing.
        v. In a parcel in the coastal zone and located on either of the following:
            1. On, or within a 100-foot radius of, a wetland, as defined in Section 30121 of the Public Resources Code.
            2. On prime agricultural land, as defined in Sections 30113 and 30241 of the Public Resources Code.
    b. This project is not in a coastal zone, therefore none of the above criteria are implicated.
7. The project does not require the demolition of a historic structure.
    a. There are no historic structures on the site.
8. For a project that was deemed complete on or after January 1, 2025, no portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging.
    a. This project was deemed complete after January 1, 2025.
    b. No portion of this project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging.

Therefore, as set forth in detail above, this project falls within the CEQA exemption created by AB130 and codified in Public Resources Code Section 21080.66(a).

Please confirm to me and my client that the Town will comply with Public Resources Code Section 21080.66(a) and issue a determination that this project is CEQA exempt on or before September 26, 2025.

Sincerely,

Richard B. Jacobs

LAW OFFICE OF RICHARD B. JACOBS

September 18, 2025

The Town of Los Gatos
Sent via email to Ryan Safty and uploaded

RE: Improper Requirements And Fees for the project located at 14288 Capri Drive

As per the meeting yesterday morning regarding this project located at 14288 Capri Drive I have been requested to prepare a short memorandum on the question of whether there are improper requirements and fees being demanded by the Town of Los Gatos. There are.

This letter specifically addresses the items listed in the September 17, 2025 Staff Technical Review for the project.

1. Project Consistency Related Items: Letters
    a. Item 1 – "Multi-Family Residential is not a principally permitted use (or an allowed conditional use) in the C-1 zone. The C-1 zone allows "multiple-family dwelling (in a mixed-use project)" with a conditional use permit. You must apply for a Conditional Use Permit, and request that the "mixed-use" component of the be removed as a part of the application. • Contact project planner when you are ready to pay the CUP fee, and staff will invoice. Please also confirm if you will be paying by check or credit card. • Previous deficiency comment moved to consistency. • This remains outstanding. The fee is now $3,524.26 based on the Town's new fee schedule. See the Town's letters from March 3, 2025, and May 27, 2025, addressing this comment and applicant responses in detail. The application materials continue to make the same argument, without responding to the Town's responses. • The response letter submitted on July 18, 2025, as well as the letter from the Law Office of Richard Jacobs dated May 16, 2025, state that this requirement is not in the "New Residential Submittal Requirements." As noted in the staff's response to the May 16, 2025, letter, the "New Residential Submittal Requirements" is not the Town's submittal checklist for a discretionary planning application. The "New Residential Submittal Requirements" is a checklist for Building Permit submittals"
        i. The primary issue that CUP's are not an allowable requirement for Builder's Remedy projects. This is because Government Code Section 65589.5 deems projects to be consistent with zoning and general plans once the planning application is complete.
            1. As per Government Code Section 65589.5(f)(6)(D)(iii), "(f)(6) Notwithstanding paragraphs (1) to (5), inclusive, all of the following apply to a housing development project that is a builder's remedy project: ...(D)(iii) Any project that complies with this paragraph shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, redevelopment plan and implementing

instruments, or other similar provision for all purposes, and shall not be considered or treated as a nonconforming lot, use, or structure for any purpose."

2. CUP's are only required for projects that are inconsistent with the "by right" uses for a zone. In this case, Government Code Section 65589.5(f)(6)(D)(iii) makes this project consistent with the "by right" uses for the zone.

ii. The second issue is that CUP's are, by their very nature, discretionary.
   1. According to Section 29.20.180 of the Town's Municipal Code, "Conditional use permits. The adoption of this chapter is based on the premise that there are uses which can be specified for each zone which, in practically all instances, will be mutually compatible. In addition, there are other uses which might be compatible with ordinarily allowed uses if properly located and regulated. These are called conditional uses. They are listed in section 29.20.185. <u>However, the listing of a conditional use does not indicate that the use must be allowed.</u> There will be locations or instances where a specified conditional use is inappropriate in a zone regardless of the extent of regulation."
   2. However, with Builder's Remedy projects all discretion must be exercised in favor of the approval and provision of housing. (Gov. Code § 89(a)(2)(L).) Therefore, any discretion must be exercised in favor of the project, meaning that the CUP process is both irrelevant and improper.

iii. The third issue is that CUP's do not address the only five questions that may be addressed by the Town under Government Code Section 65589.5(d)(5).
   1. As noted above, this project is a Builder's Remedy project under Government Code Section 65589.5. As this project was submitted while the Town's Housing Element was non-compliant, the five questions that may be addressed are encapsulated in Government Code Section 65589.5(d)(5). They are:
      a. (1) The jurisdiction has adopted a housing element pursuant to this article that has been revised in accordance with Section 65588, is in substantial compliance with this article, and the jurisdiction has met or exceeded its share of the regional housing need allocation pursuant to Section 65584 for the planning period for the income category proposed for the housing development project, provided that any disapproval or conditional approval shall not be based on any of the reasons prohibited by Section 65008. If the housing development project includes a mix of income categories, and the jurisdiction has not met or exceeded its share of the regional housing need for one or

more of those categories, then this paragraph shall not be used to disapprove or conditionally approve the housing development project. The share of the regional housing need met by the jurisdiction shall be calculated consistently with the forms and definitions that may be adopted by the Department of Housing and Community Development pursuant to Section 65400. In the case of an emergency shelter, the jurisdiction shall have met or exceeded the need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. Any disapproval or conditional approval pursuant to this paragraph shall be in accordance with applicable law, rule, or standards.

b. (2) The housing development project or emergency shelter as proposed 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 development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible. As used in this paragraph, a "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 the application was deemed complete. The following shall not constitute a specific, adverse impact upon the public health or safety:
    i. (A) Inconsistency with the zoning ordinance or general plan land use designation.
    ii. (B) The eligibility to claim a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code.
c. (3) The denial of the housing development project or imposition of conditions is required in order to comply with specific state or federal law, and there is no feasible method to comply without rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible.
d. (4) The housing development project or emergency shelter is proposed on land zoned for agriculture or resource preservation that is surrounded on at least two sides by land being used for agricultural or resource preservation

purposes, or which does not have adequate water or wastewater facilities to serve the project.

e. (5) On the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction had adopted a revised housing element that was in substantial compliance with this article, and the housing development project or emergency shelter was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation as specified in any element of the general plan.
    i. (A) This paragraph shall not be utilized to disapprove or conditionally approve a housing development project proposed on a site, including a candidate site for rezoning, that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element if the housing development project is consistent with the density specified in the housing element, even though the housing development project was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation on the date the application was deemed complete.
    ii. (B) If the local agency has failed to identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, has failed to demonstrate that the identified zone or zones include sufficient capacity to accommodate the need for emergency shelter identified in paragraph (7) of subdivision (a) of Section 65583, or has failed to demonstrate that the identified zone or zones can accommodate at least one emergency shelter, as required by paragraph (4) of subdivision (a) of Section 65583, then this paragraph shall not be utilized to disapprove or conditionally approve an emergency shelter proposed for a site designated in any element of the general plan for industrial, commercial, or multifamily residential uses. In any action in court, the burden of proof shall be on the local agency to show that its housing element does satisfy the requirements of paragraph (4) of subdivision (a) of Section 65583.

f. A CUP does not fit this five point analysis.

b. Item 3 – "CEQA: Clarify whether the applicant team anticipates providing any technical studies related to environmental analysis (traffic, habitat, cultural, air quality, noise, soils etc.) for peer review by the Town Environmental Consultants. If not provided, the studies determined to be required by the Environmental Consultant will be prepared by the Town Environmental Consultants at the cost of the applicant. • You previously indicated via email that your team will prepare an Arborist Report and Traffic Study. Please confirm. Additionally, an email was forwarded to your team on 9/13/24, requesting some additional information in the Phase I ESA and the Noise Report. Please provide a response. • The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please specify which CEQA exemption you believe applies to this project, and provide substantial evidence that the project meets each requirement of the exemption. Staff will then review to determine eligibility.
    i. This item has already been addressed in my letter dated September 17, 2025, a courtesy copy of which is attached hereto as **Exhibit 1**.
    ii. I will also note, to the extent that the Town wishes to attempt to seek additional reports on environmental matters that would be addressed in the CEQA process, those reports are now unnecessary as this project is CEQA exempt.

c. Item 4 – "CEQA: Staff is coordinating with Town Environmental Consultants to determine what environmental analysis will be required for the project. Environmental analysis is required at cost to the applicant. Staff will require payment of a deposit at a future date. • The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please see response to #9 above."
    i. This item has already been addressed in my letter dated September 17, 2025, a courtesy copy of which is attached hereto as **Exhibit 1**.
    ii. I will also note, to the extent that the Town wishes to attempt to seek additional reports on environmental matters that would be addressed in the CEQA process, those reports are now unnecessary as this project is CEQA exempt.

d. Item 5 – "Review by the Town's Consulting Arborist is required to provide a peer review of the arborist report submitted by the applicant. A deposit payment of $2,750 is required. • This continues to remain outstanding."
    i. The primary issue is that the standards of review for the Town Arborist are, by their very nature, discretionary.
        1. According to Section 29.10.0990 of the Town's Municipal Code, "Standards of review.
        2. The Director or deciding body shall review each application for a tree removal permit required by this division using the following standards of review. The standards of review are intended to serve as criteria for evaluating tree removal requests and the basis upon

which the Director or the deciding body will subsequently determine whether or not one (1) or more of the Required Findings listed in section 29.10.0992 can be made. (1)The condition of the tree or trees with respect to: (a) disease, (b) imminent danger of falling, (c) structural failure, (d) proximity to existing or proposed structures, (e) structural damage to a building, or (f) a public nuisance caused by a tree. The International Society of Arboriculture (ISA) Best Management Practices for Tree Risk Assessment shall be used where appropriate in determining a Tree Risk Rating.(2)The condition of the tree giving rise to the permit application cannot be reduced to a less than significant level by the reasonable application of preservation, preventative measures or routine maintenance.(3)The removal of the tree(s) will not result in a density of trees or tree cover that is inconsistent with the neighborhood.(4)The number of trees the particular parcel can adequately support according to good urban forestry practices, or whether a protected tree is a detriment to or crowding another protected tree.(5)In connection with a proposed subdivision of land into two (2) or more parcels, the removal of a protected tree is unavoidable due to restricted access to the property or deemed necessary to repair a geologic hazard (landslide, repairs, etc.).(6)Except for properties located within the hillsides, the retention of a protected tree would result in reduction of the otherwise-permissible building envelope by more than twenty-five (25) percent.(7)The Hillside Development Standards and Guidelines.(8)Removal of the protected tree(s) will not result in a substantial adverse change in the site's aesthetic and biological significance; the topography of the land and the effect of the removal of the tree on erosion, soil retention, or diversion or increased flow of surface waters.(9)Whether the Protected Tree has a significant impact on the property. Significant impact from a tree is defined in section 29.10.0955. Definitions.(10)The species, size (diameter, canopy, height), estimated age and location on the property of the protected tree."

3. However, with Builder's Remedy projects all discretion must be exercised in favor of the approval and provision of housing. (Gov. Code § 89(a)(2)(L).) Therefore, any discretion must be exercised in favor of the project, meaning that the consulting arborist review is both irrelevant and improper.
4. As the Town cannot create new standards to apply to the project after the submission of the SB330 Preliminary Application under Government Code Sections 65941 *et seq.*, the Town's Arborist

cannot perform the discretionary review called for in the Town's Municipal Code.

e. Item 6 – "Review by the Town's Consulting Architect requires payment of a $8,250 deposit. • This continues to remain outstanding."
    i. The primary issue for this requirement is that it is unsupported by my review of the Town's Municipal Code. I did not find any reference to a requirement that the Town's Consulting Architect be retained to review the project.
    ii. The second issue is that any review of the project is limited to the Town' objective design standards in place at the time of the submission of the SB330 Preliminary Application. (Gov. Code § 65589.5(f).) Review of the objective design standards is traditionally the purview of the Planning Staff, not an outside architectural consultant. If you contend that the Town's Consulting Architect is the party conducting the Town's objective design standard analysis, please provide the following:
        1. The statutory authorization delegating that power to the Town's Consulting Architect; and
        2. The contract for the Town's Consulting Architect showing that his/her duties include the review of projects for objective design standards.
f. Item 7 – "Please reach out to all necessary outside agencies and neighboring properties regarding this project (Caltrans, VTA, FAA for the helipad, etc.). • plan.review@vta.org • This remains outstanding. The July 2025 response letter says that VTA communication has already been provided. Staff has not been provided with this information. Staff reached out to VTA, who provided comments on 5/29/25, which were forwarded to your team. Provide a response letter to VTA's comments, explaining what has been addressed."
    i. There is no helipad on this project, so the FAA is irrelevant.
    ii. My clients have already posted all required signage regarding the development providing notice to the neighbors. Please send us any statutory authority for additional requirements regarding noticing the neighbors.
    iii. As to Caltrans and VTA, traffic impacts are part of the CEQA analysis. This item has already been addressed in my letter dated September 17, 2025, a courtesy copy of which is attached hereto as **Exhibit 1**.
    iv. Finally, there does not appear to be a basis for imposing exactions from Caltrans and VTA. The VTA's own admission in its email dated May 29, 2025 that it is not providing ADA compliant facilities two blocks away from my client's project does not obligate my client to pay for the VTA coming into compliance with the ADA. Please provide any basis for imposing this exaction on the project.
g. Item 8 – "Below Market Price Units: The floor plans and the "Project Description/Letter of Justification" need to specify which units are Below Market Price (BMP) and specify how compliance with the Town's BMP requirements are

met. Detailed floor plans for each unit must be provided. The letter should respond to each of the four characteristics listed in Section III below, and the plans should contain enough information so that staff can determine that the size of units are compatible with the market rate, that the location of BMP units are dispersed throughout the proposal, that the exterior appearance be indiscernible from the market rate units, and that all project facilities and amenities be available to the BMP units. Pursuant to the Town's Below Market Price Housing Program, Section III (Characteristics of BMP Units): A. Size of units: BMP dwelling units should to the extent possible, be consistent with the market rate units in the project. The Town and developer may negotiate regarding the size of units if more units than required are to be provided. BMP units should be provided proportionately in the same unit type mix (number of bedrooms) as the market rate units. In consideration of the household size of the households on the current program interest list, the Town and developer may negotiate to provide a greater proportion of a particular unit type. There should to the extent possible, not be a significant identifiable difference between the BMP and market-rate units visible from the exterior. The size and design of the BMP units should to the extent possible, be consistent with the market-rate units in the development. The goal of the BMP Program is for a seamless integration of the BMP units with the market-rate units in a development. B. Location of units: BMP units shall be dispersed throughout the development, to the extent feasible, in all buildings, on each floor, and in each project phase. A concentration of BMP units in one location is not desirable and will generally not be allowed. C. Finish of units: The external appearance of BMP units should be indiscernible to that of the market rate units in the project. The internal finish of BMP units should be identical to that of the market rate units in the project, except that the developer may request Town approval of substitutions for luxury interior finishes, appliances, or fixtures, if such substitutions do not violate any Town code requirement. D. Project Facilities: All project facilities and amenities, including parking, must be available on the same basis to the BMP units as to the market rate units in the project, to the extent feasible, unless the deciding body approves a reduction in parking for the BMP units. • This remains outstanding. The Project Description/Letter of Justification does not mention the Town's BMP program. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation."

   i. The Town's BMP program is superseded by the California State Housing Laws for this project, including the Housing Crisis Act, the Housing Accountability Act, the Permit Streamlining Act and the related measures. (Cal. Const. Art. XI, Sec. 7.) Therefore, the Town's BMP program is irrelevant to this project.

h. Item 10 – "Project Description/Letter of Justification: (Updated 7/17/25) - Staff is requesting that this information be included in the revised "Project Description/Letter of Justification". • See comment above regarding BMP information included in the letter. The letter needs to also specify the exact

number of proposed BMP units (not a percentage). • This continues to remain outstanding (BMP information). The July 2025 response letter says that this was included in the plans. However, staff is asking for a written statement in the Project Description/Letter of Justification. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation."

i. The Town's BMP program is superseded by the California State Housing Laws for this project, including the Housing Crisis Act, the Housing Accountability Act, the Permit Streamlining Act and the related measures. (Cal. Const. Art. XI, Sec. 7.) Therefore, the Town's BMP program is irrelevant to this project.

While my client is happy to work with the Town on any items that do not conflict with the State Housing Laws, these items do conflict with those laws and therefore are improper restrictions and exactions on the project.

Please confirm to me and my client that the Town will comply with the State Housing Laws and rescind the foregoing requirements.

Sincerely,

Richard B. Jacobs

TOWN OF LOS GATOS
FIFTH STAFF TECHNICAL
REVIEW COMMENTS

STAFF TECHNICAL REVIEW
PLANNING DIVISION
September 17, 2025

ITEM 4: 14288 Capri Drive
Architecture and Site Application S-24-044

Requesting Approval for Demolition of an Existing Commercial Building, Construction of a Multi-Family Residential Development (119 Apartment Units), Site Work Requiring a Grading Permit, and Removal of Large Protected Trees Under Senate Bill 330 (SB 330) on Property Zoned C-1. APN 406-30-016. CEQA Review is Pending.
PROPERTY OWNER: Los Gatos LLC.
APPLICANT: Kurt B. Anderson.

PROJECT PLANNER: Ryan Safty
LAST REVIEWED BY STAFF: 9/18/24, 1/8/25, 4/23/25, 8/14/25
SUBMITTAL DATE: 8/23/24

DETERMINATION: This planning application resubmitted to the Town on August 22, 2025, is deemed COMPLETE effective September 17, 2025. In conformance with Section 65589.5(j)(2), this letter provides written documentation identifying the applicable plans, programs, policies, ordinances, standards, requirements, and similar provisions that the project is inconsistent with, and the reasons the project is inconsistent.

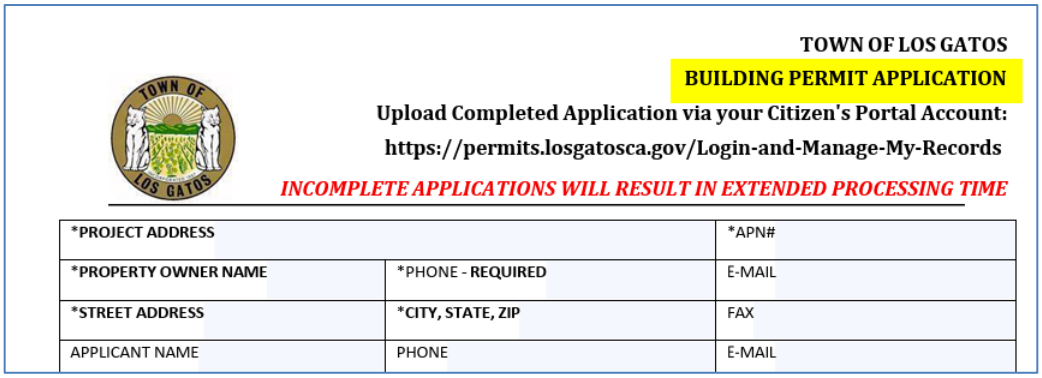
The Town is currently seeking a judicial determination regarding the correct interpretation of Government Code Section 65941.1(e). Under the Town's interpretation, the vesting provided by your preliminary application has expired prior to this completeness determination. However, if requested by you, the Town will continue to process this planning application, at your own risk, under the vesting provided by your preliminary application, pending a judicial determination regarding the effect of Government Code Section 65941.1(e) upon any vesting provided by your preliminary application.

The following comments apply to the most recent submittal. Resubmittal of plans and application materials to address inconsistencies noted herein is required. Comments that have been resolved are shown in ~~strikeout~~, additional notes are provided in green for those that remain outstanding.

When resubmitting, please continue to provide the Town with two printed, full-sized plan sets (24" by 36").

ENVIRONMENTAL: CEQA review is pending.

SUBMITTAL NOTE: The July 2025 resubmittal documents erroneously refer to the "New Residential Submittal Requirements" as the appropriate application package and submittal requirements to follow. This is not the application package for a discretionary planning application. Instead, this is a Building Permit Application submittal guide. If you click on the link to the (incorrect) application package which your letters refer to, "New Residential Submittal Requirements", you will see the following: https://www.losgatosca.gov/DocumentCenter/View/23918/New-Residential-Submittal-Requirements-and-Application-PDF?bidId=



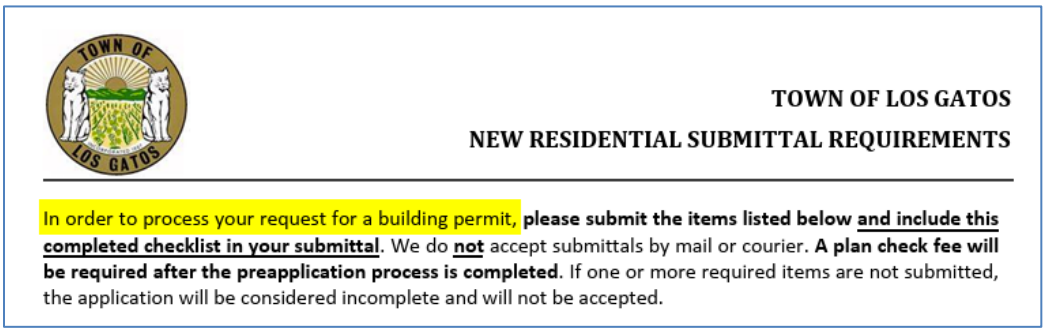
TOWN OF LOS GATOS

BUILDING PERMIT APPLICATION

Upload Completed Application via your Citizen's Portal Account:
https://permits.losgatosca.gov/Login-and-Manage-My-Records

INCOMPLETE APPLICATIONS WILL RESULT IN EXTENDED PROCESSING TIME

*PROJECT ADDRESS		*APN#
*PROPERTY OWNER NAME	*PHONE - REQUIRED	E-MAIL
*STREET ADDRESS	*CITY, STATE, ZIP	FAX
APPLICANT NAME	PHONE	E-MAIL



TOWN OF LOS GATOS

NEW RESIDENTIAL SUBMITTAL REQUIREMENTS

In order to process your request for a building permit, **please submit the items listed below and include this completed checklist in your submittal**. We do **not** accept submittals by mail or courier. **A plan check fee will be required after the preapplication process is completed**. If one or more required items are not submitted, the application will be considered incomplete and will not be accepted.

The **correct application package**, which is what your team signed and submitted when applying for this application, can be found via the link below.
https://www.losgatosca.gov/DocumentCenter/View/361/Development-Review-Application-Package-PDF?bidId=

PROJECT DEFICIENCIES RELATED TO APPLICATION COMPLETENESS: NONE

TOWN OF LOS GATOS
FIFTH STAFF TECHNICAL
REVIEW COMMENTS

CONSISTENCY ISSUES: While conducting the completeness review of your planning application, staff had previously identified consistency issues that were observed and had provided them as "courtesy consistency comments" while the application was incomplete. The following list constitutes the Consistency Review for Planning, in conformance with Section 65589.5(j)(2). Items underlined are new (consistency) comments based on new information provided as part of the July and August 2025 resubmittal to the Town. Although a resubmittal occurred in August 2025, only the outstanding completeness items were addressed and no response letters were received, so these consistency comments from August 14, 2025, remain outstanding.

PROJECT CONSISTENCY RELATED ITEMS: LETTERS

1) Multi-Family Residential is not a principally permitted use (or an allowed conditional use) in the C-1 zone. The C-1 zone allows "multiple-family dwelling (in a mixed-use project)" with a conditional use permit. You must apply for a Conditional Use Permit, and request that the "mixed-use" component of the be removed as a part of the application.
   - Contact project planner when you are ready to pay the CUP fee, and staff will invoice. Please also confirm if you will be paying by check or credit card.
   - **Previous deficiency comment moved to consistency.**
   - This remains outstanding. The fee is now $3,524.26 based on the Town's new fee schedule. See the Town's letters from March 3, 2025, and May 27, 2025, addressing this comment and applicant responses in detail. The application materials continue to make the same argument, without responding to the Town's responses.
   - The response letter submitted on July 18, 2025, as well as the letter from the Law Office of Richard Jacobs dated May 16, 2025, state that this requirement is not in the "New Residential Submittal Requirements." As noted in the staff's response to the May 16, 2025, letter, the "New Residential Submittal Requirements" is not the Town's submittal checklist for a discretionary planning application. The "New Residential Submittal Requirements" is a checklist for Building Permit submittals.
2) ~~Provide photographs of the existing development on-site. The photographs on the plans just show street views (Google) and do not include the interior of the lot and existing structures and sheds.~~
3) CEQA: Clarify whether the applicant team anticipates providing any technical studies related to environmental analysis (traffic, habitat, cultural, air quality, noise, soils etc.) for peer review by the Town Environmental Consultants. If not provided, the studies determined to be required by the Environmental Consultant will be prepared by the Town Environmental Consultants at the cost of the applicant.
   - *You previously indicated via email that your team will prepare an Arborist Report and Traffic Study. Please confirm. Additionally, an email was forwarded to your team on*

9/13/24, requesting some additional information in the Phase I ESA and the Noise Report. Please provide a response.

- The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please specify which CEQA exemption you believe applies to this project, and provide substantial evidence that the project meets each requirement of the exemption. Staff will then review to determine eligibility.

4) CEQA: Staff is coordinating with Town Environmental Consultants to determine what environmental analysis will be required for the project. Environmental analysis is required at cost to the applicant. Staff will require payment of a deposit at a future date.
   - The response letter uploaded in July 2025 states that, "under the new laws passed, CEQA no longer applies to this project." Please see response to #9 above.
5) Review by the Town's Consulting Arborist is required to provide a peer review of the arborist report submitted by the applicant. A deposit payment of $2,750 is required.
   - This continues to remain outstanding.
6) Review by the Town's Consulting Architect requires payment of a $8,250 deposit.
   - This continues to remain outstanding.
7) Please reach out to all necessary outside agencies and neighboring properties regarding this project (Caltrans, VTA, FAA for the helipad, etc.).
   - plan.review@vta.org
   - This remains outstanding. The July 2025 response letter says that VTA communication has already been provided. Staff has not been provided with this information. Staff reached out to VTA, who provided comments on 5/29/25, which were forwarded to your team. Provide a response letter to VTA's comments, explaining what has been addressed.
8) Below Market Price Units: The floor plans and the "Project Description/Letter of Justification" need to specify which units are Below Market Price (BMP) and specify how compliance with the Town's BMP requirements are met. Detailed floor plans for each unit must be provided. The letter should respond to each of the four characteristics listed in Section III below, and the plans should contain enough information so that staff can determine that the size of units are compatible with the market rate, that the location of BMP units are dispersed throughout the proposal, that the exterior appearance be indiscernible from the market rate units, and that all project facilities and amenities be available to the BMP units. Pursuant to the Town's Below Market Price Housing Program, Section III (Characteristics of BMP Units):

   A. Size of units: BMP dwelling units should to the extent possible, be consistent with the market rate units in the project. The Town and developer may negotiate regarding the size of units if more units than required are to be provided. BMP units should be provided proportionately in the same unit type mix (number of bedrooms) as the market rate units. In consideration of the household size of the households on the current program interest list, the Town and developer may negotiate to provide a greater proportion of a particular unit type. There should to the extent possible, not be a significant identifiable difference between the BMP

and market-rate units visible from the exterior. The size and design of the BMP units should to the extent possible, be consistent with the market-rate units in the development. The goal of the BMP Program is for a seamless integration of the BMP units with the market-rate units in a development.

B. Location of units: BMP units shall be dispersed throughout the development, to the extent feasible, in all buildings, on each floor, and in each project phase. A concentration of BMP units in one location is not desirable and will generally not be allowed.

C. Finish of units: The external appearance of BMP units should be indiscernible to that of the market rate units in the project. The internal finish of BMP units should be identical to that of the market rate units in the project, except that the developer may request Town approval of substitutions for luxury interior finishes, appliances, or fixtures, if such substitutions do not violate any Town code requirement.

D. Project Facilities: All project facilities and amenities, including parking, must be available on the same basis to the BMP units as to the market rate units in the project, to the extent feasible, unless the deciding body approves a reduction in parking for the BMP units.

- This remains outstanding. The Project Description/Letter of Justification does not mention the Town's BMP program. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation.

9) ~~Contact the garbage and recycling service provider to ensure the trash rooms and trash pickup (once shown on the plans) are adequately sized for the proposed uses and that they have adequate access for pick up. Provide correspondence from provider.~~

10) Project Description/Letter of Justification: (Updated 7/17/25) - Staff is requesting that this information be included in the revised "Project Description/Letter of Justification".

- See comment above regarding BMP information included in the letter~~. The letter needs to also specify the exact number of proposed BMP units (not a percentage).~~
  - This continues to remain outstanding (BMP information). The July 2025 response letter says that this was included in the plans. However, staff is asking for a written statement in the Project Description/Letter of Justification. If the Town's BMP program would not be complied with regarding BMP unit size or other standards, please provide the justification for this deviation.
- ~~The Existing Property Description states that the property is located at the southwest corner of Winchester and Highway 85. This is not accurate. The property is north of the intersection.~~
- ~~The Existing Property Description states that the project is surrounded on three sides by streets and parking. This is not accurate. It is surrounded on two sides by streets, and the third side is an existing residence.~~
- ~~The letter states that, "the exterior façade incorporates stone and [….]," yet stone is not shown in the plans.~~
- ~~Clarify if the rooftop uses are exclusively for the residents, or if they are also available to~~

~~the public and provide a summary of the roof top uses.~~

- ~~Provide details on how the mechanical parking spaces will work.~~
  i. ~~Are the spaces going to be used exclusively for residents? Will someone need to be on-site to maintain them? How do you ensure someone's car is not blocking you in? Are some of the spaces reserved for the leasing office?~~
- ~~Provide justification for the helipad, which is a prohibited use per Town Code Section 29.10.045.~~
- ~~If no commercial or public uses are proposed, this multi-family residential use is not allowed in the C-1 zone (whether principally permitted or a conditional use). Provide justification.~~
- ~~Update the "Compliance with the Objective Design Standards" based on staff's markups. It is not accurate.~~
- The letter states that each residential level has the same number of units and unit types. That is not accurate. Level 12 is different from the others.
  - This continues to remain outstanding. The July 2025 response letter says that this was updated to state that levels 5 through 11 have 15 units and that level 12 has 14 units. The letter continues to say the following: "There are eight stacked residential levels which are comprised of five studios, 7 one-bedroom units, 2 two-bedroom units and 1 three-bedroom unit per level," but doesn't explain the configuration of level 12.
- ~~The letter says that all units have exterior balconies that exceed the Town's requirements. That is not accurate. The juliet balconies are much smaller than the required 60 square feet per unit.~~
- The plans and response letter refer to guest parking, reserved unit parking, and office parking. Please provide a statement within the letter to how this will work. Do the larger units get additional spaces, or are not all of the resident spaces "reserved"?
  - This remains outstanding. The question will come up at public hearings (as with other projects). 181 stalls are proposed for the 119 residential units. Does your team know how these will be distributed? If so, please specify in your letter.
- Specify which Town Requirements are not being complied with for this project.
  - The July 2025 letter now includes a list of (some) of the items that are not being complied with, but only the ones from the Objective Design Standards checklist. Note: Town Code and the General Plan also include objective standards. Please include all of the exceptions; such as: max lot coverage (General Plan and Town Code), max building height (General Plan and Town Code), max density (General Plan), max FAR (Town Code), max height (Town Code), setbacks (Town Code), cul-de-sac radius (Town Code), parking garage minimum turn radius (Town Code), allowed uses (Town Code), etc. Ensure that all items listed as not compliant (marked "no") in the Objective Design Standards checklist are included here.
- ~~Provide basic project information (lot size, building size, existing building size to be demolished, proposed use, height, etc.).~~

- The letter should speak to how the project complies with the 2020 General Plan Land Use and Community Design elements.
  - This comment remains outstanding. We understand your team's position that General Plan conformance is not required. However, staff is asking that this information be included in the Letter of Justification.
- ~~The letter should speak to the required conditional use permit findings per the Town's application package.~~
- ~~The letter should speak to the structural condition of the (previously) residential structure per the Town's application package.~~
- The letter now erroneously refers to the "New Residential Submittal Requirements" as the appropriate application package and submittal requirements to follow. This is not the application package for a discretionary planning application. Instead, this is a Building Permit Application submittal guide. If you click on the link included in your letter, you will see that this is referring to Building Permit submittals.
- Some of the plans now show a turning radius along the cul-de-sac that is below the Town requirement 32 feet. If this is proposed, justification is needed here to ensure that adequate space is provided for cars and emergency vehicles. See comment from Santa Clara County Fire on this item.
- The revised letter now states that CEQA is not required. Please see earlier responses to #9 and #10 above.
- The revised Proposed Development Description section refers to a new landing pad, which has been removed from the proposal based on the latest plans. Remove mention to the landing pad from the Proposed Development Description.
- The Compliance with the Objective Design Standards Section states that the application is meeting VTA's short-term parking recommendation. Specify what VTA's recommendation is. Per the cover sheet of the plans, VTA's recommendation is 1 space for every 20 stalls for GUEST bike parking. What do they recommend for the tenants?
- The Compliance with the Objective Design Standards Section states that the "items that do not comply are addressed below." The second item listed (long-term bike parking) states: "we are in compliance." As noted in the Objective Design Standards Checklist, the required number of bike spaces is complied with, but the location is not. Update accordingly.
- Justification for Item A.3.4 is not applicable. The justification is related to the number of spaces required (which should be A.3.2). A.3.4 refers to dimensions of bike rooms, which also needs separate justification as the height is not complied with in Diagram 8.

11) Objective Design Standard Checklist: The Objective Design Standard Checklist ~~is incomplete and~~ was filled out incorrectly. Please see attached for staff's comments. When resubmitting, please follow the format provided in staff's comments. The Excel document can be provided to you upon request, and there is a column for the applicant's response. Additionally, when

noting the sheet that the objective standard is located on, ensure that the level of specificity is also detailed on the sheet for staff to verify the project's compliance. Describe how each Objective Design Standard is being achieved. Provide exhibits, details, and dimensions in planning set as necessary to illustrate and quantify how each applicable standard is achieved.

- This remains outstanding. A large portion of the previous comments were successfully addressed, but staff still needs additional details (see attached updated ODS Checklist). When responding "no" to any of the items, please provide brief justification within the "applicant response" section. Alternatively, a separate letter of exceptions can be submitted which provides this justification.

12) Provide response letters to the Town' review letters. No responses provided this last round.

PROJECT CONSISTENCY RELATED ITEMS: PROJECT PLANS

Cover Sheet:

13) ~~Project Details:~~
- ~~Dedication appears to be required. Specify existing and proposed lot size (before and after dedication).~~
- ~~Specify the existing building size and use.~~
- ~~Specify the size of the office/leasing area.~~
- ~~Specify existing and proposed lot coverage.~~
- ~~Specify existing and Correct the proposed floor area ratio.~~
- ~~Specify number of BMP units and what affordability level they are.~~

14) ~~Project Summary:~~
- ~~Specify the size and height of the existing structures to be removed.~~

15) ~~Gross Building Floor Area per Floor:~~
- ~~Provide a separate column which shows the countable floor area of each floor (removing the balconies and decks).~~

16) ~~Parking Table:~~
- ~~Specify if any of the spaces are reserved. Does each unit get reserved spaces? Are there any spaces for the leasing office and employees?~~

17) ~~Bicycle Parking:~~
- ~~Use the same terminology that the Town uses ("Short-Term vs "Long-Term"), differentiating the types and number of spaces provided.~~

18) ~~Open Space:~~
- ~~Use the same terminology as the Town ("Landscape area", "Private Recreation Space", "Community Recreation Space").~~
- ~~Specify the proposed amount of each area, and highlight each area on the plans. The "provided private open space" section is blank.~~

19) ~~Project Summary:~~

- ~~The total height of the building is 163'-4" per Sheet A7.0, not 154'. The plans need to consistently show this maximum height.~~

20) ~~Add the dedicated office parking spaces to the Vehicle Parking Requirement & Provided section so that the numbers match (158 vs 160 spaces).~~

21) ~~The Unit Data table contains a "total" column that is unclear. Specify what "total" this is showing. If it is floor area, the math is wrong. This table is on several sheets.~~

22) The required parking shown is wrong (Town Code requires 300 spaces).
- This continues to remain outstanding. The plans say "required parking", implying that the Town's standard parking requirement is not 300 spaces. Please also add a line for "Town's required parking". If the intent here is to use a different parking requirement (i.e. per State Density Bonus Law), please clarify. As of now, the statement appears to be saying that the Town Code requirement is 145 spaces, which is not accurate.
- The response letter claims that Town Code does not require 300 spaces. See Town Code parking breakdown below:

i. 1.5 parking spaces per unit = 179 spaces
ii. 1 visitor parking space per unit = 119 spaces
iii. Office parking is 1 space/235 sf = 2 spaces
iv. Total = 300 spaces

23) ~~Enclosed bike parking within the parking garage is "long term", not "short-term". Update the provided bike parking totals accordingly.~~

24) ~~The Gross Building Floor Area Per Floor table shows levels 6-12 being 19,674 sf. The floor plans show 19,643 sf. Update accordingly.~~

25) ~~Please update all renderings to show trees at time of planting, or add a note stating how long it will take the trees to get to this size. It seems unlikely that the palm trees on Capri Drive will be 30+ feet tall at time of planting.~~

26) ~~The existing building height that was added this last round does not match the existing height shown on the survey sheet.~~

27) ~~The proposed floor area ratio that was added this last round is incorrect. It should be roughly 10.5 (244,951/23,225).~~

28) The proposed parking counts table do not match the numbers shown throughout the floorplans. Please ensure consistency throughout plan sheets.
- This remains outstanding. The table shows 187 spaces, yet the Project Details to the left show 188 stalls. It appears the error stems from the Parking Stalls Provided table, as level 1 is shown with a total of 102 spaces, yet DG0.1 shows 102 spaces here.

29) ~~The proposed setbacks that were added are incorrect. The proposed side yards per Sheet A2.0 are roughly 16' and 1'. The cover sheet shows 0'.~~

30) The required setbacks that were added are incorrect. The required front setback along Capri is 175' (see Town Code for additional height requirements when a building is across the street from a residential zone and over 20 feet in height). The rear setback along Winchester is 15' (see Town Code definition of "through lot"). The required side setbacks are 0'.

- This remains outstanding. The response letter says that this is a Builder's Remedy project and that setbacks don't have to be met. That said, your plans list "required setbacks" which are not consistent with the Town's requirements. Revise accordingly.

31) The Total Grand Floor Area (275,197) does not match the Gross SF Grand Total (274,980 sf) in the table below.
- This remains outstanding as these totals are still not consistent in the plans. The updates now show total countable floor area as both 244,951 sf and 242,612 sf, and show the total gross sf as both 274,536 sf and 272,808 sf. The plans need to be consistent.
- Note that in the Floor Area Table, the basement should not be included in the "countable sf".

32) Please add the Town's required bike parking to the Bicycle Parking Table that was added.
- This remains outstanding. The table currently doesn't make sense. The table shows the Town's requirement (1 per unit) and then shows the VTA's recommended guest bike parking (1 per 20 units) for a "total required" of 125, when the Town requires 119. It would be helpful if you could use the Town's standard language "short-term" vs "long-term". Is VTA's guest parking requirement supposed to supplement the Town standard for short-term bike parking?
- Additionally, the "long-term (residence)" bike parking shows 126 at levels 1 though 4, while the counts on DG0.1 and DG0.2 add up to 138.

33) ~~Project Summary: ensure the existing (14' vs 16') and proposed (167' vs 171') building heights listed in this table are consistent with the heights shown in the plans.~~

34) ~~The landscape area table does not match what is shown in the landscape plans.~~

35) Update the submittal dates on the title sheet to reflect this August 22, 2025, submittal.

Old Sheet C1.0 (New Sheet C2.0):

36) ~~Label existing setbacks.~~

37) ~~The survey shows an existing 4,292 sf building to be removed. Based on Google Maps, County Assessor's office, and site pictures, the existing building is closer to 2,100 sf and there are several sheds at the rear of the site. Update the survey accordingly.~~

38) The existing tree table is missing information (see submittal item comments above).
- This continues to remain outstanding. See comments above regarding height.

39) ~~Provide a legend for the symbols and abbreviations used.~~

40) ~~All trees with canopies within 30' of construction shall be included in the tree inventory and on this sheet. The neighbor trees at 14274 Capri Drive are missing. Also label the (what appears to be) shrubs along Winchester Boulevard.~~

41) ~~The arborist report, once updated per comment above, needs to provide protection recommendation for the missing trees.~~

42) ~~Ensure driplines are included for all trees identified. For example, trees 9 and 10 don't have driplines/canopies shown, and there are some canopies shown that aren't numbered.~~

43) ~~Who owns Tree 31? (town or neighbor?)~~

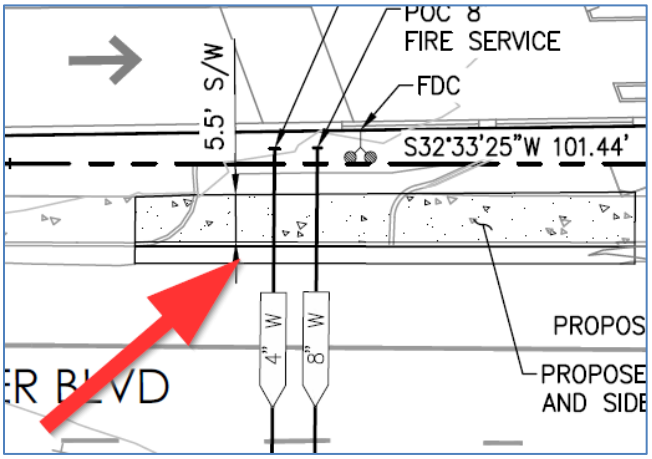
44) Specify which of the trees are considered fruit-bearing. Now that canopy spread and tree height was provided, staff calculated the tree replacement requirement as being (108) 24"

box trees or (54) 36" box trees. As proposed, only (23) 36" box trees are proposed, which would be short of the requirement by (31) 36" box trees or (62) 24" box trees. This would require an in-lieu payment of $15,500 per Town Code. However, several of these trees may be exempt from the replacement requirement if they are determined to be "fruit-bearing" (Trees 10, 17, 20, 21, 26, 27, 30-36, and 39). This could drastically reduce the in-lieu fee.

Old Sheet C2.0 (New Sheet C3.0):

45) ~~Utilities are shown overhead. Confirm with PPW if they will require undergrounding.~~
46) ~~The Earthwork Notes show Maximum site fill = 0'. The plans show 275 cubic yards of fill, which means that more than 0' of fill are proposed. Be more specific with your information.~~
47) ~~Show the dedication area and include dimensions and total area.~~
48) ~~Provide an additional section running through the length of the site.~~
49) ~~Dimensions the property boundaries.~~
50) ~~Dimension the sidewalks, curbs, roadways, etc (plans must be fully dimensioned).~~
51) ~~Show traffic direction on the streets.~~
52) ~~Specify location of the fill area (this should also be labeled in the civil sections).~~
53) ~~Provide details on the "temporary loading/staging zone". The arrow is pointing to the sidewalk.~~
54) ~~Would any physical barrier be proposed between the southern edge of the cul-de-sac and Winchester Blvd?~~
55) ~~There is a "proposed driveway" note on 14333 Capri Drive.~~
56) ~~Put an "X" on the (visible) trees that are proposed for removal.~~
57) ~~The sidewalk around Tree 1 shows the bulb-out encroaching into the bike lane to remain. Sheet C1.0 shows this being removed. Ensure the plans are consistent.~~
58) ~~Provide a legend for the symbols and abbreviations used.~~
59) ~~The area to the north of the building would create a dead-end area (see area highlighted below). Consider fencing this area off so as not to create a safety issue.~~
60) ~~Please provide the following setbacks (see below).~~
61) The plans now show a dog park and fenced area at the southern end of the cul-de-sac. On this sheet, the site plan, or the landscape plan, provide additional details (fence height, design, lighting, landscaping, etc.). Please also ensure that coordination with Parks and Public Works continues to occur as this is proposed within the Town's right-of-way.
    - The response letter says that the dog park has been removed from the proposal, yet the landscape plans still show it.
62) ~~Now that the arborist report shows recommended tree protection, show it on this sheet or note it somewhere in the plan set.~~
63) ~~Dimension the depth of the roof overhang, noted as "Outline of Floor Above."~~
64) The bulb out along Winchester has been removed, but (what appears to be) a driveway approach is now shown, which would lead to a 13-story wall. Please confirm what is proposed here.

- This remains outstanding. See screenshot below.



65) ~~Please specify estimated location of construction staging here or somewhere in the plan set.~~
66) Specify the surfacing materials of the parking garage.
- **Previous deficiency comment moved to consistency.** Please specify these materials.

~~New Sheet C3.1:~~
67) ~~Remove the scale at the bottom of the sheet as it is not accurate.~~
68) ~~Show existing and proposed grade lines, noting areas of cut and fill (and labeling the cut and fill depths).~~

~~Old Sheet C3.0 (new Sheet C4.0):~~
69) ~~The total site area is shown here as 29,305 sf, while the rest of the plans show 23,225 sf.~~
70) ~~Specify the percent of increase/replacement.~~

New Sheet DG0.1:
71) ~~This sheet shows a 19' ceiling height in Level 1, the section shows 16', and the floor plan on A3.0 shows 15'.~~
72) ~~The plans say 58 "guest bicycle parking" proposed. Use the correct terminology ("short-term") and correct the number (12 are proposed; the indoor spaces are long-term).~~
73) ~~The short-term/guest parking spaces would block the sidewalk. Revise accordingly.~~
74) ~~Provide details of vehicular gate (50% open rule).~~
75) ~~Specify ceiling height in the bike rooms.~~
76) Label widths of pedestrian entrances.
- This remains outstanding. The door to the parking garage (north of the mail room) is not dimensioned.

77) ~~Provide details of the long-term bike parking for compliance with the Objective Design Standards.~~
78) ~~Put an "X" on the (visible) trees that are proposed for removal.~~

79) ~~There is a miscellaneous double line adjacent to the angled parking stall in Level 1.~~

80) Keynote 4 says that ground mounted utility cabinets will be screened. The plans (perhaps the Landscape plan) need to show this detail.
- This remains outstanding. The plans do not specify height of utility cabinets. See related comments in ODS checklist. You can estimate the height for now.

81) ~~Please fix the setback annotations that are blocked by trees.~~

82) Specify how far the entrances are recessed per related comments on ODS Checklist.
- This remains outstanding. The door to the parking garage (north of the mail room) is not dimensioned. The other entrances were added.

83) ~~Specify how far the building steps in as it transitions from the lobby to the parking garage along Winchester related comments on ODS Checklist.~~

84) ~~A new parking area is shown on Capri Drive but the call-out is covered.~~

85) ~~New Floor Plan Note 2 provides a good response/justification for the short-term parking requirement exceptions. Please provide this in the ODS Checklist response or in the justification letter as requested.~~

86) Add the north arrows back to this sheet. They were removed in this submittal.

87) The long-term bike parking was modified, and now the floor plan note is not legible. It appears to show 32 spaces, while the table shows 34. Update accordingly.

88) A dashed green line was added and dimensioned (30') adjacent to the leasing office, but it is not labeled. Staff does not know what this is showing.

89) The "R" numbers throughout the parking areas no longer add up. For example, the numbers go from "R1 thru R19" and then jumps up to "R25 thru R49." The numbers were changed in this submittal and are no longer accurate.

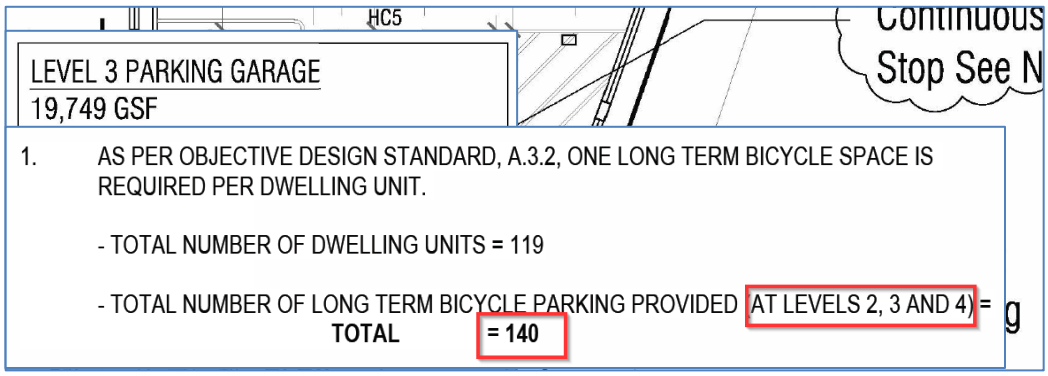
90) Please note that the math provided for Floor Plan Note 2 is not accurate. It notes that "119 x 20 = 5.96".

New Sheet DG0.2:

91) ~~Floor plan note 1 says there are 120 long-term bike parking spaces, when there are 166.~~

92) ~~Floor plan note 2 says to see detail DG0.1/3 for long term bike parking details. Detail DG0.1/3 is a short-term space.~~

93) Plans were updated and now the long term bike parking notes are inconsistent. Ensure that in each table below, the floor plan matches the actual floor plan. For example, Level 3 floor



plan table shows 52 long term bike spaces, while the call-out notes show 32 and 24 (56 total), and the call-out for 24 bike spaces is pointing to bike room 3, which shows 20 bikes. Similarly, Floor Plan Note 1 needs to be updated as the updated count is no longer 140, and bike parking is proposed on the first floor and not just levels 2-4. See below screenshot.

94) A new "continuous wheel stop see note 2" call-out was added, but note 2 does not correspond to wheel stops. Update accordingly.

95) A new "sunshade device outline" call-out was added, but the dimension is not noted. Specify how far it overhangs beyond the wall.

96) The dimensions for the southernmost architectural awning (above the lounge) are not accurate. The dimensions measure to the property line, and this awning does not extend that far.

New Sheet DG0.3:

97) ~~Floor plan note 2, "total private space provided" is blank. Please note that the rule states that each unit needs 60 square feet. This is not complied with.~~

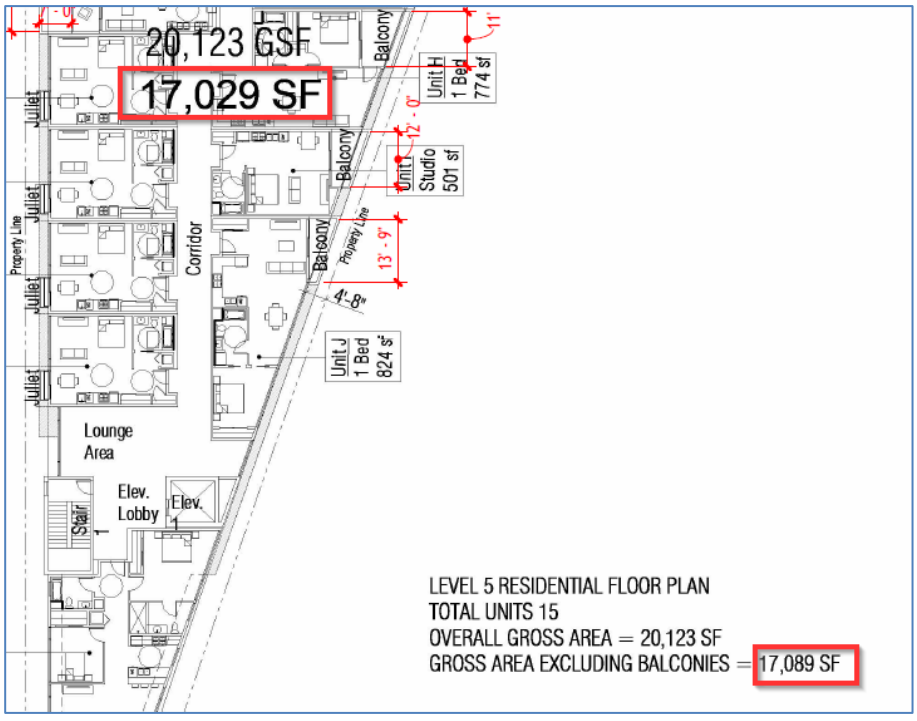
98) ~~What do the following numbers represent? (see below).~~

99) ~~Provide a scale.~~

100) ~~As noted above, specify location of BMP units somewhere in the plans.~~

101) The common open space note was updated on Sheet A3.0 and the Cover Sheet, but not this sheet.

102) New notes are added to the floor plans for Level 5 and Levels 6-11 that show building sizes that do not match the tables directly below. Revise accordingly. See below for an example.



New Sheet DG0.4:

103) ~~Label the proposed areas in the terrace plan.~~

104) ~~Add the following to Note 1, "the mechanical equipment will be shorter than the proposed roof screen."~~

105) A new "metal screen tall fence" call-out is shown along the play-court. Specify the height and design somewhere in the plans.

106) New boxes are shown in the play-court which are not legible. What are these showing?

~~Sheet A1.0:~~

107) ~~Label the addresses of the properties shown.~~

108) ~~You must also include pictures of the existing structure proposed for demolition. The pictures provided are from Google Streetview and do not show inside the property fence. This is a submittal requirement.~~

Sheet A2.0:

109) ~~Label or provide a legend for the public improvements shown outside of the building along Capri Drive.~~

110) ~~Label the trees. Staff is assuming these are proposed.~~

111) ~~Provide dimensions for the sidewalks (plans must be fully dimensioned).~~

112) ~~Specify all setbacks, including the setback along the southern edge of the building.~~

113) ~~Label and dimension the property lines.~~

114) ~~The majority of the items in the O.S. checklist say they are complied with on this Sheet. Anytime the O.S. checklist references this sheet, there should be annotations or dimensions that clearly show compliance.~~

115) ~~Show the full extent of Winchester Blvd.~~

116) ~~In the Site Data table, specify the lot size before and after dedication.~~

117) ~~Show the required building setbacks. This is a submittal requirement (noted above).~~

118) ~~The sidewalk around Tree 1 shows the bulb-out encroaching into the bike lane to remain. Sheet C1.0 shows this being removed. Ensure the plans are consistent.~~

119) ~~Several of the setback labels along Winchester Blvd are not legible.~~

120) ~~Please provide the following setbacks (see below).~~

121) Fix the proposed and required setbacks as noted above in the Cover Sheet comments.
- This remains outstanding. The response says that required setbacks were updated (which they weren't), and the response references North 40. This is not a North 40 project.

122) ~~Fix the FAR as noted above in the Cover Sheet comments.~~

123) Provide details of the proposed fencing here or somewhere in the plans.
- This remains outstanding. Thank you for providing details for the metal panel fence; however, staff is still looking for location details for the 6' tall concrete wall.

124) A new, Proposed Landscaping Calcs, table was added. The total shown (2,504 sf) does not match the totals shown throughout the rest of the plan set. Additionally, specify what "LA" refers to, as each area is numbered "LA1, LA2,…" etc.

125) Per Town Code Section 29.10.06702, minimum turning radius is 32'. This sheet shows that

30.5' are proposed. Ensure that the turning radius is consistent between the sheets, and if under 32 feet is proposed, include justification in the project description letter on how the proposed radius can accommodate cars and emergency vehicles. The letter currently just talks about the transformer location and the need for an easement.

126) The sheet says "(E) cul-de-sac." There is no existing cul-de-sac at the site.

127) Specify the ROW width of the new cul-de-sac. Town code requires 42'. If this is not met, provide justification.

Sheet A2.1:

128) The revised cul-de-sac radius note (32') does not match the rest of the plans.

129) The sheet says "(E) cul-de-sac." There is no existing cul-de-sac at the site.

Sheet A3.0:

130) ~~Provide dimensions throughout the parking garages (i.e. drive aisle, parking space dimensions, radius of angled spaces, turn-around area, turn radius, etc.).~~

131) ~~Label and dimension the property lines.~~

132) ~~Provide full road details (full extent of drive aisles, center line, etc.).~~

133) ~~Per Town Code, dead end areas in a parking garage must have turn-around space approved by the Town Engineer. Each level of the parking garage has a dead-end area.~~

134) ~~Provide details of the bike parking areas (what type of bike parking, number of spaces, individual bike lockers or one larger room, etc.). See the Town's Objective Design Standards checklist for more detail.~~

135) ~~Provide specific details for the mechanical parking lifts proposed (not just a factory spec sheet). You need to show how much room each parking lifts takes, and how the Town's requirements for drive aisles are still complied with.~~

136) ~~Label the size of the lease office area.~~

137) ~~Specify if a vehicular gate is proposed. If so, provide details on design and location.~~

138) ~~Level 1 is shown with a 19' clear ceiling height, yet the elevation shows a 16' plate height. Which is accurate?~~

139) ~~Show maneuverability of the angled parking stall (north-eastern corner of the garage) in relation to the two-way ramp immediately adjacent.~~

140) ~~What is meant by "PIT PARKING"? Does this refer to the bottom of the mechanical lifts?~~

141) ~~Show how trash pick-up will be accessed. Does the truck drive into the parking garage?~~

142) ~~Per the spec sheet, the mechanical lifts have a stall depth of 18.3', yet the plans only show 18 feet. Ensure that the lift spaces fit as shown.~~

143) ~~Per the spec sheet, the only way to get a 3-parking space lift is to have some sort of tandem configuration. No tandem configuration is shown. Confirm that the 3 spaces per stall can work in this configuration.~~

144) ~~Label the width of the vehicle entrance (each drive aisle).~~

145) ~~Parking spaces adjacent to a wall (i.e. space 42) must be a minimum of 9.5' wide.~~

146) ~~Update the short term and long-term bike parking notes based on the comments on Sheet DG0.1.~~

TOWN OF LOS GATOS
FIFTH STAFF TECHNICAL
REVIEW COMMENTS

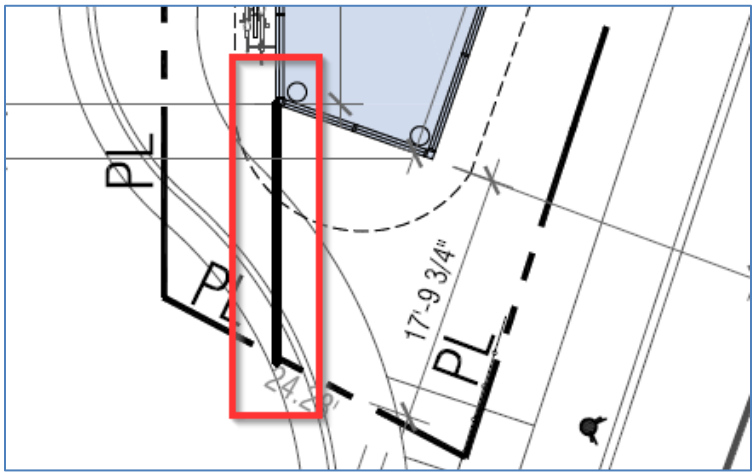
147) ~~Town Code requires one continuous curb for wheel stops.~~
148) ~~Specify the height of the proposed concrete wall.~~
149) ~~Parking stalls with a 60-degree angle (space 60) must have a depth of 19'-8" per Town Code.~~
150) ~~There are two parking spaces numbered 61.~~
151) The front elevation shows a shade element/roof element over the door adjacent to the mail room. Show depth of overhang on this sheet per applicable ODS Checklist comments.
- This remains outstanding. They are not shown or dimensioned on this sheet, but they were added to DG0.2. Update this sheet as well.

152) Specify how far the proposed prefab concrete wall extends.
- This remains outstanding.

153) Show the Town's standard double-striping in plans (see attached).
- This remains outstanding. Would the mechanical lift spaces contain the double-striping?

154) There is a new note along the vehicular entry to the garage that says "slope". Specify what the slope would be.
155) The Level 1 table shows 101 parking stalls, while the floor plans shows 97. The spaces shown adjacent to Stair 2 are shown as 24 spaces on this sheet, and 29 on DG0.1. Update accordingly.
156) Specify the exact location of the concrete wall. It is not clear if it extends all the way to the Capri Drive frontage (which would not be allowed).
- **Previous deficiency comment moved to consistency.**

157) A new bold line was added south of the building (see below). Specify what this is for.



Sheet A4.0:

158) ~~Provide dimensions throughout the parking garages (i.e. drive aisle, parking space dimensions, radius of angled spaces, turn-around area, turn radius, motorcycle spaces, etc.).~~
159) ~~Label and dimension the property lines.~~
160) ~~Per Town Code, dead end areas in a parking garage must have turn-around space approved by the Town Engineer. Each level of the parking garage has a dead-end area.~~

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161) ~~Provide details of the bike parking areas (what type of bike parking, number of spaces, individual bike lockers or one larger room, etc.). See the Town's Objective Design Standards checklist for more detail.~~
162) ~~What is the purpose of a lounge within a parking garage? Perhaps you could include a brief explanation in the Letter of Justification.~~
163) ~~Please note that the lounge areas count toward the Community Recreation Space requirement.~~
164) ~~Level 4 has 31 total spaces (29 single stalls). The plans say 32 total spaces (30 single stalls).~~
165) ~~Show maneuverability of the angled parking stall (north-eastern corner of the garage) in relation to the two-way ramp immediately adjacent.~~
166) ~~Clarify if any of the spaces are reserved for employees or future tenants (leasing office).~~
167) The minimum inside turning radius in the parking garage is 20' per Town Code. The plans show a turning radius of only 10-11 feet.
    - This continues to remain outstanding and non-conforming. The turning radius shown does not comply. Explain how the reduced turning radius can accommodate auto movements within the garage and provide justification for the reduction.
168) ~~Town code requires stalls to have "double striping". See Town Code 29.10.155 for details. This needs to be shown on the plans.~~
169) ~~Specify if key access is provided for the bike rooms.~~
170) ~~Provide details or notes on the continuous curb that is shown, ensuring compliance with Town standards.~~
171) New notes were added for the architectural metal awnings and sunshade device. Provide dimensions of each.

Sheet A4.1:
172) As the turn-around spaces have been reconfigured, show how parking space R1 (adjacent to the mail room) would back-out.

Sheet A4.2:
173) The turn-around exhibit for parking space R116 shows that the vehicle would need to drive outside of the building walls to make that turn. Revise accordingly.

New Sheet A4.3: (in the future, when adding a new plan sheet, please create a new page number since we are tracking comments per sheet number).
174) This sheet appears to be included to justify an exception to the minimum turning radius within a parking garage. Reference to this sheet should be included in your justification letter.
175) Include the centerline of the ramps. As drawn, it appears that a Ford Escape would extend beyond the drive aisle.

Sheet A4.4 (Previously Sheet A4.3):
176) ~~Dimensions the bike storage length in Diagrams 3, 4, and 7 per ODS Standard A.3.4.e.~~

177) ~~The bike arrangement in Diagram 1 would block the sidewalk and should be removed. The arrangement in Diagram 2 is what is shown on the plans.~~
178) ~~Label the height of the bike racks in Diagram 8 for compliance with ODS Standard A.3.4.e.~~
179) ~~The bike parking table says that 140 long-term spaces are located on floors 2-4, when they are actually located on floors 1-4.~~
180) Diagram 3 now shows two bike spaces adjacent to the workstand and pump station. Specify the dimensions and type of bike parking proposed here.

~~Sheet A5.1:~~
181) ~~This sheet was included twice in the plan set.~~

~~Sheet A5.0:~~
182) ~~Provide setback dimensions along the entire building.~~
183) ~~Label and dimension the property lines.~~
184) ~~Specify the size of each balcony and include dimensions so staff can confirm the "private recreation space" requirements are met.~~
185) ~~Confirm that the unit sizes shown are not including the balconies.~~
186) ~~Level 5 and Levels 6-12 look identical, yet the overall gross area is roughly 500 square feet different. Please confirm this is accurate. Again, decks don't count as gross square footage.~~
187) ~~Specify the corridor width.~~
188) ~~Confirm what the shaded area of Level 5 represents (roof below?).~~
189) ~~Why are the open space areas for Level 5 labeled as decks when they are above grade?~~
190) ~~There are setbacks on Level 5 that are incorrect (i.e. 8' setback shown several feet inside Unit A).~~
191) ~~The Unit Data table contains a "total" column that is unclear. Specify what "total" this is showing. If it is floor area, the math is wrong. This table is on several sheets.~~
192) ~~The Gross Building Floor Area Per Floor table on the cover sheet shows levels 6-12 being 19,674 sf. The floor plans show 19,643 sf. Update accordingly.~~

~~Sheet A6.0:~~
193) ~~Provide setback dimensions along the entire building.~~
194) ~~Label and dimension the property lines.~~
195) ~~Is anything proposed underneath the helipad? It appears to be an empty building shell.~~
196) ~~Specify if any mechanical equipment is proposed on the roof. If so, specify if it will be visible.~~
197) ~~Confirm if the roof top activities are solely for the use of residents.~~
198) ~~Specify the size of the covered clubhouse.~~
199) ~~The Level 13 data shows 8,256 sf of "total community open space", while the Community Open Space table at the bottom of the sheet says a total of 18,166 sf of community open space is provided at the roof terrace. Update accordingly.~~
200) ~~Add the three trees along the sports court, per the landscape plans.~~
201) The size of the quiet open deck is no longer legible.
202) A new, Proposed Landscaping Calcs, table was added. Specify what "LA" refers to, as each

area is numbered "LA1, LA2,…" etc.

203) The total in the Proposed Landscape Area table (1,242 sf) does not match the total shown in the level 13 table (1,277 sf).

204) The total community recreation space (12,134 sf – in the Level 13 table) does not match what is shown in the Community Open Space table (18,166 sf at roof terrace level 13).

205) Please specify the height of the new metal screen fence along the outdoor play-court.

Sheet A7.0 and A7.1:

206) ~~Label existing and proposed grade on all elevation and section drawings.~~

207) ~~Give cardinal directions for the elevation titles.~~

208) ~~Provide all four sides of the building.~~

209) ~~Provide information on proposed exterior materials. The color scheme legend is not correct and hardly used. One of the two items used (E – wood composite cladding) is pointing to a glass railing.~~

210) ~~Please provide a section running through the helipad portion of the building. Staff is unclear what is proposed within this building. Is the helipad technically a 14th story?~~

211) ~~Provide finished floor heights along each story of the building.~~

212) ~~Show neighboring structures in the "Front Elevation along Capri Drive."~~

213) ~~Label the vehicular and pedestrian entry points.~~

214) ~~There is a (roughly) 10' difference between the two elevations. All the elevation and section drawings need to show the maximum proposed height.~~

215) ~~This sheet shows the total height at 168', while the streetscape shows 167'.~~

216) ~~Label the vertical clearance below the sunshade device (front elevation).~~

217) ~~Items "F" through "I" are missing in the color scheme.~~

218) ~~The neighboring structure on the left elevation is cut off and missing its height dimension.~~

219) ~~Show the new trees along the Left Elevation and Rear Elevation.~~

220) ~~Provide the address and height for all buildings shown. The office building on the front elevation is missing this.~~

221) ~~Now that existing grade is shown, ensure that building height is measured to existing grade on all section and elevation drawings.~~

222) Provide material callout for the garage gate on the front elevation ("K").
- This remains outstanding. The "K" call-out does not have an arrow and is currently on top of the residence at 14274.

223) Label the metal screen around the play court, specify the height, and include a material call-out.

224) On the left elevation, the cypress trees are cut-off, and notes to the old Brisbane box trees (removed from the landscape plans) are still shown.

225) Provide details on the new exterior molding/band proposed.

Sheet A8.0:

226) ~~Label existing and proposed grade on all elevation and section drawings.~~

227) ~~Label building heights (existing neighboring buildings and proposed building).~~

228) Specify proposed materials.
229) Label property lines.
230) Provide finished floor heights along each story of the building.
231) Provide the address and heights of all neighbors shown.
232) Label the vehicular and pedestrian entry points.
233) The "Winchester Avenue Streetview" appears to be mislabeled. The Winchester Streetview would arguable be just as wide as the Capri Drive street view. Instead, this looks like a street view from the southern corner of the building. Rename accordingly.
234) Label the location of each elevation and street view within the smaller Site Plan on this sheet.
235) What is shown on the Capri Drive Streetview? (see below).
236) Add the missing Winchester Blvd Streetscape.
237) Label maximum total height on each streetscape. Left elevation isn't maximum height. Left elevation shows 154', but it isn't pointing to the top of the screening. Additionally, the sections show this area as 155'.
238) See comment above regarding different max heights shown between streetscapes and elevations.
239) As noted in the completeness section above, there are three missing views from the streetscape, as well as missing buildings from the streetscapes that were provided.
240) Specify the heights of the residences in the new Rear Elevation.

Sheet A9.0:

241) Provide a site plan showing where each view is taken from.
242) Label exterior materials.
243) Include neighboring buildings where applicable.
244) "View 1 Along Capri Drive" is not "facing west." Revise accordingly.
245) Either show tree sizes based off size at planting, or note how long they will take to get this tall.

Sheets A10.0 and A10.1:

246) Include a north arrow in the Kep Map and label the streets.
247) Label existing and proposed grade on all elevation and section drawings.
248) Specify the finished floor heights.
249) Show neighboring buildings (noting addresses and height).
250) The section shows 155', the elevations show 154', and one of the elevations shows 163'-4". The maximum proposed height needs to be consistent throughout all the drawings.
251) Specify what "T.O. P.W." means. This is a height measurement shown just below the rooftop.
252) There is a "Capri Dr" label to the left of the section view, which should not be there.
253) What does this "x" represent? (see below).
254) Section B-B shows the top of rooftop at 155', while the elevations show 154'.
255) Now that existing grade is shown, ensure that building height is measured to existing grade

~~on all section and elevation drawings.~~

256) The address added on A10.1 is incorrect. There is no "579" across Capri Drive.

Sheet A11.0- A11.3:

257) ~~Specify the size (square feet) of each unit's balcony.~~
258) ~~Ensure that the unit size shown does not include the balcony.~~
259) ~~Provide width and depth dimensions of all the balconies (Unit B is missing the width).~~
260) ~~Ensure that the full extent of the balcony is shown (missing on A11.2 and A11.3).~~
261) ~~The Unit Data table contains a "total" column that is unclear. Specify what "total" this is showing. If it is total floor area, the math is wrong. This table is on several sheets.~~
262) ~~There are two different "Unit H" floor plans, but only one "H" column in the table.~~
263) ~~There is a "I12" column in the table that doesn't match any of the floor plan titles.~~
264) ~~Units F, G, H, I, H (there are two "H" floor plans) are missing the second depth dimension along the balcony.~~
265) ~~Sheet A11.0 was included twice in the plan set.~~
266) The Total Private Open Space shown in the table on these sheets is 21,003 sf, while the cover sheet shows 17,656.
267) The Key Map on Sheet A11.2 is not displaying correctly.
268) The summary table on Sheet A11.3 is cut-off. The "total" column should say "total private open space" to match the other tables.

Sheet A12.0

269) ~~The shadow study is incomplete, and the shadow is cut-off. Zoom out on the December views to show the full extent of the shadows.~~
270) ~~Include addresses and number of stories of each neighbor shown.~~
271) The March 21st (3pm) shadow study does not show the full extent of the shadow.

~~Sheet A13.0:~~

272) ~~The plans need to be updated to clearly show where each of these materials are used.~~
273) ~~Add information on the vehicular and pedestrian gates.~~

New Sheet A16.0:

274) ~~For Diagram #2, staff is unclear where the "stepbacks" are taken from. For example, when the wall plane says "2' stepback", what is it stepping back from?~~
275) ~~For the Level 13 diagram on A16.1, what is the 5'-11" dashed line represent?~~

Sheet PL-1:

276) ~~Include a planting plan with a proposed tree table (see application packet for details).~~
277) Is any fencing proposed? The O.S. Checklist calls for at least 5 trees along the rear property line and a masonry wall.
    - This remains outstanding. Please clearly call out fencing proposed on the northern property line.

278) ~~Specify the percentage of the site that is landscaped.~~
279) ~~Specify the percentage of the community open space that has landscaping.~~
280) ~~Specify the percent of the front setback area that is landscaped. Note that the landscape area highlighted extends into the public right-of-way. Only the on-site landscaping counts.~~
281) ~~Ensure that the total landscape area (4,645 sf) does not include the landscaping in the public right of way. A diagram showing the overall landscape area would be helpful.~~
282) The electric transformer must be screened from view. Provide details on how this will be accomplished.
- This remains outstanding. Specify (or estimate) the height of the transformer.

283) ~~Consider adding fencing along the cypress screen wall at the north of the building. Currently it dead ends and would present a possible safety issue.~~
284) ~~The Italian Cypress is missing from the tree list on this sheet.~~
285) The palm trees were removed, but they are still shown on this sheet.
286) Fix the call-out line for the electrical transformer now that it has moved.

~~Sheet PL-2:~~
287) ~~Specify the size of trees at maturity (submittal requirement).~~
288) ~~Note that in-lieu fees will be required as the number of replacement trees does not meet Town Code.~~

Sheet PL-3:
289) Staff is having difficulty telling the difference between the (new) Trumpet Vine and the Toyon plants. Revise accordingly.

~~New Sheet E0.10:~~
290) ~~Lighting is needed every 30' per the Town's Objective Design Standards (A.7.1). The lighting plan needs to note distances between exterior lights.~~
291) ~~Add information to confirm lights will comply with the 30-degree shielding rule per Objective Design Standard A.7.2.~~

~~New Sheet E0.16:~~
292) ~~Lighting is needed every 30' per the Town's Objective Design Standards (A.7.1). The lighting plan needs to note distances between exterior lights.~~
293) ~~The step lights along the "quick deck" would not meet the height requirements of A.7.1.~~
294) ~~Specify the height of wall mount lights and SW3 within the sports court.~~
295) ~~Add information to confirm lights will comply with the 30-degree shielding rule per Objective Design Standard A.7.2.~~

Sheet E0.50:
296) ~~Ensure there is an image for each of the callouts in the luminaire schedule. S1, SW1, D1, and SW3 are missing.~~
297) ~~Specify mounting height for each. Only a few are shown. See related comment on ODS~~

~~Checklist.~~

General Comments:

1) Please modify plans per the above comments and resubmit to Planning via the Town's Online Permitting Service with a compliance memorandum and any other supporting documents. Please also submit 2, full-size printed sets to Town Hall.
2) This Architecture and Site application is required to follow the Town's Height Pole and Netting Policy. Height poles/renderings and project identification signs will be required prior to the public notice of any pending approval.
3) 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 of 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.
4) 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 from September 17, 2025 will be processed as a new application, subject to new fees.
5) 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.
6) The project is subject to WELO - New construction projects with an aggregate landscape area equal to or greater than five hundred 500 square feet or rehabilitated landscape projects with an aggregate landscape area of 2,500 square feet are subject to the State's Model Water Efficiency Landscape Ordinance (WELO). A complete WELO Landscape Documentation Package is required prior to issuance of building and/or grading permits. A completed WELO Certificate of Completion is required prior to final inspection/certificate of occupancy. Review by the Town's Consulting Landscape Architect for WELO requires a payment of a $5,500 deposit.

The application is complete but contains inconsistencies as identified above. Please resubmit and provide a compliance memorandum showing how all the deficiencies, corrections, and general comments have been addressed. When resubmitting, please include two printed, full-sized, 24" by 36" plan sets.

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OBJECTIVE DESIGN STANDARDS CHECKLIST - 7/18/25 UPDATES

APPLICANT RESPONSIBILITY
Applicants are responsible for accurately responding to each objective design standard listed below by indicating whether each standard has been met or does not apply. Applicants shall indicate the sheet(s) within the project plans that show compliance with each objective design standard.

Highlighted fields represents missing, incomplete, or inaccurate responses as identified by staff

			A. SITE STANDARDS				**SHEETS (UPDATED 7/18/25)**	**STAFF RESPONSE (UPDATED BASED ON 7/18/25 RESUBMITTAL)**	**APPLICANT RESPONSE**	**STAFF RECOMMENDATION TO INCREASE JUSTIFICATION AND NEW STAFF COMMENTS BASED ON PLAN UPDATES**
			A.1. Pedestrian Access							
YES	**NO**	**N/A**			**Objective Design Standard**					
X			A.1.1	All on-site buildings, entries, facilities, amenities, and vehicular and bicycle parking areas shall be internally connected with a minimum four-foot-wide pedestrian pathway or pathway network that may include use of the public sidewalk. The pedestrian pathway network shall connect to the public sidewalk along each street.			DGO.1 / Note 1, A2.0	**Project complies.**		
X			A.1.2	Pedestrian pathways within internal parking areas shall be separated from vehicular circulation by a physical barrier, such as a grade separation or a raised planting strip, of at least six inches in height and at least six feet in width. A pedestrian pathway is exempt from this standard where it crosses a parking vehicular drive aisle.			A2.0, PL-1, PL-2	**Project complies.**		
			A.2. Short-Term Bicycle Parking (Class II)							
			Short-term bicycle parking (Class II bicycle parking facility) consists of racks that support the bicycle frame at two points and allow for the bicycle frame and one wheel to be locked to the rack with a U-lock.				A3.0, DG0.1			
X			A.2.1	Short-term bicycle parking space shall be located within 50 feet of the primary pedestrian building entrance.			DGO.1 / Keynote 1	**Project complies.**		
	X		A.2.2	Short-term bicycle parking shall be provided at a rate of one space per dwelling unit and one space per 2,000 square feet of non-residential floor area.			DGO.1 / Note 2	**Project does not comply.** 119 spaces required, 12 proposed.	Our approach is to supply the amount of guest stalls the VTA recommends which is substantially less than the Town. This is allowed by Builder's Remedy.	Thank you for providing justification. As noted in the comment letter, the application materials need to specify what VTA's recommended bike parking count is. The plans show that VTA recommends 1 GUEST bike space for every 20 units, but does not specify their recommendation for tenants. Therefore, this argument is incomplete as we don't specify what VTA's recommendation is for the project.
X			A.2.3	Each short-term bicycle parking space shall be a minimum of seven feet in length and two feet in width.			DGO.1 / Note 3	**Project complies.**		
		X	A.2.4	If more than 20-short term bicycle spaces are provided, at least 50 percent of the spaces shall be covered by a permanent solid-roofed weather protection structure.			*no sheet provided*	**N/A.** 12 spaces proposed.		
			A.3. Long-Term Bicycle Parking (Class I)							
			Long-term bicycle parking facilities (Class I bicycle parking facility) consists of bicycle lockers or bicycle rooms with key access for use by residents.				DGO.2 / Note 3			
	X		A.3.1	Long-term bicycles parking facilities shall be located on the ground floor and shall not be located between the building and the street.			DGO.2 / Note 4	**Project does not comply.** Long-term bike spaces are on garage levels 1-4, while the standard says they shall be located on the ground floor.	We have added a bike room on the ground level and have additional secured bike rooms on the upper levels.	
X			A.3.2	Multi-family residential and residential mixed-use buildings shall provide one long-term bicycle parking space per dwelling unit. Developments such as townhomes that include individual garages for each unit shall not be required to provide long-term bicycle parking.			DGO.2 / Note 1	**Project complies.**		
			A.3.3	Bicycle locker minimum requirements:						
		X		a.	Dimensions of 42 inches wide, 75 inches deep, and 54 inches high.		*no sheet provided*	**N/A.** Bike lockers are not proposed.		
		X		b.	Must withstand a load of 200 pounds per square foot.		*no sheet provided*	**N/A.** Bike lockers are not proposed.		
		X		c.	Opened door must withstand 500-pound vertical load.		*no sheet provided*	**N/A.** Bike lockers are not proposed.		
			A.3.4	Bicycle rooms with key access minimum requirements:						
X				a.	Bicycle rooms shall have a minimum ceiling height of seven feet.		DGO.1 / Keynote 7	**Project complies.**		
X				b.	Bicycle rooms shall contain racks that support the bicycle frame at two points and allow for the bicycle frame and one wheel to be locked to the rack with a U-lock.		A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project complies.**		
X				c.	Long-term bicycle parking spaces shall be served by an aisle with a minimum width of six feet.		A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project complies.**		
X				d.	Maneuverability space of at least two feet shall be provided between the aisle and long-term bicycle parking spaces.		A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project complies.**		

	X				e. Each horizontal long-term bicycle parking space shall be a minimum of seven feet in length, two feet in width, four-and one-half feet in height. Each vertical long-term bicycle parking space shall be a minimum of three-and one-half feet in length, two feet in width, and seven feet in height.	A4.3 (Update the page reference as Sheet A4.3 now shows turning-radius)	**Project does not comply.** 2' width requirement is not met. Two-tier system does not meet height requirement.	Provide justification. Only justification provided for long-term bikes is regarding the number of spaces required (A.3.2). Also, update the page reference as A4.3 now shows turning-radius.	
				A.4. Vehicular Access					
		X		A.4.1	Off-street parking lots shall have vehicular circulation using an internal vehicular network that precludes the use of a public street for aisle-to-aisle internal circulation.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
				A.5. Parking Location and Design					
		X		A.5.1	Surface parking lots and carports shall not be located between the primary building frontage and the street.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
		X		A.5.2	Uncovered parking rows with at least 15 consecutive parking spaces shall include a landscape area of six feet minimum width at intervals of no more than 10 consecutive parking stalls. One tree shall be provided in each landscape area.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
				A.6. Parking Structure Access					
X				A.6.1	Any vehicular entry gate to a parking structure shall be located to allow a minimum of 18 feet between the gate and the back of the sidewalk to minimize conflicts between sidewalks and vehicle queuing.	DGO.1 / Keynote 2	**Project complies.**		
	X			A.6.2	A parking structure shall not occupy more than 50 percent of the building width of any street-facing façade, and it shall be recessed a minimum of five feet from the street-facing façade of the building.	*no sheet provided*	**Project does not comply.** Parking structure occupies more than 50% of street facing façade.	Due to the irregular shape of the parcel and the fact it is triangular in shape and bounded by street on two sides, the parking has to be configured in a garage structure that occupies the majority of the site. Builder's Remedy allows us to not conform to the guidelines.	
X				A.6.3	For projects with five or more residential units and that have a vehicle access gate to the parking structure, a pedestrian gate shall also be provided.	DGO.1 / Keynote 3	**Project complies.**		
				A.7. Utilities					
	X			A.7.1	Pedestrian-oriented lighting shall be provided along all pedestrian paths in community recreation spaces. Exterior lighting fixtures shall be a minimum of three feet and a maximum of 12 feet in height. Light fixtures shall be placed along the pedestrian path at a spacing of no more than 30 linear feet.	E0.10, E0.16	**Project does not comply.** Mounting height details for SW3 are shown at 13' when 12' is max.	Provide justification.	
X				A.7.2	Exterior lighting shall be fully shielded and restrain light to a minimum 30 degrees below the horizontal plane of the light source. Lighting shall be arranged so that the light will not shine directly on lands of adjacent residential zoned properties. Uplighting is prohibited.	E0.10, General Note 5	**Project complies.**		
	X			A.7.3	Street-level views of ground level utility cabinets, mechanical equipment, trash, and service areas shall be screened from sight with landscape planting, fencing, or a wall, as allowed by the Town Code. The screening shall be at least the same height as the item being screened and screening that is not landscape material shall be constructed with one or more of the materials used on the primary building.	DGO.1 / Keynote 4, PL-3	**Additional details required.** Plans do not specify height of utility item being screened. Additionally, justification provided in ODS checklist is not accurate. The plants around the new transformer would have a maturity height of 2', 4', and 10' (not 1').	Plants around the utility cabinet will be 1 foot height upon maturity. The cabinets will be painted by art. See PL-3 sheet for planting heights as a mature size.	Thank you for providing justification. However, the justification provided does not line up with what the plans show. The justification states that the plants around the utility cabinet will be 1 foot tall at maturity, while PL-3 shows these plants ranging in height from 2' to 10' in height.
X				A.7.4	Rooftop mechanical equipment shall be screened from view from the street. Solar	DGO.4 / Note 1	**Project complies.**		
				A.8. Landscaping and Screening					
	X			A.8.1	At least 50 percent of the front setback area shall be landscaped.	A2.0	**Additional details required.** Plans do not specify amount of landscaping along front setback. Sheet A2.0 shows total landscape area. The plans need to specify the percent of the front setback that is landscaped.	Landscaping and Screening: Again, this is a Builder's Remedy project and we do not have to conform to this requirement and we can request waivers to this requirement.	Provide required details in plans. Staff does not have enough information to determine if this is complied with or not.
	X			A.8.2	A minimum 10-foot-wide landscape buffer shall be provided along the full length of the shared property line between multi-family or Residential Mixed-Use development and abutting residential properties. The buffer shall include the following: a. A solid masonry wall with a six-foot height, except within a street-facing setback where walls are not permitted; and b. Trees planted at a rate of at least one tree per 30 linear feet along the shared property line. Tree species shall be selected from the Town of Los Gatos Master Street Tree List and shall be a minimum 15-gallon size.	*no sheet provided*	**Project does not comply.** 10-wide buffer is not proposed.	Landscaping and Screening: Again, this is a Builder's Remedy project and we do not have to conform to this requirement and we can request waivers to this requirement.	
		X		A.8.3	Surface parking lots shall be screened from view of the street with landscaping or a wall with a minimum three-foot height to screen the parking lot when not already screened by a primary building. When located in a street-facing setback, screening may not exceed a height of three feet.	*no sheet provided*	**N/A.** Parking lot is not proposed.		
				A.9. Fencing					

	X			A.9.1	Fences, walls, and gates within required setbacks along all street frontages are prohibited unless used to screen on-site parking spaces from view from the street.	*no sheet provided*	**Project does not comply and additional details required.** Provide a sheet reference. This set of plans has less information on proposed fencing than the last round, but fencing is now shown adjacent to the cul-de-sac, which does not comply with this requirement. Provide justification, details in plans, and a sheet reference.	Provide justification.	
X				A.9.2	Chain link fencing is prohibited.	*no sheet provided*	**Project complies.**		
		X		A.9.2	Perimeter barrier gates for vehicles and pedestrian entry gates shall have a maximum height of six feet.	*no sheet provided*	**N/A.** Perimeter barrier gates are not proposed.		
X				A.9.4	Solid vehicular and pedestrian entry gates are prohibited. Entry gates shall be a minimum 50 percent open view.	DGO.1 / Keynote 3, A7.0	**Project complies.**		
				A.10. Retaining Walls					
		X		A.10.1	Retaining walls shall not exceed five feet in height. Where an additional retained portion is necessary, multiple-terraced walls shall be used. Terraced walls shall set back at least three feet from the lower segment.	*no sheet provided*	**N/A.** Retaining walls are not proposed.		
		X		A.10.2	Retaining walls shall not run in a straight continuous direction for more than 50 feet without including the following: a. A break, offset, or landscape pocket in the wall plane of at least three feet in length and two feet in depth; and b. Landscaping at a minimum height of three feet at the time of installation along a minimum of 60 percent of the total length of the retaining wall.	*no sheet provided*	**N/A.** Retaining walls are not proposed.		
				A.11. Landscaped, Private, and Community Recreation Spaces					
				A.11.1	The landscaped, private, and community recreation spaces listed below are required for all qualifying projects. Community recreation spaces and private recreation spaces are calculated independent of each other. Landscaped areas within community recreation spaces can contribute to required minimums for both landscaped area and community recreation space.	*no sheet provided*			
	X				a. Landscaped space: A minimum of 20 percent of the site area shall be landscaped.	PL-1, DGO.3 / Note 1	**Project does not comply.** PL-1 shows 16%.	Landscaped spaces: we do not comply with the 20% but have modified our plans to be at 16% landscape areas of the site. Again, the configuration of the site warrants the reduction in landscape area in addition to the loss of land at the proposed cul-de-sac.	
	X				b. Private recreation space: The minimum horizontal dimension is six feet in any direction and a minimum area of 60 square feet. The minimum vertical clearance required is eight feet. Private recreation space shall be directly accessible from the residential unit. Landscaped sections of private recreation space shall not count towards required landscaping requirements.	DG0.3 / Note 1, A10.0, A10.1	**Project does not comply.** The juliet balconies do not comply.	Juliet balconies: Our juliet balconies are 6'-5" wide but only 13 square feet. The remaining square feet required is in the community recreation space. We still comply with the total open area required.	
		X			i. Each ground floor dwelling unit shall have a minimum of 120 square feet of usable private recreation space.	*no sheet provided*	**N/A.** Ground units are not proposed.		
	X				ii. Each dwelling unit above the ground floor shall have a minimum of 60 square feet of usable private recreation space. Where multiple balconies are provided for a single unit, the 60-square-foot minimum can be an aggregate of all balconies, provide each balcony meets the requirements for minimum horizontal dimensions.	DGO.3 / Note 2	**Project does not comply.** The juliet balconies do not comply.	Juliet balconies: Our juliet balconies are 6'-5" wide but only 13 square feet. The remaining square feet required is in the community recreation space. We still comply with the total open area required.	
X					c. Community recreation space: The minimum dimensions are 10 feet by six feet. A minimum of 60 percent of the community recreation space shall be open to the sky and free of permanent solid-roofed weather protection structures. Community recreation space shall provide shading for a minimum 15 percent of the community recreation space by either trees or structures, such as awnings, canopies, umbrellas, or a trellis. Tree shading shall be calculated by using the diameter of the tree crown at 15 years maturity. Shading from other built structures shall be calculated by using the surface area of the overhead feature.	A6.0	**Project appears to comply, but additional details required in plans.** It appears that more than 60% of the area is open to the sky (8,256 sf / 12,134 sf = 68%). However, two vastly different numbers for proposed community open space are provided (12,134 sf vs 18,166 sf). It appears that at least 15% of this space is shaded, but no calculation was provided, and no details showing how many square feet is shaded.	Provide additional details in plans to show compliance (percentages).	
		X			i. Community recreation space shall be provided in Residential Mixed-Use developments at a minimum of 100 square feet per residential unit plus a minimum of two percent of the non-residential square footage.	*no sheet provided*	**N/A.** Not a mixed-use project.		
X					ii. Community recreation space shall be provided in multi-family residential development projects at a minimum of 100 square feet per residential unit.	A6.0, DGO.3 / Note 3	**Project complies.**		
		X			iii. A project with four or less residential units is exempt from community recreation space requirements.	*no sheet provided*	**N/A.** More than 4 residential units proposed.		
X					iv. Landscaped roof space can satisfy both required landscaping requirements and community recreation space requirements. Landscaped roof space may not be used to satisfy more than 50 percent of the required landscaping for the site.	PL-1	**Project complies.**		
				A.12. Building Placement					

X				A.12.1	To ensure buildings provide a continuous frontage along sidewalks, development in commercial zones shall place at least 75 percent of any ground floor street-facing façade on or within five feet of the setback line designated in the Town Code.	A2.0	**Project complies.**		
		X		A.12.2	A Residential Mixed-Use project with a ground-floor non-residential use shall provide site amenities on a minimum of 15 percent of the ground plane between the building and the front or street-side property line. The site amenities shall be comprised of any of the following elements:	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			a. Landscape materials or raised planters;	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			b. Walls designed to accommodate pedestrian seating, no higher than 36 inches;	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			c. Site furnishings, including fountains, sculptures, and other public art; or	*no sheet provided*	**N/A.** Not a mixed-use project.		
		X			d. Tables and chairs associated with the ground floor use.	*no sheet provided*	**N/A.** Not a mixed-use project.		

			B. BUILDING DESIGN			**SHEETS (UPDATED 7/18/25)**	**STAFF RESPONSE (UPDATED BASED ON 7/18/25 RESUBMITTAL)**	**APPLICANT RESPONSE**	**STAFF RECOMMENDATION TO INCREASE JUSTIFICATION AND NEW STAFF COMMENTS BASED ON PLAN UPDATES**
			B.1. Massing and Scale						
YES	**NO**	**N/A**		**Objective Design Standard**					
	X			B.1.1	Multiple-story building façades that face a street shall incorporate breaks in the building mass by implementing a minimum of three of the following solutions along the combined façade area of all primary buildings facing the street:	*no sheet provided*	**Project does not comply.** 3 or more solutions not used.	We are not in compliance, but we have placed multiple deck areas along the façade that are recessed into the building greater than the minimum two feet to create articulation in the massing of the building. The 5' second floor setback is not possible with the configuration and size of the parcel.	
	X				a. A minimum of 40 percent of the upper floor façade length shall step back from the plane of the ground-floor façade by at least five feet;	A16.0 Diagram #2	**Project does not comply.** The second floor does not step-back 5' from the ground floor.		
	X				b. Changes in the façade plane with a minimum change in depth of two feet for a minimum length along the façade of two feet at intervals of no more than 30 feet;	A16.0, A16.1	**Project does not comply.**	We are not in compliance, but we have placed multiple deck areas along the façade that are recessed into the building greater than the minimum two feet to create articulation in the massing of the building. The 5' second floor setback is not possible with the configuration and size of the parcel.	
X					c. Recessed façade plane to accommodate a building entry with a minimum ground plane area of 24 square feet. Where an awning or entry covering is provided, it can extend beyond the wall plane;	A16.0	**Project complies.**		
	X				d. An exterior arcade that provides a sheltered walkway within the building footprint with a minimum depth of eight feet. For a façade 50 feet or greater, the arcade must be a minimum length of 65 percent of the full building façade; for a facade less than 50 feet, the arcade must be a minimum of 80 percent of the full	*no sheet provided*	**Project does not comply.** No exterior arcade proposed.	This particular project does not lend itself to an arcade to be included in the design especially with the size and shape of the lot.	
	X				e. Ground floor open area abutting street-facing façade with a minimum area of 60 square feet; or	*no sheet provided*	**Additional details required.** This is marked as "yes" now, but not plan sheet reference is provided. It appears that the area near the main entrance (south-side of the building, facing Capri) would be close to meeting this, but not all of this is "open area" as bike parking is proposed.	Provide a sheet reference that shows compliance with this standard and update plans to include these details.	
	X				f. Vertical elements, such as pilasters or columns, that protrude a minimum of one foot from the façade and extend the full height of the building base or ground floor, whichever is greater.	*no sheet provided*	**Project does not comply.** Vertical elements are not proposed.	We do not comply because vertical columns do not blend with the architecture we have proposed. This is totally subjective and not appropriate on this project.	
	X			B.1.2	Upper floors above two stories shall be set back by a minimum of five feet from the ground-floor façade.	A16.1	**Project does not comply.** The upper floors do not step back 5' from the ground floor.	Provide justification. The updated ODS checklist says "see letter of justification", but no justification for this item is provided in your Letter of Justification.	
			B.2. Parking Structure Design						
X				B.2.1	The ground-floor façade of a parking structure facing a street or pedestrian walkway shall be fenestrated on a minimum of 40 percent of the façade.	A16.0, A16.1	**Project complies.**		
X				B.2.2	Façade openings on upper levels of a parking structure shall be screened at a minimum 10 percent and up to 30 percent of the opening to prevent full transparency into the structure.	A7.0, A7.1	**Project complies.**		
X				B.2.3	Parking structures facing a street and greater than 40 feet in length shall include landscaping between the building façade and the street, or façade articulation of at least 25 percent of the façade length. The façade articulation shall be implemented by one of the following solutions:	PL-1	**Project complies.**		

		X			a. An offset of the façade plane with a depth of at least 18 inches for a minimum of eight feet in horizontal length; or		A7.0, A7.1	**N/A.** Landscaping is used instead of façade articulation.	
		X			b. A different building material covering the entire façade articulation.		A7.0, A7.1	**N/A.** Landscaping is used instead of façade articulation.	
				B.3. Roof Design					
	X			B.3.1	At intervals of no more than 40 feet along the building façade, horizontal eaves shall be broken using <u>at least one</u> of the following strategies:			**Project does not comply.** No solutions are proposed.	The shape and size of the roof has been carefully designed to support solar panels and because of the height of the project, this design guideline for roofs is not appropriate.
	X				a. Gables;		*no sheet provided*	**Project does not comply.** Gables are not proposed.	
	X				b. Building projection with a depth of a minimum of two feet;		A16.1	**Project does not comply.**	
	X				c. Change in façade or roof height of a minimum of two feet;		A7.0, A7.1, A10.0	**Project does not comply.**	
	X				d. Change in roof pitch or form; or		*no sheet provided*	**Project does not comply.**	
	X				e. Inclusion of dormers, parapets, and/or varying cornices.		A10.0, A10.1	**Project does not comply.**	
		X		B.3.2	Skylights shall have a flat profile rather than domed.		*no sheet provided*	**N/A.** Skylights are not proposed.	
		X		B.3.3	The total width of a single dormer or multiple dormers shall not exceed 50 percent of the total roof length at the street-facing façade. The dormer width shall be measured at dormer roof fascia, or widest part of the dormer.		*no sheet provided*	**N/A.** Dormers are not proposed.	
		X		B.3.4	Carport roof materials shall be the same as the primary building.		*no sheet provided*	**N/A.** Carports are not proposed.	
				B.4. Façade Design and Articulation					
X				B.4.1	Buildings greater than two stories shall be designed to differentiate the base, middle, and top of the building on any street-facing façade. Each of these elements shall be distinguished from one another using <u>at least two</u> of the following solutions:		A16.0, A16.1	**Project complies.** Solutions (d) and (e) are met.	
	X				a. Variation in building mass for a minimum of 60 percent of the length of the street-facing façade through changes in the façade plane that protrude or recess with a minimum dimension of two feet;		A16.0, A16.1	**Project does not comply.**	
	X				b. Balconies or habitable projections with a minimum depth of two feet for a minimum of 20 percent length of the street-facing façade;		A11.0 - A11.4	**Project does not comply.**	
	X				c. Variation in façade articulation, using shade and weather protection components, projecting a minimum of three feet for a minimum of 20 percent length from the street-facing façade;		*no sheet provided*	**Project does not comply.**	
X					d. The use of at least two different façade materials, each covering a minimum of 20 percent of the street-facing façade, or		DG0.3 / Note 5, A7.0, A7.1	**Project complies.**	
X					e. The upper floor shall implement a façade height that is a minimum of two feet greater than the façade height of the floor immediately below. The greater façade height shall be made evident by taller windows or arrangement of combined windows.		DG0.3 / Note 6	**Project complies.**	
X				B.4.2	All façade materials, such as siding, window types, and architectural details, used on the street-facing façade shall be used on all other building façades.		DG0.3 / Note 7	**Project complies.**	
	X			B.4.3	Variation in the street-facing façade planes shall be provided for buildings greater than one story by incorporating any combination of the following architectural solutions to achieve a <u>minimum of 16 points</u>:		A7.0, A7.1, A9.0, A10.0, A.10.1	**Project does not comply.** Not enough points achieved**. See below.**	Provide justification.
					Architectural features, such as:				
	X				○ Arcade or gallery along the ground floor;	8 points	*no sheet provided*	**Project does not comply.** Arcade or gallery is not proposed.	
		X			○ Awnings or canopies on all ground floor windows of commercial space;	6 points	*no sheet provided*	**N/A.** Commercial space is not proposed.	You marked "yes"; however, there is no commercial space proposed so this cannot be met.
X					○ Building cornice;	**5 points**	*no sheet provided*	**Additional details required.** This is now marked as "yes", but not plan sheet reference is provided. Staff sees a new "molding/band" on the elevations. Please confirm this is what you are referring to.	
	X				○ Façade sconce lighting at a minimum of one light fixture per 15 linear feet.	3 points	E0.10	**Project does not comply.** Sheet E0.10 shows that light spacing does not meet this requirement.	

	X				▪ Bay or box windows projecting a minimum of 18 inches from the façade plane and comprising a minimum of 20 percent of the fenestration on the upper floors of the facade;	6 points	*no sheet provided*	**Project does not comply.** Bay windows are not proposed.		
	X				▪ Balconies or Juliet balconies provided on a minimum of 40 percent of the fenestration on the upper floors of the facade;	5 points	A10.0, A10.1	**Additional details required.** This is marked as "yes". The plans do not clearly show/state how this is complied with. Provide this diagram and/or calculation in the plans. Additionally, fix the sheet reference as Sheets A10.0 and A10.1 show building sections.		
	X				▪ Landscaped trellises or lattices extending across a minimum of 65 percent of any level of the facade;	5 points	*no sheet provided*	**Project does not comply.** Landscaped trellices or lattices are not proposed.		
X					▪ Materials and color changes;	**3 points**	A7.0, A7.1	**Project complies.**		
	X				▪ Eaves that overhang a minimum of two feet from the facade with supporting brackets;	3 points	*no sheet provided*	**Additional details required.** This is now marked as "yes". The plans do not clearly show/state how this is complied with. Provide this diagram and/or calculation in the plans. Additionally, provide a sheet reference that shows eaves with a 2' overhang on both street-facing facades.		
	X				▪ Window boxes or plant shelves under a minimum of 60 percent of the fenestration on the upper floors of the facade; or	3 points	*no sheet provided*	**Project does not comply.** Window boxes are not proposed.		
	X				▪ Decorative elements such as molding, brackets, or corbels	3 points	*no sheet provided*	**Additional details required.** This is now marked as "yes". The plans do not clearly show/state how this is complied with. Provide this diagram in the plans. Additionally, provide a sheet reference that shows the decorative elements "at all the railings", as you note in the ODS checklist.		
					TOTAL	**8 points (16 needed)**		**Project does not comply.** Not enough points achieved.	Provide justification.	
		X		B.4.4	Garage doors shall be recessed a minimum of 12 inches from the façade plane and		*no sheet provided*	**N/A.** Garage doors are not proposed.		
X				B.4.5	Changes in building materials shall occur at inside corners.		DGO.1 / Note 5	**Project complies.**		
X				B.4.6	A primary building entrance shall be provided facing a street or community recreation space. Additionally, all development shall meet the following requirements:		*no sheet provided*	**Project complies.**		
X					a. Pedestrian entries to ground-floor and upper-floor non-residential uses shall meet at least one of the following standards:		A3.0, A4.0	**Project complies.**		
X					i. The entrance shall be recessed in the façade plane at least three feet in depth; or		A5.0, A2.0, A3.0, A4.0	**Project complies.**		
X					ii. The entrance shall be covered by an awning, portico, or other architectural element projecting from the façade a minimum of three feet.		A5.1, A3.0, A4.0	**Project complies.**		
		X			b. For ground-floor commercial uses, façades facing a street shall include		*no sheet provided*	**N/A.** Commercial space is not proposed.		
X				B.4.7	Pedestrian entries to buildings shall meet minimum dimensions to ensure adequate access based on use and development intensity. Building entries inclusive of the doorway and the facade plane shall meet the following minimum dimensions:		A10.0, A10.1	**Project complies.**		
		X			a. Individual residential entries: five feet in width		*no sheet provided*	**N/A.** Individual entries on ground floor not proposed.		
X					b. Single entry to multiple residential unit building, including Residential Mixed-Use buildings: eight feet in width		A3.0, A2.0	**Project complies.**		
X					c. Storefront entry: six feet in width		A3.0, A2.0	**Project complies.**		
X				B.4.8	Mirrored windows are prohibited.		*A7.0*	**Project complies.**		
X				B.4.9	Awnings shall be subject to the following requirements:		A7.0, A7.1	**Project complies.**		
X					a. A minimum vertical clearance of eight feet measured from the pedestrian pathway;		A7.0	**Project complies.**		
		X			b. Shall not extend beyond individual storefront bays; and		*no sheet provided*	**N/A.** Individual storefront bays are not proposed.		
X					c. Shall not be patterned or striped.		A9.0	**Project complies.**		

	X			B.4.10	For buildings abutting a single-family zoning district or existing single-family use, no part of a rooftop or upper floor terrace or deck shall be closer than five feet from the facade plane of the lower floor, to prevent views into adjacent residential uses.	*no sheet provided*	**Project does not comply.** The proposed balconies along the northern elevation do not comply. Provide a sheet reference and justification. The response says that the balconies would face a commercially zoned parcel to the north. This is true, however, the standard says "or existing single-family use." The property to the north is zoned C-1 but is used as a single-family residence.	Provide justification.	
	X			B.4.11	Balconies are allowed on facades facing the street and those facades facing existing non-residential uses on abutting parcels. Such balconies shall be without any projections beyond the building footprint.	DG0.3 / Note 8	**Project does not comply.** The proposed balconies would face the existing adjacent residential use to the north.	Provide justification.	
		X		B.4.12	Residential Mixed-Use buildings shall provide <u>at least one</u> of the following features along street-facing façades where the façade exceeds 50 feet in length:	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
		X			a. A minimum five-foot offset from the façade plane for a length of at least 10 feet;	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
		X			b. Multiple pilasters or columns, each with a minimum width of two feet; or	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
		X			c. Common open space, such as a plaza, outdoor dining area, or other spaces.	*no sheet provided*	**N/A.** Residential mixed-use is not proposed.		
X				B.4.13	Continuous blank façades on any floor level shall not exceed 25 percent of the entire façade length along any street.	DG0.3 / Note 9, A9.0	**Project complies.**		

Sec. 29.20.185. Table of conditional uses.

An "X" indicates that an activity is allowed in a zone if a conditional use permit is issued. Activities listed in this table are only allowed where a conditional use permit is issued, or where the activity is specifically listed in the permitted uses for the zone.

TABLE OF CONDITIONAL USES				RC	HR	R1	RD	R-M	R-1D	RMH	O	C-1	C-2	CH	LM	CM
(1)	Commercial															
	a.	Banks										X	X	X		
	b.	Reserved														
	c.	Drive-up window for any business										X	X	X		
	d.	Supermarket										X	X	X		
	e.	Super drugstore										X	X	X		
	f.	Department store										X	X	X		
	g.	Shopping center										X	X	X		
	h.	Motel											X	X		
	i.	Hotel											X	X		
	j.	Restaurant including those with outdoor dining areas or takeout food										X	X	X	X	X
	k.	Establishment selling alcoholic beverages for consumption on-premises														
		1.	In conjunction with a restaurant or specialty food retail use									X	X	X	X	
		2.	Without food service (bar)										X			
		3.	Tap/tasting room									X	X	X	X	
	l.	Establishment selling alcoholic beverages for consumption off-premises (this provision only applies to establishments commencing or expanding off-premises sales after April 23, 1981)											X	X	X	
		1.	In conjunction with a specialty food retail use									X	X	X	X	
	m.	Convenience market										X	X	X		
	n.	Reserved														
	o.	Formula retail business greater than 10,000 s.f										X	X	X	X	
	p.	Reserved														
	q.	New office building approved or constructed after May 1, 2006										X	X	X		
	r.	New retail sales of firearms, ammunition													X	

		and/or destructive devices as set forth in section 29.70.100													
(2)	Recreation														
	a.	Commercial recreation and amusement establishment									X	X	X	X	
	b.	Theater										X			
	c.	Outdoor entertainment										X			
	d.	Swimming pool for non-incidental use	X	X	X	X	X	X		X	X	X	X	X	X
	e.	Private sports recreation club	X	X	X	X	X	X		X	X	X	X		
	f.	Golf course	X	X	X	X	X								
(3)	Community Services														
	a.	Public building; police, fire, community center, library, art gallery, museum	X	X	X	X	X	X		X	X	X	X	X	X
	b.	Club, lodge, hall, fraternal organization			X	X	X	X		X	X	X	X	X	X
	c.	Church, monastery, convent, and other institutions for religious observance	X	X	X	X	X	X		X	X	X	X	X	
	d.	Mortuary, columbarium, mausoleum						X				X	X	X	
	e.	Public transportation and parking facilities	X	X	X	X	X	X		X	X	X	X	X	X
	f.	Park, plaza, playground	X	X	X	X	X	X		X	X	X	X	X	X
	g.	Nonprofit youth groups	X												
(4)	Schools														
	a.	Public schools or college not otherwise specified	X	X	X	X	X	X		X	X	X	X	X	
	b.	Private school or college not otherwise specified; including a new private school or college to be located on grounds or within buildings formerly occupied by a public school	X	X	X	X	X	X		X	X	X	X	X	
	c.	Nursery school/day care center, provided that each shall be on a site not less than 20,000 square feet in area and in a building not less than 2,000 square feet in floor area	X	X	X	X	X	X		X	X	X	X	X	
	d.	Family daycare home								X	X	X	X		
	e.	Reserved													
	f.	Vocational or trade school										X	X	X	
	g.	Business or professional school or college								X	X	X	X	X	
	h.	Art, craft, music, dancing school, group classes										X			
(5)	Health Services														

	a.	Hospital								X					
	b.	Convalescent hospital			X		X	X		X	X	X	X		
	c.	Residential care facility-small family home								X	X	X	X		
	d.	Residential care facility-large family home	X	X	X	X	X	X		X	X	X	X		
	e.	Residential care facility-group home	X	X	X	X	X	X		X	X	X	X		
(6)	Transmission Facilities/Utilities														
	a.	Public utility service yard, station, transmission lines, storage tank, drainage or communication facilities	X	X	X	X	X	X		X	X	X	X	X	X
	b.	Antenna facilities operated by a public or private utility for transmitting and receiving cellular telephone and other wireless communications	X	X	X	X	X	X		X	X	X	X	X	X
	c.	Radio and/or broadcast studios								X	X	X	X	X	X
(7)	Automotive (Vehicle sales, service and related activities)														
	a.	Vehicle sales and rental										X	X	X	
	b.	Reserved													
	c.	Vehicle tires and accessories, sales, servicing, recapping											X	X	
	d.	Vehicle body repair and painting											X	X	
	e.	Vehicle repair and service (garage)											X	X	
	f.	Service station									X	X	X	X	
	g.	Parking lots or storage garages, not accessory to another use										X	X		
	h.	Car wash											X		
	i.	Truck terminal												X	X
	j.	Recreational vehicle and equipment storage yard											X	X	X
	k.	Temporary auto storage for automobile dealers	X	X	X	X	X	X		X	X	X	X	X	X
	l.	Parking lots that serve a nearby commercial use located on a previously unimproved property in the R-1:12 zone on an arterial street			X										
	m.	>Sales, service, and repair of electric vehicles as set forth in Section 29.10.020										X	X	X	
(8)	Residential Uses														
	a.	One-family dwelling (in a mixed-use project)								X	X		X		
	b.	Two-family dwelling (in a mixed-use project)								X	X		X		

	c.	Multiple-family dwelling (in a mixed-use project)								X	X	X	X		
	d.	Mobile home park					X								
	e.	Caretaker residence	X	X											
	f.	Reserved													
	g.	Conversion of a mobile home park to any other use					X		X						
	h.	Live/work units								X	X	X	X	X	
(9)	Agriculture and Animal Services														
	a.	Botanical nursery	X	X	X	X	X	X		X	X	X	X	X	X
	b.	Dairying	X	X											
	c.	Veterinary hospital (without kennel)									X	X	X	X	
	d.	Kennel	X	X											X
	e.	Commercial and private stables and riding academies	X	X	X	X	X								
	f.	Wineries that have been legally and continuously operating for at least 50 years or is operated in conjunction with a vineyard	X												
	g.	Aviaries and other wholesaling animal-raising facilities	X	X	X										
	h.	Vineyards, orchards, and agricultural or farming activities greater than 3,000 s.f.	X	X	X										
(10)	Light Industrial														
	a.	Large recycling collection facilities												X	X
	b.	Large recycling collection facilities operated by a public agency	X	X	X	X	X	X	X	X	X	X	X	X	X
	c.	Equipment rental yard										X	X	X	
	d.	Construction materials yard												X	X
	e.	Bulk fuel storage and sales												X	X
	f.	Dry cleaning plants									X	X	X		
	g.	Hazardous waste management facility													X
(11)	Other														
	a.	Outdoor storage											X	X	X
	b.	Changing the activity in a nonconforming building	X	X	X	X	X	X		X	X	X	X	X	X
	c.	24 hour businesses or businesses open between the hours of 2:00 a.m. and 6:00 a.m.								X	X	X	X	X	X

(Ord. No. 1316, § 5.20.205, 6-7-76; Ord. No. 1363, 8-1-77; Ord. No. 1367, 9-19-77; Ord. No. 1369, 10-3-77; Ord. No. 1375, 11-21-77; Ord. No. 1405, 9-5-78; Ord. No. 1417, 2-20-79; Ord. No. 1476, 9-15-80; Ord. No. 1483, 12-2-80;

Ord. No. 1493, 3-17-81; Ord. No. 1506, 7-6-81; Ord. No. 1531, 4-20-82; Ord. No. 1546, 8-16-82; Ord. No. 1555, 10-25-82; Ord. No. 1571, 3-7-83; Ord. No. 1596, 10-24-83; Ord. No. 1654, 4-22-85; Ord. No. 1667, 12-2-85; Ord. No. 1701, 12-15-86; Ord. No. 1724, 5-18-87; Ord. No. 1725, 6-1-87; Ord. No. 1729, 6-15-87; Ord. No. 1732, 7-20-87; Ord. No. 1737, § V, 11-2-87; Ord. No. 1746, 3-21-88; Ord. No. 1835, § III, 7-16-90; Ord. No. 1842, § II, 4-1-91; Ord. No. 1896, § I, 4-6-92; Ord. No. 1961, § I, 11-15-93; Ord. No. 1993, § I, 1-3-95; Ord. No. 2006, § IIA, 11-6-95; Ord. No. 2011, § I, 3-4-96; Ord. No. 2107, § II, 11-4-02; Ord. No. 2115, § III, 9-15-03; Ord. No. 2131, § I, 5-3-04; Ord. No. 2132, § II, 5-17-04; Ord. No. 2149, § I, 5-1-06; Ord. No. 2220, § I(Exh. A), 10-7-13; Ord. No. 2222, §I(Exh. A), 10-21-13; Ord. No. 2233, § I(Exh. A), 8-5-14; Ord. No. 2273, § I, 5-1-18; Ord. No. 2280, § I, 3-19-19; Ord. No. 2304, § II, 2-18-20; Ord. No. 2306, § I, 4-21-20; Ord. No. 2310, § I, 8-4-20; Ord. No. 2342, §§ X, XI, 8-1-23)

DIVISION 2. TREE PROTECTION[1]

Sec. 29.10.0950. Intent.

This division is adopted because the Town of Los Gatos is forested by many native and non-native trees and contains individual trees of great beauty. The community of the Town benefit from preserving the scenic beauty of the Town, preventing erosion of topsoil, providing protection against flood hazards and risk of landslides, counteracting pollutants in the air, maintaining climatic balance, and decreasing wind velocities. It is the intent of this division to regulate the removal of trees within the Town in order to retain as many trees as possible consistent with the purpose of this section and the reasonable use of private property. While trees provide multiple benefits, it is also the intent of this division to acknowledge that a portion of the Town is located in a Very High Fire Hazard Severity Zone, as defined by the California Department of Forestry and Fire Protection (CAL FIRE) and the associated wildfire threat that exists for the community. It is the intent of this division to preserve as many protected trees as possible throughout the Town through staff review and the development review process. Special provisions regarding hillsides are included in section 29.10.0987 of this division in recognition of the unique biological and environmental differences between the hillside and non-hillside areas of the Town. This section does not supersede the provisions of Chapter 26 of this Code.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2303, § II, 2-4-20)

Sec. 29.10.0955. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section:

Building envelope means the area of a parcel (1) upon which, under applicable zoning regulations, a structure may be built outside of required setbacks without a variance or; (2) that is necessary for the construction of primary access to structures located on the parcel, where there exists no feasible means of access which would avoid protected trees. On single-family residential parcels, the portion of the parcel deemed to be the building envelope access shall not exceed ten (10) feet in width.

Certified or consulting arborist means an individual in the profession of arboriculture who, through experience, education, and related training, possesses the competence to provide a tree report, tree survey or supervise the care and maintenance of trees; and who is certified by the International Society of Arboriculture, a member of the American Society of Consulting Arborists or approved by the director.

Damage means any action undertaken intentionally or negligently which causes short-term or long-term injury, death, or disfigurement to a tree. This includes but is not limited to mechanical injury, cutting of roots or limbs, poisoning, over-watering, relocation or transplanting a tree, or trenching, grading, compaction, excavating, paving, or installing impervious surface within the root zone of a protected tree.

[1]Ord. No. 2240, § I(Exh. B), adopted June 2, 2015, amended Div. 2 to read as herein set out. Former Div. 2, §§ 29.10.0950—29.10.1045, pertained to similar subject matter, and derived from Ord. No. 2114, §§ I, II, adopted Aug. 4, 2003.

Dead tree means a tree that cannot be restored to good health and has at least one (1) of the following characteristics:

(1) Is completely devoid of life;

(2) Has no leaves at a time when it should;

(3) Exhibits no buds if dormant;

(4) Is incapable of translocating food and water between leaves and roots; or

(5) Has a high likelihood of imminent death in the opinion of the Town Arborist.

Destroy means to cause the premature decline of tree health or life as evaluated and determined by the Town Arborist.

Defensible Space means an area around the perimeter of a structure in which vegetation, debris, and other types of combustible fuels are treated, cleared, or reduced to slow the rate and intensity of potentially approaching wildfire or fire escaping from structures.

Development means any work upon any property in the Town which requires a subdivision, rezoning, planning permit, variance, use permit, building permit, demolition permit, grading permit or other Town approval or which involves survey work, story pole placement, excavation, landscaping, construction, etc., or clearing and grubbing within the dripline or any area that would affect a protected tree.

Diameter means measurement of the trunk diameter for the purpose of applying this section shall be made four and one-half (4.5) feet (fifty-four (54) inches) above natural grade. Measurement of multi-trunked trees shall be determined by the sum of all trunk diameters measured at four and one-half (4.5) feet (fifty-four (54) inches) above natural grade.

Director means the Director of Community Development or the Director's designated representative.

Dripline area means the area around the trunk of the tree extending out a distance ten (10) times the diameter of the trunk, or the perimeter of the tree canopy, whichever is greater.

Heritage tree means a tree or grouping of trees specifically designated by action of the Town Council, upon the recommendation of the Historic Preservation Commission, that possess exceptional aesthetic, biological, cultural, or historic value and is expected to have a continuing contribution to the community,

Hillside means all properties located within the area defined by the hillside area map as contained in the Town of Los Gatos Hillside Development Standards and Guidelines.

Large protected tree means any oak (Quercus), 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).

Mechanical injury means injury done to a tree either intentionally or negligently that leads to deviation from normal growth or physical damage or death to the tree. Common causes of mechanical injury are landscape maintenance equipment, staking damage, vehicles, or vandalism.

Multi-trunk tree means a tree that has more than one (1) major supporting stem or trunk growing from a single root mass located at ground level or just above the trunk flare.

Native means any tree that is found in the immediate natural habitat. For instance, redwood trees are native to the Santa Cruz Mountains but they are not native to the oak woodlands and chaparral areas of Los Gatos.

Pollarding means a pruning technique where the ends of the branches of a tree are terminated with a heading cut to a predetermined length, and then resultant epicormic shoots that emerge from just below the heading cut are cut back on an annual basis, forming an enlarging "knob" or knuckle" at the end of the remaining branches over time. Pollarding should be done on small branches no more than two (2) inches in diameter and is

only allowed without a permit on fruitless mulberry trees (Morus alba) or other species approved by the Town Arborist.

Protected tree means a tree regulated by the Town of Los Gatos as set forth in Section. 29.10.0960, Scope of protected trees.

Pruning means the selective removal of plant parts to meet specific goals and objectives, including but not limited to: safety and risk reduction; clearance; health maintenance; aesthetic improvement; growth control; and to enhance performance or function by developing and preserving tree structure and health. All pruning shall be in accordance with the current version of the International Society of Arboriculture Best Management Practices-Tree Pruning and ANSI A300-Part 1 Tree, Shrub and Other Woody Plant Management-Standard Practices, (Pruning).

Public nuisance, means any tree, shrub, plant or part thereof growing in, or overhanging, a public street or right-of-way, interfering with the use of any public street or public place in the Town, or tree which, in the opinion of the Director, endangers the life, health, safety, comfort or property of any persons using such public street, or in such public place, because of the tree's or shrub's location, condition of its limbs, roots or trunk, or because of its diseased condition, is hereby declared to be a public nuisance.

Public place means any road or street, or public school, or place of public assemblage, or real property, building, or other space or area which is open to public access, and which is under public control, or maintained at public expense, or which the Town or the County of Santa Clara, or the State of California, or the United States, as the case may be, owns some or all interest or which it leases.

Public street means all or any portion of territory within the Town set apart and designated for the use of the public as a thoroughfare for travel, including the sidewalks, curb and gutter.

Remove means any of the following: (1) Complete removal, such as cutting to the ground or extraction, of a protected tree or one (1) of its multi-trunks; (2) Taking any action foreseeably leading to the death of a tree or permanent damage to its health; including but not limited to severe pruning, cutting, girdling, poisoning, overwatering, unauthorized relocation or transplanting of a tree, or trenching, excavating, altering the grade, or paving within the dripline area of a tree.

Severe pruning means topping or removal of foliage or significant scaffold limbs or large diameter branches so as to cause permanent damage and/or disfigurement of a tree, and/or which does not meet specific pruning goals and objectives as set forth in the current version of the International Society of Arboriculture Best Management Practices-Tree Pruning and ANSI A300-Part 1 Tree, Shrub and Other Woody Plant Management-Standard Practices, (Pruning). Severe Pruning shall also include pruning as described in section 29.10.1010(3) of this chapter.

Shrub means a bushy, woody plant, usually with several permanent stems, and usually not over fifteen (15) feet high at maturity.

Significant impact on a property from a tree means an unreasonable interference with the normal and intended use of the property. In determining whether there is a significant impact, the typical longevity of the subject tree species, the size of the tree relative to the property, and whether the condition can be corrected shall be considered. Normal maintenance, including but not limited to pruning not requiring a permit under this division, and leaf removal and minor damage to paving or fences shall not be considered when making a determination of significant impact.

Street tree means a tree in a public place, or along or within a public street or right-of-way.

Topping means the practice of cutting back large diameter branches of a tree, including but not limited to cutting of a central leader, to some predetermined lower height to reduce the overall height of the tree, where the remaining buds, stubs or lateral branches are not large enough to assume a terminal role.

Tree means a woody perennial plant characterized by having a main stem or trunk, or a multi stemmed trunk system with a more or less definitely formed crown, and is usually over ten (10) feet high at maturity.

Tree canopy replacement standard means a replacement tree formula to mitigate removal of a protected tree. The standard is based on measuring the widest distance across the canopy of a tree for the purpose of determining the mitigating size and number of replacement trees.

Tree protection zone (TPZ) means the area of a temporary fenced tree enclosure under the tree's dripline or as specified in a report prepared by a certified or consulting arborist. The TPZ is a restricted activity zone before and after construction where no soil disturbance is permitted unless approved and supervised by the certified or consulting arborist.

Tree Risk Rating means a categorization of risk based on an assessment of the likelihood of failure and impact and the consequences such failure and impact would have on life, property, utilities, or essential transportation systems. For purposes of this division, Tree Risk Rating shall be the rating of tree risk as provided for in the International Society of Arboriculture (ISA) Tree Risk Assessment Best Management Practices Tree Risk Rating Matrix, which categorizes risk as Extreme, High, Moderate or Low.

Tree value standard means the method of appraising a tree's value to a property using the Trunk Formula Method or Replacement Cost Method as described in the most recent edition of the Guide for Plant Appraisal published by the Council of Tree and Landscape Appraisers (CTLA) and the Species Classification and Group Assignment by the Western Chapter of the International Society of Arboriculture (ISA).

Trunk means the primary structural woody part of the tree beginning at and including the trunk flare and extending up into the crown from which scaffold branches grow.

Trunk flare means the area at the base of the plant's trunk where it broadens to form roots and is the transition area between the root system and the trunk.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2303, § II, 2-4-20; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.0960. Scope of protected trees.

This division shall apply to every property owner and to every person, corporation, partnership, sole proprietorship or other entity responsible for removing, maintaining or protecting a tree. The trees protected by this division are:

(1) All trees which have a twelve-inch or greater diameter (thirty-seven and one-half-inch circumference) of any trunk or in the case of multi-trunk trees, a total of eighteen inches or greater diameter (fifty-six and one-half-inch circumference) of the sum of all trunks, where such trees are located on developed residential property.

(2) All trees which have an eight-inch or greater diameter (twenty-five-inch circumference) of any trunk or in the case of multi-trunk trees, a total of eight inches or greater diameter (twenty-five-inch circumference) of the sum of all trunks, where such trees are located on developed Hillside residential property.

(3) All trees of the following species which have an eight-inch or greater diameter (twenty-five-inch circumference) located on developed residential property:

   a. Blue Oak (Quercus douglasii);

   b. Black Oak (Quercus kellogii);

   c. California Buckeye (Aesculus californica);

   d. Pacific Madrone (Arbutus menziesii).

(4) 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.

(5) Any tree that existed at the time of a zoning approval or subdivision approval and was a specific subject of such approval or otherwise covered by subsection (6) of this section (e.g., landscape or site plans).

(6) Any tree that was required by the Town to be planted or retained by the terms and conditions of a development application, building permit or subdivision approval in all zoning districts, tree removal permit or code enforcement action.

(7) All trees, which have a four-inch or greater diameter (twelve and one half-inch circumference) of any trunk and are located on property other than developed residential property.

(8) All publicly owned trees growing on Town lands, public places or in a public right-of-way easement, which have a four-inch or greater diameter (twelve and one-half-inch circumference) of any trunk.

(9) A protected tree shall also include a stand of trees, the nature of which makes each dependent upon the other for the survival of the stand.

(10) The following trees shall also be considered protected trees and shall be subject to the pruning permit requirements set forth in section 29.10.0982 and the public noticing procedures set forth in section 20.10.0994:

a. Heritage trees;

b. Large protected trees.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.0965. Prohibitions.

Except as provided in section 29.10.0970, it shall be unlawful:

(1) To remove or cause to be removed any protected tree in the Town without first obtaining a permit pursuant to this chapter.

(2) To prune, trim, cut off, or perform any work, on a single occasion or cumulatively, over a three-year period, affecting twenty-five (25) percent or more of any protected tree without first obtaining a permit pursuant to this chapter.

(3) To prune, trim, or cut any branch or root greater than four (4) inches in diameter (twelve and one-half (12.5) inches in circumference) of a Heritage tree or large protected tree without first obtaining a permit pursuant to this chapter.

(4) To conduct severe pruning as defined in section 29.10.0955 without first obtaining a permit pursuant to this chapter.

(5) For any person or business entity engaged in the business of removing trees or tree care to perform work requiring a permit under this division without first obtaining a permit under this division. The permit shall be posted on-site at all times during the removal or permitted pruning of a tree and must be made available upon request from the Chief of Police, Code Compliance Officer, Director of Parks and Public Works Department, or their designee. After a second violation, the Los Gatos business license of the violating person or entity shall be suspended for a period of one (1) year.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.0970. Exceptions.

The following trees are excepted from the provisions of this division and may be removed or severely pruned without Town approval or issuance of a tree removal permit:

(1) A fruit or nut tree that is less than eighteen (18) inches in diameter (fifty-seven-inch circumference).

(2) Any of the following trees that are less than twenty-four (24) inches in diameter (seventy-five (75) inches in circumference):

a. Black Acacia (Acacia melanoxylon)

b. Tulip Tree (Liriodendron tulipifera)

c. Tree of Heaven (Ailanthus altissima)

d. Blue Gum Eucalyptus (E. globulus)

e. Red Gum Eucalyptus (E. camaldulensis)

f Other Eucalyptus (E. spp.)-Hillsides only

g. Palm (except Phoenix canariensis)

h. Privet (Ligustrum lucidum)

(3) Any removal or maintenance of a tree to conform with the implementation and maintenance of Defensible Space per Chapter 9 - Fire Prevention and Protection with the exception of any tree listed in subcategories (3) and (10) of Section 29.10.0960 - Scope of Protected Trees.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2303, § II, 2-4-20)

Sec. 29.10.0975. Emergency action.

A protected tree may be removed or severely pruned without a permit where it presents an imminent danger to life, property, utilities or essential transportation systems and a Tree Risk Rating of Extreme or High is present. In such event, the property owner or representative shall be responsible for the following:

(1) Notify the Town Parks and Public Works Department during business hours or the Police Department after business hours and request authorization of the proposed emergency action, including removal or severe pruning.

(2) Emergency action may be authorized by the Director, Town Manager, Parks and Public Works Director, Town Arborist or their designees, or a member of the police or fire department or other emergency personnel when the situation and conditions warrant immediate action to protect life or property and other Town officials are unavailable.

(3) No later than seventy-two (72) hours after the emergency action has been taken the property owner shall submit photo documentation and written verification to the Town confirming the emergency condition and describing the action taken.

If the Director determines that the condition was not reasonably determined to have been an emergency requiring immediate action, the person responsible for removing or damaging the protected tree shall be subject to fines and penalties as set forth in section 29.10.1025.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.0980. Applications for a tree removal or severe pruning permit.

Applications for a protected tree removal or severe pruning permit for trees on private property shall be available from and filed with the Town as indicated on the application. Application submittals for the removal of trees on public property (street trees) are provided for in section 26.10.060 of the Town Code. Applications for tree removal or severe pruning on private property may be granted, denied or granted with conditions. Application submittals for removal or severe pruning of trees on private property shall include the following minimum information for staff review:

(1) A completed tree removal application form, signed by the property owner.

(2) A written explanation of why each tree(s) should be removed or pruned and how it meets the Town's Standards of Review.

(3) Photograph(s) of the tree(s).

(4) If required by the Director, a certified or consulting arborist's written assessment of the tree's disposition shall be provided for review by the Town. The report shall be signed by the arborist and include tree size (diameter, height, crown spread); location on the site; numbered on a site plan or arborists tree survey (if there is more than one (1) tree); condition of health; condition of structure; and if tree risk findings apply, a Tree Risk Assessment and Rating must be completed using the most recent version of the Tree Risk Assessment Best Management Practices or any successor document published by the International Society of Arboriculture. Other information, images, etc. may be included in the report.

(5) If structural damage to a building, major landscape feature, or appurtenance, including utilities is the basis for the request, a report from a licensed architect or engineer may also be required in addition to an arborist report. This additional report shall describe what modifications to buildings, structures, improvements or utilities would be required to mitigate the damage(s) directly caused by the tree.

(6) Payment of permit fee, as established by Town resolution.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.0982. Applications for heritage and large protected tree pruning permit.

A pruning permit is required where pruning of branches or roots greater than four (4) inches in diameter is proposed for any Heritage tree or large protected tree. Applications shall be available from and filed with the Town. Applications for pruning may be granted, denied or granted with conditions. Application submittals under this section shall include the following minimum information for staff review:

(1) A completed pruning permit application, signed by the property owner.

(2) A written description of the proposed pruning including the pruning objectives and pruning methods to be used consistent with International Society of Arboriculture Best Management Practices-Tree Pruning and ANSI A300-Part 1 Tree, Shrub and Other Woody Plant Management-Standard Practices, (Pruning).

(3) Photographs of the tree indicating as best possible where pruning is to occur.

(4) If required by the Director, a certified or consulting arborist's written report describing the proposed pruning.

(5) If structural damage to a building, major landscape feature, or appurtenance, including utilities is the basis for the request, a report from a licensed architect or engineer may be required in addition to an

arborist report. This additional report shall describe what modifications to buildings, structures, improvements or utilities would be required to mitigate the damages directly caused by the tree.

(6) Payment of permit fee, as established by Town resolution.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.0985. Determination and conditions of permit.

The Director shall determine whether to grant a permit. The Director may consult with other Town departments or outside agencies at his/her discretion. When a development application for any zoning approval, or subdivision of land, including lot line adjustment, is under consideration by the Planning Commission, the determination on the tree removal permit shall be made concurrently by the Planning Commission with the related matter. The Director or the deciding body may mpose, except when removal is permitted if the tree is dead or a Tree Risk Rating of Extreme or High is present, as a condition on which a protected tree removal permit is granted that two (2) or more replacement trees of a species and a size designated by the Director or designee, shall be planted in the following order of preference:

(1) Two (2) or more replacement trees, of a species and size designated by the Director, shall be planted on the subject private property. Table 3-1, Tree Canopy-Replacement Standard shall be used as a basis for this requirement. The person requesting the permit shall pay the cost of purchasing and planting the replacement trees.

(2) If a tree or trees cannot be reasonably planted on the subject property, an in-lieu payment in an amount set forth by the Town Council by resolution shall be paid to the Town Tree Replacement Fund to:

a. Add or replace trees on public property in the vicinity of the subject property; or

b. Add or replace trees or landscaping on other Town property; or

c. Support the Town's urban forestry management program.

Table 3-1 — 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

Notes

[1] To measure an asymmetrical canopy of a tree, the widest measurement shall be used to determine canopy size.

[2] Often, 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.

[3] Single Family Residential Replacement Option is available for developed single family residential lots under n thousand (10,000) square feet that are not subject to the Town's Hillside Development Standards and Guidelines. All fifteen-gallon trees must be planted on-site. Any in-lieu fees for single family residential shall be based on twenty-four-inch box tree rates as adopted by Town Council.

[4] Replacement 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 but is required for Hillside properties, as per section 29.10.0987, Special Provisions Hillsides, with tree species per Hillside Development Standards and Guidelines Appendix A.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.0987. Special provisions-hillsides

The Town of Los Gatos recognizes its hillsides as an important natural resource and sensitive habitat which is also a key component of the Town's identity, character and charm. In order to maintain and encourage restoration of the hillside environment to its natural state, the Town has established the following special provisions for tree removal and replacement in the hillsides:

(1) All protected trees located thirty (30) or more feet from the primary residence that are removed shall be replaced with native trees listed in Appendix A Recommended Native Trees for Hillside Areas of the Town of Los Gatos Hillside Development Standards and Guidelines (HDS&G).

(2) All protected trees located within thirty (30) feet of the primary residence that are removed shall be replaced as follows:

  (a) If the removed tree is a native tree listed in Appendix A of the HDS&G, it shall only be replaced with a native tree listed in Appendix A of the HDS&G.

  (b) If the removed tree is not listed in Appendix A, it may be replaced with a tree listed in Appendix A, or replaced with another species of tree as approved by the Director.

  (c) Replacement trees listed in Appendix A may be planted anywhere on the property.

  (d) Replacement trees not listed in Appendix A may only be planted within thirty (30) feet of the primary residence.

(3) Replacement requirements shall comply with the requirements in Table 3-1, Tree Canopy—Replacement Standard of this Code.

(4) Property owners should be encouraged to retain dead or declining trees where they do not pose a safety or fire hazard, in order to foster wildlife habitat and the natural renewal of the hillside environment.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.0990. Standards of review.

The Director or deciding body shall review each application for a tree removal permit required by this division using the following standards of review. The standards of review are intended to serve as criteria for evaluating tree removal requests and the basis upon which the Director or the deciding body will subsequently determine whether or not one (1) or more of the Required Findings listed in section 29.10.0992 can be made.

(1) The condition of the tree or trees with respect to: (a) disease, (b) imminent danger of falling, (c) structural failure, (d) proximity to existing or proposed structures, (e) structural damage to a building, or (f) a public nuisance caused by a tree. The International Society of Arboriculture (ISA) Best Management Practices for Tree Risk Assessment shall be used where appropriate in determining a Tree Risk Rating.

(2) The condition of the tree giving rise to the permit application cannot be reduced to a less than significant level by the reasonable application of preservation, preventative measures or routine maintenance.

(3) The removal of the tree(s) will not result in a density of trees or tree cover that is inconsistent with the neighborhood.

(4) The number of trees the particular parcel can adequately support according to good urban forestry practices, or whether a protected tree is a detriment to or crowding another protected tree.

(5) In connection with a proposed subdivision of land into two (2) or more parcels, the removal of a protected tree is unavoidable due to restricted access to the property or deemed necessary to repair a geologic hazard (landslide, repairs, etc.).

(6) Except for properties located within the hillsides, the retention of a protected tree would result in reduction of the otherwise-permissible building envelope by more than twenty-five (25) percent.

(7) The Hillside Development Standards and Guidelines.

(8) Removal of the protected tree(s) will not result in a substantial adverse change in the site's aesthetic and biological significance; the topography of the land and the effect of the removal of the tree on erosion, soil retention, or diversion or increased flow of surface waters.

(9) Whether the Protected Tree has a significant impact on the property. Significant impact from a tree is defined in section 29.10.0955. Definitions.

(10) The species, size (diameter, canopy, height), estimated age and location on the property of the protected tree.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.0992. Required findings.

The Director, Director's designee, or deciding body shall approve a protected tree removal permit, severe pruning permit, or pruning permit for Heritage trees or large protected trees only after making at least one (1) of the following findings:

(1) The tree is dead, severely diseased, decayed or disfigured to such an extent that the tree is unable to recover or return to a healthy and structurally sound condition.

(2) The tree has a tree risk rating of Extreme or High on the ISA Tree Risk Rating Matrix as set forth in the ISA Tree Risk Assessment Best Management Practices, or successor publication.

(3) The tree is crowding other protected trees to the extent that removal or severe pruning is necessary to ensure the long-term viability of adjacent and more significant trees.

(4) The retention of the tree restricts the economic enjoyment of the property or creates an unusual hardship for the property owner by severely limiting the use of the property in a manner not typically experienced by owners of similarly situated properties, and the applicant has demonstrated to the satisfaction of the Director or deciding body that there are no reasonable alternatives to preserve the tree.

(5) The tree has, or will imminently, interfere with utility services where such interference cannot be controlled or remedied through reasonable modification, relocation or repair of the utility service or the pruning of the root or branch structure of the tree; or where removal or pruning is required by a public utility to comply with California Public Utility Commission (CPUC) or Federal Energy Regulatory Commission (FERC) rules or regulations.

(6) The tree has caused or may imminently cause significant damage to an existing structure that cannot be controlled or remedied through reasonable modification of the root or branch structure of the tree.

(7) Except for properties within the hillsides, the retention of the protected tree would result in reduction of the otherwise-permissible building envelope by more than twenty-five (25) percent.

(8) The removal of the tree is unavoidable due to restricted access to the property.

(9) The removal of the tree is necessary to repair a geologic hazard.

(10) The removal of the tree and replacement with a more appropriate tree species will enhance the Town's urban forest.

(11) The removal of the tree is necessary to conform with the implementation and maintenance of Defensible Space per Chapter 9 - Fire Prevention and Protection per direction by the Fire Chief or his/her designee.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2303, § II, 2-4-20)

Sec. 29.10.0994. Additional procedures for heritage and large protected tree removal or pruning permits.

(1) These procedures are established for the review of Heritage tree and large protected tree removal or pruning permit applications where a permit is requested for a tree that is not dead, severely disfigured, profoundly diseased, or an Extreme or High Risk on the ISA Tree Risk Rating Matrix, and where findings (1) or (2) above cannot be made.

(2) In addition to the fee and application materials required by section 29.10.0980 or section 29.10.0982, the applicant will be required to submit one (1) set of stamped, addressed envelopes for neighboring residents and property owners. The Planning Department will assist the applicant in determining the properties to be notified (all properties abutting the applicant's parcel, properties directly across the street and the two (2) parcels on each side of it).

(3) The Director shall review the application using the Standards of Review set forth in section 29.10.0990 and the Required Findings set forth in section 29.10.0992.

(4) If the Director intends to approve the application, a "Notice of Pending Issuance of Tree Removal or Pruning Permit" will be mailed to neighboring residents and property owners including any applicable conditions, and required tree replacement requirements. The notice will describe the proposed tree removal or pruning, and that the permit will be issued unless there is an objection. Any interested party shall have ten (10) days from the date of the "Notice of Pending Issuance of Tree Removal or Pruning Permit" to notify the Director in writing of any concerns or problems.

(5) If a written objection is not filed within the ten-day period, the permit will be issued. If a written objection is filed and a resolution is found that meets all parties' concerns then the permit will also be issued.

(6) If an objection is filed in a timely manner and a mutually acceptable resolution cannot be agreed upon with the Director within ten (10) days, the objecting party shall be so advised and shall be provided an additional five (5) days to file a formal appeal of the tree removal or pruning permit with the Town, which shall be

scheduled for consideration by the Planning Commission. All property owners and residents notified under section 29.10.0994(4) shall be notified of the Planning Commission meeting.

(7) Trees removed illegally or damaged shall require the issuance of a retroactive tree removal permit. Once this retroactive permit is issued, and all conditions fulfilled, along with any assessed monetary penalties paid and replacement requirements completed , then any Stop Work Order shall be removed.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.0995. Disclosure of information regarding existing trees.

(a) Any application for a discretionary development approval, or for a building, grading or demolition permit where no discretionary development approval is required, shall be accompanied by a signed tree disclosure statement by the property owner or authorized agent which discloses whether any protected trees exist on the property which is the subject of the application, and describing each such tree, its species, size (diameter, canopy dripline area, height) and location. This requirement shall be met by including the following information on plans submitted in connection with the development application.

(b) The location of all trees on the site and in the adjacent public right-of-way which are within thirty (30) feet of the area proposed for development, and trees located on adjacent property with canopies overhanging the project site, shall be shown on the plans, identified by species, size (diameter, canopy, dripline area, height), and location.

(c) Within the dripline area or area that would affect a protected tree, the location of shrubs and other vegetation subject to development shall be shown on the plans.

(d) The director may require submittal of such other information as is necessary to further the purposes of this division including but not limited to photographs.

(e) Disclosure of information pursuant to this section shall not be required when the development for which the approval or permit is sought does not involve any change in building footprint nor any grading, trenching or paving.

(f) Knowingly or negligently providing false or misleading information in response to this disclosure requirement shall constitute a violation of this division.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.1000. New property development.

(a) A tree survey shall be conducted prior to submittal of any development application proposing the removal of or impact to one (1) or more protected trees. The development application shall include a Tree Survey Plan and Tree Preservation Report based on this survey. The tree survey inventory numbers shall correspond to a numbered metal tag placed on each tree on site during the tree survey. Tree survey inventory number tags in place from previous tree surveys, if easily visible, shall be retained and used in any new tree survey report. The tree survey plan shall be prepared by a certified or consulting arborist, and shall include the following information:

(1) Location of all existing trees on the property as described in section 29.10.0995;

(2) Identify all trees that could potentially be affected by the project (directly or indirectly-immediately or in long term), such as upslope grading or compaction outside of the dripline;

(3) Notation of all trees classified as protected trees;

(4) In addition, for trees four (4) inches in diameter or larger, the plan shall specify the precise location of the trunk and crown spread, and the species, size (diameter, height, crown spread) and condition of the tree.

(b) The tree survey plan shall be reviewed by the Town's consulting arborist who shall, after making a field visit to the property, indicate in writing or as shown on approved plans, which trees are recommended for preservation (based on a retention rating of high/moderate/low) using, as a minimum, the Standards of Review set forth in section 29.10.0990. This plan shall be made part of the staff report to the Town reviewing body upon its consideration of the application for new property development;

(c) When development impacts are within the dripline of or will affect any protected tree, the applicant shall provide a tree preservation report prepared by a certified or consulting arborist. The report, based on the findings of the tree survey plan and other relevant information, shall be used to determine the health and structure of existing trees, the effects of the proposed development and vegetation removal upon the trees, recommendations for specific precautions necessary for their preservation during all phases of development (demolition, grading, during construction, landscaping); and shall also indicate which trees are proposed for removal. The tree preservation report shall stipulate a required tree protection zone (TPZ) for trees to be retained, including street trees, protected trees and trees whose canopies are hanging over the project site from adjacent properties. The TPZ shall be fenced as specified in section 29.10.1005:

(1) The final approved tree preservation report shall be included in the building permit set of development plans and printed on a sheet titled: Tree Preservation Instructions (Sheet T-1). Sheet T-1 shall be referenced on all relevant sheets (civil, demolition, utility, landscape, irrigation) where tree impacts from improvements may be shown to occur;

(2) The Town reviewing body through its site and design plan review shall endeavor to protect all trees recommended for preservation by the Town's consulting arborist. The Town reviewing body may determine if any of the trees recommended for preservation should be removed, if based upon the evidence submitted the reviewing body determines that due to special site grading or other unusual characteristics associated with the property, the preservation of the tree(s) would significantly preclude feasible development of the property as described in section 29.10.0990;

(3) Approval of final site or landscape plans by the appropriate Town reviewing body shall comply with the following requirements and conditions of approval:

a. The applicant shall, within ninety (90) days of final approval or prior to issuance of a grading or building permit, whichever occurs first, secure an appraisal of the condition and value of all trees included in the tree report affected by the development that are required to remain within the development using the Tree Value Standard methodology as set forth in this Chapter. The appraisal of each tree shall recognize the location of the tree in the proposed development. The appraisal shall be performed in accordance with the current edition of the Guide for Plant Appraisal published by the Council of Tree and Landscape Appraisers (CTLA) and the Species and Group Classification Guide published by the Western Chapter of the International Society of Arboriculture. The appraisal shall be performed at the applicant's expense, and the appraisal shall be subject to the Director's approval.

b. The site or landscape plans shall indicate which trees are to be removed. However, the plans do not constitute approval to remove a tree until a separate permit is granted. The property owner or applicant shall obtain a protected tree removal permit, as outlined in section 29.10.0980, for each tree to be removed to satisfy the purpose of this division.

(d) Prior to acceptance of proposed development or subdivision improvements, the developer shall submit to the Director a final tree preservation report prepared by a certified or consulting arborist. This report shall consider all trees that were to remain within the development. The report shall note the trees' health in relation to the initially reported condition of the trees and shall note any changes in the trees' numbers or

physical conditions. The applicant, or their successors, will then be responsible for the removal or loss of any tree at any time during development that was not previously approved for removal. For protected trees which were removed, the developer shall pay a penalty in the amount of the appraised value of such tree in addition to replacement requirements contained in section 29.10.0985 of this Code. The applicant shall remain responsible for the health and survival of all trees within the development for a period of five (5) years following acceptance of the public improvements of the development or certificate of occupancy.

(e) Prior to issuance of any demolition, grading or building permit, the applicant or contractor shall submit to the Building Department a written statement and photographs verifying that the required tree protection fence is installed around street trees and protected trees in accordance with the tree preservation report.

(f) If required by the Director and conditioned as part of a discretionary approval, a security guarantee shall be provided to the Town. Prior to the issuance of any permit allowing construction to begin, the applicant shall post cash, bond or other security satisfactory to the Director, in the penal sum of five thousand dollars ($5,000.00) for each tree required to be preserved, or twenty-five thousand dollars ($25,000.00), whichever is less. The cash, bond or other security shall be retained for a period of one (1) year following acceptance of the public improvements for the development and shall be forfeited in an amount equal to five thousand dollars ($5,000.00) per tree as a civil penalty in the event that a tree or trees required to be preserved are removed, destroyed or severely damaged.

(g) An applicant with a proposed development which requires underground utilities shall avoid the installation of said utilities within the dripline of existing trees whenever possible. In the event that this is unavoidable, all trenching shall be done using directional boring, air-spade excavation or by hand, taking extreme caution to avoid damage to the root structure. Work within the dripline of existing trees shall be supervised at all times by a certified or consulting arborist.

(h) It shall be a violation of this division for any property owner or agent of the owner to fail to comply with any development approval condition concerning preservation, protection, and maintenance of any protected tree.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.1005. Protection of trees during construction.

(a) Protective tree fencing shall specify the following:

(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."

(b) 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.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.1010. Pruning and maintenance.

Tree pruning must not be done in a manner that is detrimental to the tree. Any action undertaken which intentionally or recklessly causes or tends to cause injury, death, or disfigurement to a tree is considered to be detrimental. Examples of actions which are detrimental to trees may include excessive cutting, poisoning, burning, over-watering, relocating, or transplanting a tree.

All tree pruning shall be in accordance with the current version of the International Society of Arboriculture Best Management Practices-Tree Pruning and ANSI A300-Part 1 Tree, Shrub and Other Woody Plant Management-Standard Practices, (Pruning) and any special conditions as determined by the Director. For developments, which require a tree preservation report, a certified or consulting arborist shall be in reasonable charge of all activities involving protected trees, including pruning, cabling and any other work if specified.

(1) Any public utility installing or maintaining any overhead wires or underground pipes or conduits in the vicinity of a protected tree shall obtain written permission from the Director before performing any work, including pruning, which may cause injury to a protected tree (e.g. cable TV/fiber optic trenching, gas, water, sewer trench, etc.).

(2) Pruning for clearance of utility lines and energized conductors shall be performed in compliance with the current version of the American National Standards Institute (ANSI) A300 (Part 1)-Pruning, Section 5.9 Utility Pruning. Using spikes or gaffs when pruning, except where no other alternative is available, is prohibited.

(3) No person shall prune, trim, cut off, or perform any work, on a single occasion or cumulatively, over a three-year period, affecting twenty-five percent or more of the crown of any protected tree without

first obtaining a permit pursuant to this division except for pollarding of fruitless mulberry trees (Morus alba) or other species approved by the Town Arborist. Applications for a pruning permit shall include photographs indicating where pruning is proposed.

(4) No person shall remove any Heritage tree or large protected tree branch or root through pruning or other method greater than four (4) inches in diameter (twelve and one-half (12.5) inches in circumference) without first obtaining a permit pursuant to this division.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.1015. No limitation of authority.

Nothing in this division limits or modifies the existing authority of the Town under Division 29 of Title 29 (Zoning Regulations), Title 26 (Public Trees) or the Hillside Development Standards and Guidelines to require trees and other plants to be identified, retained, protected, and/or planted as conditions of the approval of development. In the event of conflict between provisions of this division and conditions of any permit or other approval granted pursuant to Chapter 29 or Chapter 26 of the Town Code or the Hillside Development Standards and Guidelines. The more protective requirements shall prevail.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.1020. Responsibility for enforcement.

The Town shall vigorously enforce the provisions of this Chapter. All officers and employees of the Town shall report violations of this division to the Director of Community Development. Whenever an Enforcement Officer as defined in section 1.30.015 of the Town Code determines that a violation of this Code has occurred, the Enforcement Officer shall have the authority to issue an administrative citation pursuant to the provisions of section 1.30.020 of the Town Code.

Whenever an Enforcement Officer charged with the enforcement of this Code determines that a violation of that provision has occurred, the Enforcement Officer shall have the authority to issue an administrative citation to any person responsible for the violation.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.1025. Enforcement—Remedies for violation.

In addition to all other remedies set forth in this code or otherwise provided by law, the following remedies shall be available to the Town for violation of this division. While these remedies can be levied against any person, property owner, firm or corporation who intentionally or negligently violates any of the provisions of this chapter or any permit issued pursuant to it, or who fails to comply with any condition of any discretionary permit which relates to protected tree preservation, it is not the Town's intention to pursue such remedies against homeowners who unintentionally have minor violations of this chapter. These remedies are reserved for those entities who should have knowledge of such regulations from previous interactions or activity with the Town, such as information given during a previous or current application, and have nevertheless intentionally violated this chapter:

(1) *Tree removals in absence of or in anticipation of development.*

a. If a violation occurs in the absence of or prior to proposed development, then discretionary applications and/or building permit applications will not be accepted or processed by the Town until the violation has been remedied to the reasonable satisfaction of the Director. Mitigation

measures as determined by the Director may be imposed as a condition of any subsequent application approval or permit for development on the subject property. A mitigation plan shall include specific measures for the protection of any remaining trees on the property, and shall provide for the replacement of each hillside tree that was removed or damaged illegally with a new tree(s) in the same location(s) as those illegally removed or damaged tree(s). In-lieu fees shall not be an option for this violation. The replacement ratio shall be at a greater ratio than that required in accordance with the standards set forth in section 29.10.0985 of this division. If the court or the Director directs a replacement tree or trees to be planted as part of the remedy for the violation, the trees shall be permanently maintained in a good and healthy condition. The property owner shall execute a five-year written maintenance agreement with the Town. For those trees on public property, replacement is to be determined by the Director of Community Development or by the Director of Parks and Public Works.

b. The second violation of any provisions in this division during the conduct by any person or business of a tree removal, landscaping, construction, or other business in the Town shall constitute grounds for a one (1) year suspension of any business license issued to such entity. The Town shall require the property owner to disclose the name and address of the violating business as a necessary condition for removal of any Stop Work Order issued by the Town.

(2) *Pending development applications.*

a. Incomplete applications will not be processed further until the violation has been remedied. If an application has been deemed complete, it may be denied by the Director or forwarded to the Planning Commission with a recommendation for denial at the Director's discretion. Mitigation measures as determined by the director may be imposed as a condition of approval. A mitigation plan shall include specific measures for the protection of any remaining trees on the property, and shall provide for the replacement of each hillside tree that was removed or damaged illegally with a new tree(s) in the same location(s) as those illegally removed tree(s). In-lieu fees shall not be an option for this violation. The replacement ratio shall be at a greater ratio than that required in accordance with the standards set forth in section 29.10.0985 of this division. If the court or the Director directs a replacement tree or trees to be planted as part of the remedy for the violation, the trees shall be permanently maintained in a good and healthy condition. The property owner shall execute a five-year written maintenance agreement with the Town. For those trees on public property, replacement is to be determined by the Director of Community Development or by the Director of Parks and Public Works.

b. The second violation of any provisions in this division during the conduct by any person or company of a tree removal, landscaping, construction, or other business in the Town shall constitute grounds for a one (1) year suspension of any business license issued to such entity. The Town shall require the property owner to disclose the name and address of the violating business as a necessary condition for removal of any Stop Work Order issued by the Town.

(3) *Projects under construction.*

a. If a violation occurs during construction, the Town may issue a stop work order suspending and prohibiting further activity on the property pursuant to the grading, demolition, and/or building permit(s) (including construction, inspection, and issuance of certificates of occupancy) until a mitigation plan has been filed with and approved by the Director, agreed to in writing by the property owner(s) or the applicant(s) or both, and either implemented or guaranteed by the posting of adequate security in the discretion of the Director. A mitigation plan shall include specific measures for the protection of any remaining trees on the property, and shall provide for the replacement of each hillside tree that was removed illegally with a new tree(s) in the same location(s) as those illegally removed tree(s). In-lieu fees shall not be an option for this violation. The replacement ratio shall be at a greater ratio than that required in accordance with the

standards set forth in section 29.10.0985 of this division. If the court or the Director directs a replacement tree or trees to be planted as part of the remedy for the violation, the trees shall be permanently maintained in a good and healthy condition. The property owner shall execute a five-year written maintenance agreement with the Town. For those trees on public property, replacement is to be determined by the Director of Community Development or by the Director of Parks and Public Works.

b. The second violation of any provisions in this division during the conduct by any person or company of a tree removal, landscaping, construction, or other business in the Town shall constitute grounds for a one (1) year suspension of any business license issued to such entity. The Town shall require the property owner to disclose the name and address of the violating business as a necessary condition for removal of any Stop Work Order issued by the Town

(4) *Criminal penalties.* Notwithstanding section 29.20.950 relating to criminal penalty, any person who violates any provision of this chapter and is convicted of a misdemeanor shall be punished by a fine of not more than one thousand dollars ($1,000.00) or by imprisonment of not more than six (6) months or by both such fine and imprisonment. Each person convicted may be deemed guilty of a separate offense for every day and for every violation, as defined in Sec. 29.10.1031, during any portion of which any violation is committed.

(5) *Civil penalties.* Notwithstanding section 29.20.950 and Section (4) above, relating to criminal penalty, any person, property owner, firm, or corporation who intentionally or negligently violates any of the provisions of this chapter or any permit issued pursuant to it, or who fails to comply with any condition of any discretionary permit which relates to protected tree preservation, shall be liable to pay the Town a civil penalty as prescribed in subsections a. through d.

a. As part of any administrative and/or civil action brought by the Town, a hearing officer and/or court may assess against any person who commits, allows, or maintains a violation of any provision of this division an administrative and/or civil penalty in an amount not to exceed five thousand dollars ($5,000.00) per violation. For damaged trees, in addition to civil penalties, the property owner will be required to obtain the services of an ISA certified arborist to determine the future viability of the tree and if salvageable, create a maintenance plan to restore the tree.

b. Where the violation has resulted in removal of a protected tree, the civil penalty shall be in an amount not to exceed five thousand dollars ($5,000.00) per tree unlawfully removed, or the replacement value of each such tree, whichever amount is higher. If the tree removal is related to any development or subdivision then the civil penalties shall be the value of the tree times four, plus all related staff costs. Such amount shall be payable to the Town and deposited into the Tree Replacement Fund. Replacement value for the purposes of this section shall be determined utilizing the most recent edition of the Guide for Plant Appraisal, as prepared by the Council of Tree and Landscape Appraisers and the Species and Group Classification Guide published by the Western Chapter of the International Society of Arboriculture.

c. If the court or the Director directs a replacement tree or trees to be planted as part of the remedy for the violation, the trees shall be permanently maintained in a good and healthy condition. The property owner shall execute a five-year written maintenance agreement with the Town.

d. The cost of enforcing this division, which shall include all costs, staff time, and attorneys' fees.

(6) *Injunctive relief.* A civil action may be commenced to abate, enjoin, or otherwise compel the cessation of such violation.

(7) *Costs.* In any civil action brought pursuant to this division in which the Town prevails, the court shall award to the Town all costs of investigation and preparation for trial, the costs of trial, reasonable

expenses including overhead and administrative costs incurred in prosecuting the action, and reasonable attorney fees.

(8) *Remedies not exclusive.* To the maximum extent permitted by law, administrative remedies specified in this chapter are in addition to and do not supersede or limit any and all other provided for herein shall be cumulative and not exclusive.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.1030. Fees.

The fee, as adopted by Town Resolution, prescribed therefore in the municipal fee schedule shall accompany the removal or pruning permit application submitted to the Town for review and evaluation pursuant to this division.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.1031. Fees schedule for remediation of tree protection ordinance violations.

These monetary fines are in addition to any remediations described elsewhere in this section. Any person, firm or corporation, whether as principal, agent, employee or otherwise, violating any of the provisions of this chapter is guilty of a violation of the Town Code. Such person, firm or corporation shall be deemed to be guilty of a separate offense for each and every day during any portion of which any violation of this chapter is committed, continued, or permitted by such person and shall be punishable as herein provided. To expand, violating any portion of this chapter for any tree will count as one (1) violation. For instance, if a tree is excessively trimmed using illegal spikes, then two (2) violations are committed. If two (2) such violations were committed to two (2) trees, then that totals to four (4) separate violations. Violations would also include those remediations required by a Town's Consulting Arborist, to be accrued at the rate of one (1) violation/day for each and every requirement.

Each violation is subject to a fine of five hundred dollars ($500.00). For continuing violations, the fee schedule is five hundred dollars ($500.00) for the first day and one thousand dollars ($1,000.00) for each subsequent day.

(Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.1035. Severability.

If any provision of this division or the application thereof to any person or circumstance is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect any other provision of this division which can be given effect without the invalid provision or application, and to this end the provisions of this division are declared to be severable.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.1040. Notices.

All notices required under this division shall conform to noticing provisions of the applicable Town Code.

(Ord. No. 2240, § I(Exh. B), 6-2-15)

Sec. 29.10.1045. Appeals.

Any interested person, as defined in section 29.10.020 of the Town Code, may appeal a decision of the director, including the one-year suspension of a business license, pursuant to this division in accordance with the procedures set forth in section 29.20.260 of the Town Code. All appeals shall comply with the public noticing provisions of section 29.20.450 of the Town Code.

(Ord. No. 2240, § I(Exh. B), 6-2-15; Ord. No. 2331, § 1, 5-3-22)

Sec. 29.10.1050. No liability upon the town.

Nothing in this chapter shall be deemed to impose any liability upon the Town or upon any of its officers or employees, nor to relieve the owner or occupant of any private property from the duty to keep in safe condition any trees and shrubs upon that private property or upon sidewalks and planting areas in front of that property.

(Ord. No. 2331, § 1, 5-3-22)

RESOLUTION 2002-25

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS GOVERNING THE DESIGN REVIEW PROCESS AND CLARIFYING THE ROLES AND RESPONSIBILITIES OF THE TOWN PLANNING COMMISSION AND ARCHITECTURAL CONSULTANT

WHEREAS, the Town of Los Gatos Town Council has determined that there is a need to modify the Town's design review process; and

WHEREAS, a goal of the Town is to streamline the planning process; and

WHEREAS, the use of an architectural consultant will improve customer service while evolving projects to achieve architectural excellence; and

WHEREAS, Cannon Design Group (herein referred to as the "architectural consultant") has been hired to review the architecture for development proposals;

WHEREAS, the architectural consultant is highly qualified to review and critique architecture and will work with applicants to design projects that are compatible with their site and surroundings; and

RESOLVED, by the Town Council that the following policies shall govern the architectural review process:

A. The architectural consultant will review plans and provide guidance to applicants to ensure plans are in compliance with applicable design standards and guidelines, specific plans and the General Plan. Reports on projects that are reviewed by the Planning Commission will include the recommendations of the architectural consultant and plans that have been revised to incorporate those recommendations.

B. The Planning Commission must make one of the following findings to modify the consulting architect's recommendations:

- That the recommendations of the consulting architect were made based on erroneous information provided by the applicant.
- That the consulting architect made a mistake of fact.
- That there is compelling evidence, received through public testimony that there is a privacy or other neighborhood impact to warrant plan modification.

C. The Planning Commission should give courteous regard and respect to the professional expertise of the consulting architect. Rather than focus on the design detail of proposed projects, the Planning Commission should look for trends in the design of proposed projects that reflect the need for changes to the design standards. When changes to design standards are needed, the Planning Commission should request that staff initiate changes as appropriate and return to the Planning Commission with revised design standards that address the areas of concern.

D. Whenever possible, the Planning Commission should develop conditions of approval to address issues that surface during a public hearing rather than continuing an application and requiring an applicant to return with revised plans.

PASSED AND ADOPTED at a regular meeting of the Town Council held on the 4th day of March, 2002, by the following vote:

COUNCIL MEMBERS:

AYES: Steven Blanton, Sandy Decker, Steve Glickman, Joe Pirzynski, Mayor Randy Attaway.

NAYS: None

ABSENT: None

ABSTAIN: None

SIGNED:
MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

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AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on July 1, 2022 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Larry Cannon, CANNON DESIGN GROUP, ("Consultant"), whose address is 700 Larkspur Landing Circle, Suite 199, Larkspur, CA 94939. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desires to engage Consultant to review architecture and site design for development applications; revise design standards and guidelines as needed; consult with and meet with staff, applicants, and decision makers; and attend public meetings as needed.

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

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

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in the certain services listed below.

Administrative Duties

When needed by Town, provide architecture and site design review for development applications and make recommended changes as needed based on the Town's approved design standards and guidelines. This shall include evaluating plans for development proposals, reviewing site layout and architectural plans, conducting site visits, and/or identifying design recommendations and conditions of approval.

a. When needed by Town, conduct site design review and review and critique the architecture for development applications, including additions, remodels, and new buildings.

b. When needed by Town, conduct field investigations and develop recommendations for compliance with applicable design standards and guidelines, specific plans, and the General Plan, and prepare reports summarizing findings and recommendations (typically with a 10 to 15 day turnaround).

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c. When needed by Town, consult with staff and/or applicants to discuss recommendations or project specific issues.

d. When needed by Town, conduct special studies or projects including but not limited to: updating the Town's design standards and guidelines; and preparation of a checklist for content of architectural plans for application packets.

e. When needed by Town, attend meetings with Town staff, public officials, community leaders, developers, contractors, and the general public.

f. When needed by Town, advise, support, and assist Town departments, committees, commissions, and Town Council. In addition, act as a liaison between Town and federal, state, and regional agencies.

g. When needed by Town, attend Town Council, Planning Commission, and special study session meetings when: project applications with architectural or design issues are being considered; and architectural review processes or a design related document is being discussed.

h. As requested by Town, provide copies of draft and final draft work products of reports and studies prepared for Town. Consultant shall provide electronic file copies of these documents as needed.

Other Miscellaneous Services

The Town may occasionally have the need for other services not specifically listed in this document that the Consultant has the necessary experience and capabilities to provide. Town may authorize Consultant to perform such selected services on an as-needed basis.

2.2 Term and Time of Performance. The services of Consultant are fixed for a five-year period that will commence upon the execution of the contract. At the end of this period, should the Town not renew the contract, the contract shall automatically expire. The individual time of performance schedule for each project referred to the Consultant is required to be performed as outlined in the scope of services section of this Agreement.

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

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

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2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of the these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

2.6 Compensation. Compensation for Consultant's professional services shall not exceed the established hourly rates, as set forth in the Fee Schedule (Exhibit A), which is attached hereto and incorporated herein by reference. Payment shall be based upon Town approval of each task.

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

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

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

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

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

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

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

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

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III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

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

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

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

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

General Liability:

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

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

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

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

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

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

3.4 Indemnification. The Consultant shall save, keep, hold harmless, and indemnify and defend the Town its officers, agent, employees, and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

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

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

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

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

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

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

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

Larry Cannon
Cannon Design Group
700 Larkspur Landing Circle, Suite 199
Larkspur, CA 94939

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

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

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

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

Town of Los Gatos by:

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

Consultant, by:

DocuSigned by:
Larry Cannon
7F9A11EB0561428...
Larry L. Cannon, AIA, AICP
Cannon Design Group

Recommended by:

DocuSigned by:
Joel Paulson
5035A0632FE1477...
Joel Paulson,
Community Development Director

Approved as to Form:

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

Attest:

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

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TOTAL NUMBER OF STAFF PROVIDING SERVICES

Larry Cannon personally has provided all design review services to the Town of Los Gatos as well as to all other design review clients throughout his long career. This has provided objectivity and consistency to all reviews, with familiarity and easy access to the thousands of personal digital images of examples to clearly convey recommendations.

ABILITY TO PERFORM ON SHORT NOTICE AND UNDER TIME CONSTRAINTS

I have consistently provided review letters within two to three weeks of receiving drawings and authorization from staff to proceed. When projects are needed sooner. Los Gatos projects are given priority.

STATEMENT OF UNDERSTANDING

The Town of Los Gatos is a very special place with residents and elected and appointed officials who are acutely aware of the Town's unique scale and character. When I was selected to provide design review services in 2002, I met individually with each member of the Planning Commission and Town Council. Each told me that the two highest review priorities were in this order:

- Neighborhood Compatibility
- Design Excellence

I have been guided by those two priorities in all reviews since that time.

SERVICES APPROACH

I implement a disciplined and consistent approach for all projects that emphasizes neighborhood compatibility and design excellence. It is a highly graphic approach that utilizes a review and recommendations letter including the following:

- **Neighborhood Context**
  Aerial photo with identification of the site location and photos of the site and surrounding structures gathered from Google Earth Pro and other photos from previous project reviews.
- **Issues and Concerns**
  Annotated applicant drawings with issues and concerns graphically called out
- **Recommendations**
  Recommended changes over annotated applicant drawings showing recommendations along with photo images illustrating similar solutions within the Town of Los Gatos and other locations

ESTIMATED HOURS AND FEE ESTIMATES

$150 per hour for time actually spent plus limited actual expenses at cost plus 15% up to the Town's authorized maximum deposit. Most projects are accomplished within an intial authorization of $2,500. Follow up reviews utilize any funds left from the intial authorization plus addional hours billed at the hourly rate above.

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/21/2022
ITEM NO: 8

DATE: June 16, 2022

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Authorize the Town Manager to Execute an Agreement for Consultant Services with Larry Cannon, Cannon Design Group to Provide Services as Architectural Consultant to the Town.

RECOMMENDATION:

Authorize the Town Manager to execute an Agreement for Consultant Services with Larry Cannon, Cannon Design Group to provide services as Architectural Consultant to the Town.

BACKGROUND:

In 2005, the Town Council approved a contract with Larry Cannon of Cannon Design Group to serve as Architectural Consultant to the Town. Since that time, the architectural peer review consultant process continues to be a successful component of the planning process.

The Town distributed a Request for Qualifications in April 2022 and received three proposals from: Larry Cannon, Cannon Design Group (Attachment 1); Mammarella Architecture; and Lindsay Toscano Architect. Staff determined that Larry Cannon of Cannon Design Group is the most qualified to serve as the Architectural Consultant to the Town, based on the quality of the proposal and past services provided.

DISCUSSION:

The Architectural Consultant serves in a similar capacity to other Town development peer review consultants such as arborist, geotechnical, and environmental consultants. Typical tasks that the Architectural Consultant may provide include the following:

PREPARED BY: Tania Maheu
Administrative Analyst

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

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DISCUSSION (continued):

- Architecture and site design peer review and critique for development applications, including residential and non-residential additions, remodels, and new buildings;
- Evaluation of architecture and site design for neighborhood compatibility and compliance with applicable design standards and guidelines, specific plans, and the General Plan;
- Development of design recommendations and preparation of reports summarizing findings and recommendations;
- Consultation with staff and/or applicants to discuss recommendations or project specific issues;
- Special studies or projects, including, but not limited to: preparation of a checklist for content of architectural plans for application packets; and
- Attendance at public meetings as needed.

CONCLUSION:

Cannon Design Group was determined to be the best candidate to continue serving as the Town's Architectural Consultant for the following reasons:

- Extensive experience and specialization providing architecture and site design peer review and preparing design guidelines;
- Successful provision of architectural review services to the Town since 2005;
- Strong use of graphics to make reports user-friendly and easy to understand;
- Larry Cannon, principal, is both a registered architect and a certified planner;
- Good understanding of the Town's codes, policies, and design guidelines (contributing author of the Commercial and Residential Design Guidelines); and
- Experience with historic preservation.

COORDINATION:

The draft Agreement for Consultant Services (Attachment 2) was prepared in coordination with the Town Attorney.

FISCAL IMPACT:

Architectural review for development proposals are paid for by the project applicant. The typical consultant review deposit for a single-family home is $2,500. The actual cost is based on the scope of work and the consultant's fee schedule (see Attachment 1). An administrative fee of 10 percent is also charged by the Town. The purpose of the administrative fee is to reimburse the Town's cost of administering the peer review.

From: [redacted]
To: Ryan Safty
Subject: Re: New Review - 14288 Capri Drive - Estimate Requested
Date: Friday, September 6, 2024 9:44:31 AM

[EXTERNAL SENDER]

HI Ryan,
It doesn't look like an inordinate number of trees. I think $2500 to $3000 for the life of the project would be sufficient.
Rick

Richard Gessner - Consulting Arborist
Monarch Consulting Arborists LLC
[redacted]

On Sep 5, 2024, at 1:43 PM, Ryan Safty <RSafty@losgatosca.gov> wrote:

<image001.png>
Hi Rick,

The Town has received a formal SB 330 application that is invoking builders remedy for a new multi-family development at 14288 Capri Drive. Project documents can be found here: https://www.losgatosca.gov/2216/Pending-Planning-Projects

The proposed project consists of a 120 unit apartment building, which would be 13 stories tall, with approximately 275,197 square feet of residential building area (including 5 stories of garage area). The site is approximately 0.53 acres. This would replace the existing small commercial building (which appears to previously have been a residence).

Staff's initial review will be completed by September 18th.

Please provide an estimated deposit to complete a review on this proposal. They would be removing all existing trees on the site.

Respectfully,

Ryan Safty ● Associate Planner

Community Development Department ● 110 E. Main Street, Los Gatos CA 95030
Ph: 408.354.6802 ● rsafty@losgatosca.gov
www.losgatosca.gov ● https://www.facebook.com/losgatosca

COMMUNITY DEVELOPMENT HOURS:
Counter Hours: 8:00 AM – 1:00 PM**,** Monday – Friday/
Phone Hours: 8:00 AM – 5:00 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.

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Think Green, please consider the environment before printing this e-mail.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 19

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt the Revised Town Agenda Format and Rules Policy 2-01**

RECOMMENDATION: Adopt the revised Town Agenda Format and Rules Policy 2-01.

FISCAL IMPACT:

There is no fiscal impact associated with this action.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority. However, it does align with the Town's core goal of good governance and civic engagement.

BACKGROUND:

Policy 2-01, Town Agenda Format and Rules, establishes procedures for preparing agendas and conducting meetings of the Town Council and all Town boards, commissions, and committees. Over the past year, staff and the Council Policy Committee have undertaken a comprehensive review to improve clarity, transparency, and consistency.

The first set of proposed revisions was discussed on November 26, 2024. Staff presented updates related to public communication to remove redundancy, agenda preparation to help establish a transparent and inclusive process for Council Members to propose future agenda items, and the conduct of meetings to adopt Rosenberg's Rules of Order. The Committee requested further examination of several issues, including the use of Rosenberg's Rules of Order and the timing for Council Members to ask clarifying questions after public comment.

PREPARED BY: Wendy Wood
Town Clerk

Reviewed by: Town Manager and Town Attorney

On January 29, 2025, staff returned with a more comprehensive set of revisions that addressed the order of the agenda, procedures for verbal communication and written materials, Council Matters, and processes for requesting future agenda items, adjournment procedures, agenda preparation responsibilities, conduct of meetings, remote attendance requirements, behavior expectations, and procedures for managing disruptive behavior. During this meeting, the Committee requested additional analysis regarding the Mayor's role in agenda setting, the ability of a minority of Council Members to raise issues for Council consideration, and practices used in other jurisdictions. The Committee asked that further review occur after the Cities Association meeting, so that additional information could be obtained on how other jurisdictions address the Mayor's role in agenda setting and how a minority of Council Members might raise issues for Council consideration.

On September 23, 2025, staff brought the item back for additional Committee consideration. The Committee discussed the proposed revisions and requested further clarification on whether separate policies should be established for the Town Council and other Town bodies, how the Mayor's authority to place items on an agenda differs from the process for items requiring significant staff work, and what legal requirements apply when addressing disruptive behavior during public meetings. The Committee also requested a categorized breakdown of all proposed changes.

On October 28, 2025, the Committee considered alternative policy language proposed by the Mayor in addition to the staff draft. Following discussion, the Committee agreed that the Mayor's final authority to approve the Council agenda should be retained, except for items that would require significant staff work or have substantial administrative, operational, financial, or compliance impacts. The Committee supported granting the Town Manager discretion to determine when staff effort would be significant and to adjust agenda scheduling accordingly. The Committee also directed staff to add an agenda preparation process and schedule for Town boards, commissions, and committees, and to incorporate modified procedures related to Rosenberg's Rules of Order, including the opportunity for Council Members to ask clarifying questions after public comment and a revised process for reconsideration. Staff was directed to return with a revised draft incorporating these changes.

Staff incorporated the October 28 Committee direction into a new draft and presented it to the Policy Committee on December 8, 2025. The draft policy included revisions to the agenda order, procedures for public comment under verbal communication and public hearings, updated expectations for the timely submission of written materials by applicants and appellants, and clarification on the process for a Council Member to request an item for future Council discussion, allowing the Town Manager to determine whether staff work associated with an item would be significant and require three or more members of the Council to vote to place an item on a future agenda for action. The Mayor's agenda-setting authority remained with added language to authorize the Town Manager to adjust agenda order or scheduling of an item to mitigate any operational, financial, or compliance impacts. New sections were also

added to define procedures and timelines for preparing agendas and materials for Town boards, commissions, and committees, distinguishing these processes from those used by the Town Council.

The Conduct of Meetings section was also revised to incorporate Rosenberg's Rules of Order with modifications, including allowing Council Members to ask clarifying questions after public comment. The Reconsideration of a Prior Action section was updated to allow a motion to reconsider a prior action no later than the next regularly scheduled meeting. Finally, minor modifications were made to the proposed language related to behavior expectations and disruptive behavior.

DISCUSSION:

At the December 8 Policy Committee meeting, the Committee reviewed the revised draft Policy 2-01 and provided additional direction for further modification. The Committee requested that the Presentations section be updated to require that visual presentations be submitted to staff at least 24 hours in advance of the meeting unless otherwise authorized by the Mayor. The Committee also directed that the Council Matters section be revised to clarify that "brief announcements" should be related to activities performed on behalf of the Town or its residents, and that personal business and political campaign activities should not be reported under Council Matters. Additionally, the Committee requested that Council Members' reports during Council Matters be limited to three minutes each.

The Committee also provided additional direction regarding the Preparation of the Town Council Agenda section. Specifically, the Committee directed staff to remove the second paragraph and delete the first three sentences of the third paragraph because the process for Council Members to request an item for discussion is now addressed in the Council Matters section. For consistency, the Committee also requested relocating the remaining sentences of the third paragraph to the Council Matters section. These changes, along with all other Committee direction from the December 8 meeting, have been incorporated into the redline policy presented for Council consideration.

CONCLUSION:

Staff requests that the Town Council review the proposed edits to Policy 2-01, provide any revisions, and adopt the revised policy.

COORDINATION:

This report was prepared in coordination with the Town Attorney and the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Draft Town Agenda Format and Rules Policy (redline) with Exhibit A - Modified Rosenberg's Rules of Order
2. Draft Town Agenda Format and Rules Policy (clean) with Exhibit A - Modified Rosenberg's Rules of Order

TOWN OF LOS GATOS CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service *Community Stewardship* *Future Focus*

TITLE: Town Agenda Format and Rules	**POLICY NUMBER**: 2-01
EFFECTIVE DATE: 12/15/1986	**PAGES:** 7
ENABLING ACTIONS: 1986-183; 1987-024; 1988-124; 1993-181; 1994-057; 1996-108; 2001-077; 2004-033; 2009-002; 2021-047	**REVISED DATES:** 12/15/1986; 3/2/1987; 6/6/1988; 6/15/1992; 12/6/1993; 4/4/1994; 8/5/1996; 7/2/2001; 4/5/2004; 1/20/2009; 3/16/2009; 12/6/2010; 8/5/2013; 3/3/2015; 9/20/2016; 6/20/2017; 8/1/2017; 12/4/18/; 8/20/19; 12/3/19; 6/1/2021; 11/2/2021; 9/20/22; 2/7/2023; 11/21/2023; 8/6/2024; 12/11/2025
APPROVED:	

PURPOSE

To establish procedures which standardize Town agendas and ~~insure~~ensure an orderly meeting. This Policy applies to Town Council and all Town Boards, Commissions, and Committees, and references to Mayor will apply to Boards, Commissions, and Committees Chairpersons as ~~applicable in the policyand~~ set forth in this Policy ~~determined by the staff liaison.~~.

POLICY

The following policies have been established:

A. Order of the Agenda

Subject to the Mayor's~~, or Chair's,~~ discretion to change the order of consideration of any agenda item during any individual meeting:

Call Meeting to Order
Roll Call
Pledge of Allegiance
~~Appointments~~
Presentations
~~Council Matters~~
~~Manager Matters~~
Consent Calendar
Verbal Communications
Public Hearings
Other Business

Council Matters
~~Manager Matters~~
Attorney Matters and Closed Session Report
Adjournment (No later than midnight without vote.)

B. Closed Session Report
As required by the Brown Act, the Town Attorney will report on actions taken at the Closed Session, but without reporting any information which could damage the Town's position on a) potential or existing litigation, b) the acquisition or disposition of property, or c) any employee's privacy interests. In addition, the Closed Session agenda shall clearly identify the subject of each agenda item consistent with the requirements of the *Brown Act.*

C. Communications by Members of the Public
Speakers at public meetings will be asked to provide their full name and to state whether they are a resident of the Town of Los Gatos. This information is optional but not required.

1. *Verbal Communications.* Comments by members of the public during the initial Verbal Communications portion of the agenda on items not on the Council agenda shall be limited to 30 minutes and no more than three (3) minutes per speaker~~.~~, or at the discretion of the Mayor. Town resources may not be used to facilitate audio or visual presentations. Individuals addressing the Town Council under Verbal Communications may submit written materials and must provide at least one (1) copy for inclusion in the administrative record. As an item not listed on the agenda, no response is required from Town staff or the Council and no action can be taken. However, the Council may instruct the Town Manager to place the item on a future agenda. At the conclusion of the first Verbal Communications, the agenda will proceed onto the Public Hearings and Other Business sections of the agenda. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications section can be opened prior to Adjournment.

2. *Public Hearings.* Presentations during the Public Hearings portion of the agenda by appellants and applicants, including any expert or consultant assisting with the presentation, shall be limited to a total of no more than five (5) minutes for all speakers. Appellants and applicants shall be provided no more than three (3) minutes to rebut at the end of the public hearing. Visual presentations that require the use of staff resources shall be limited to appellants and applicants. Other members of the public testifying at public hearings shall be limited to no more than three (3) minutes and may submit written materials, provided that one (1) copy is submitted for inclusion in the administrative record.

3. *Submittal of written materials by Applicant and Appellant*. To allow Town Council, Boards, Commissions, Committees, Town Staff, and the public the opportunity to review material in advance of a hearing, all materials should be submitted by the Applicant or Appellant to the designated staff member ~~must be received by the Town Clerk fourteen (14) days~~ prior to the publishing of the report for the scheduled public hearing.

Documents and materials received from the Applicant or Appellant after the ~~deadline~~ publishing of the report will be accepted; however, the Town Staff and the Town Council may ~~not have the time~~not be able to analyze the ~~documents and material~~late submissions based on the time provided by the submitter for such material to be reviewed.~~, and Town Council may not have the time to consider materials submitted after the deadline~~ ~~The submittal of any additional material by the Applicant or Appellant shall not be considered prima facie evidence (sufficient to establish a fact or raise a presumption) under Town Code Section 29.20.300.~~

4. Other Agenda Items. Comments by members of the public concerning any other item on an agenda shall be limited to no more than three (3) minutes per item.

5. ~~*4.*~~ *Mayor's Discretion.* All time limits noted above shall be subject to change at the Mayor's discretion. ~~If a member of the public speaks on the wrong item, the time used would be deducted from the speaker's overall public comment time allowance on the correct item.~~

D. Consent Calendar

Items on the Council agenda that are considered to be of a routine and non-controversial nature are placed on the Consent Calendar. Typical items include meeting minutes, final reading and adoption of ordinances, resolutions approving agreements, awards of contracts, status staff reports, etc.

Consent items shall be approved by a single Council motion unless a member of the Council requests that an item be removed for separate Council action. Members of the public may speak on an item on the Consent Calendar during the public comment portion before the Council votes on the Consent Calendar. Items removed from the Consent Calendar may be considered at that meeting at the Mayor's discretion. ~~If an item is removed for discussion, members of the public may speak to that item even if they previously spoke on the item during public comment.~~

E. Presentations

The Presentations portion of the agenda is intended to allow organized groups to make formal presentations to the Council and to recognize and honor deserving individuals and organizations. All matters included on the Presentations portion of the agenda require the prior approval of the Mayor and shall be limited to no more than ten (10) minutes, unless the Mayor grants additional time. Visual presentations must be submitted to the staff 24 hours in advance of the meeting unless otherwise authorized by the Mayor.

F. Council Matters

Members of Council may report on the activities of the committees to which they belong or the meetings they attend, question staff briefly on matters upon which the Council has taken action or given direction, make brief announcements related to activities that a Council Member performs on behalf of the Town or its residents, or discuss whether to place particular items on future agendas for action by the Council. Personal business and personal political campaign activities are not Council Matters. Council Members' reports are limited to three minutes each. Public comment on any Council Matter will be provided during Verbal Communications section of the agenda. ~~Future agenda items to be briefly discussed here shall be identified consistent with Section G of this Policy, or may be raised for the first time under this item.~~

During the Council Matters portion of the meeting, any Council Member may request that an item be placed on a future agenda for Council discussion. If a second Councilmember supports the request or if such request is solely made by the Mayor, the item will be scheduled on the next agenda under Council Matters for discussion purposes only.

If the item requires significant staff effort as determined by the Town Manager, then three or more members of the Council must vote in favor of placing an item on a future agenda for action. If more information is needed, the Council can continue the item to allow staff to obtain the required information, with approval by a majority of the Council.

Discussion items are intended solely for dialogue between Councilmembers and shall not require staff research, reports, or preparation beyond listing the item on the agenda. If, after such discussion, three or more Councilmembers support further consideration through a vote to agendize, the item shall be placed on a future agenda for formal action. At that time, staff will prepare the necessary materials and reports consistent with standard agenda procedures.

Nothing shall limit three or more Council members from providing direction in requesting action at any time. The Mayor in good faith will make every effort to place a Council Requested item on the first available Council agenda in consultation with the Town Manager.

G. Adjournment

Council meetings will be adjourned at midnight unless a majority of the Council Members present vote to extend the adjournment time.

H. Americans with Disabilities Notice on Town Agendas

As part of the requirements under the Americans with Disabilities Act, the Town is required to provide notice of whom to contact in advance of a public meeting for assistance to disabled individuals who might wish to participate. The following notice shall be provided in at least one location on each Town agenda for Council, Boards, Commissions, or Committees.

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

I. Preparation of the Town Council Agenda

The agenda is prepared by staff in consultation with the Mayor for the Mayor's final approval. If there is a disagreement between The Mayor and staff, the Mayor makes the ultimate call on the Agenda and its items. ~~-~~In the case of any order change or scheduling agenda items, the Town Manager has the discretion to adjust the order and scheduling if such change is necessary to mitigate an operational, financial, or ~~more members of the Council must vote~~compliance related impact.

~~Any member of the Council may submit a request through the Town Manager or directly to the Mayor to make a change or addition to the agenda. In no event may the subject of whether to amend the agenda be discussed outside of a public meeting by more than two (2) members of the Council.~~

~~Items thus proposed to be added to the agenda require the Mayor's agreement to be added for action under Other Business. If the Mayor does not agree, the item shall be listed on the agenda for discussion purposes only under the Council Matters section of the agenda. Council may then discuss whether to place the item on a future agenda for action. Public comment on any Council Matter will be provided during Verbal Communications section of the agenda. Two (2) or more members of the Council must vote in favor of placing an item on a future agenda for action. The Mayor in good faith will make every effort to place the a Council Requested item on the first available Council agenda in consultation with the Town Manager.~~

If the wish of the Council is to add an item on the agenda of the current meeting, then the *Brown Act* generally requires a two-thirds (2/3) vote or a unanimous vote of those present if less than five (5) Council Members are present, with a finding that there is a need to take immediate action and the need for action came to the attention of the Town after the agenda was posted.

i. Preparation of the Town Boards, Commissions, and Committees Agenda

For Town Boards, Commissions, and Committees, the staff liaison will consult and consider the Chairs's input ~~i~~on the items scheduled for future meetings.

J. Council Regular Meeting Agenda Schedule and Preparation

In general, questions or inquiries from Council Members to the Town Manager and/or Town Attorney regarding agenda items should be responded to within 24 hours, and then placed into Addenda and/or Desk Items, as appropriate.

The following timeline outlines the standard schedule for finalizing and distributing Town Council meeting materials. While this schedule will be followed under normal circumstances, adjustments may occur based on staff availability, meeting demands, or unforeseen circumstances.

Thursday, prior to the meeting	Written agenda is finalized and printed. Agenda packets distributed to Town Council Members. ~~Public comments on agenda items received by 11:00 a.m. will be included in the agenda packet.~~
Friday, prior to the meeting	Additional information from staff available after the Thursday distribution of the agenda packet, and public comments received prior ~~to 11:00 a.m. on Friday~~ 3:00 p.m. will be distributed to Town Council members as an Addendum to a staff report.
Monday, prior to the meeting	Additional information from staff available after the Friday Addendum and public comment received prior to ~~11~~3:00 ~~a~~p.m. on Monday will be distributed to Town Council members as an Addendum to a staff report.
Day of Council Meeting	~~Council comments and questions received by 7:00 a.m. and~~ Public comments received by 11:00 a.m. on the morning of a Council meeting will be included in a Desk Item for distribution to Town Council members by 3:00 p.m. on the afternoon of a Council meeting~~. Council comments and questions received after 7:00 a.m. may be addressed during the Council meeting., or as staff availability permits.~~ Public comment received after 11:00 a.m. will not be distributed to the Council in the Desk Item; however, public comment may be submitted by individuals during the Council meeting.

~~In general, questions or inquiries from Council Members to the Town Manager and/or Town Attorney regarding agenda items should be responded to within 24 hours, and then placed into Addenda and/or Desk Items, as appropriate.~~

i. Boards, Commissions, and Committee Schedule and Preparation.
The schedule for Boards, Commissions and Committee meetings will follow a corresponding schedule, depending on their meeting day.

K. Agenda Posting

~~Council~~ Agendas shall be posted at least 72 hours prior to a regular meeting, and at least 24 hours prior to a special meeting in compliance with the Brwon Act. ~~Notice of any meeting of a formally appointed Committee where two Council Members could be present shall be posted at least 24 hours in advance of any such meeting with a note as to the time and location, and an invitation to the public to attend.~~

L. Conduct of Town Council Meetings
The Council shall adopt:

1. Modified ~~Robert's~~ Rosenberg's Rules of Order (Exhibit A - changes are bolded and noted with asterisks) with a change to the "Basic Format for an Agenda Item Discussion" section to allow Council Members to ask questions after public comment; and a change to the reconsideration process to allow a reconsideration of a motion as outlined in this policy under Section O; or

~~Some other rules of order, or~~

2. Allow the Mayor to conduct the meeting as deemed appropriate so long as all members of the Council concur.

M. Attendance at Meetings
The Town Council and Commissioners are expected to attend all meetings as part of their commitment to their positions. Attendance requirements for Commissioners are set forth in Town Council Policy 2-11: Commission Appointments, Residency and Attendance Requirements, and Establishing a Quorum. Consistent with the Family Medical Leave Act and the California Family Rights Act, absences of up to 12 weeks due to the birth of a child constitute excused absences.

N. Remote Attendance
In addition to the requirements of the Brown Act, the following guidelines apply to Town meetings:

1. Town Council Meetings: Requests by Council Members to attend a regular Council meeting via remote appearance (either Zoom or telephone) are allowed on a limited basis and with no more than two regular meeting remote participations in a row. ~~Remote attendance shall be permitted for a medical, family or work event requiring a Council Member's absence or in the event the Council Member is out of the area on official Town business.~~ In addition, at least a quorum of the Council must participate from a location within the Town and comply with other requirements of the Brown Act. However, a Council Member may participate remotely under the 'Just Cause' provisions of Government Code Section 54953, with remote participation limited to five meetings per calendar year. When a Council Member is participating remotely, they shall have their camera on and be visible for the duration of the meeting.

2. Town Board, Committee, and Commission Meetings: Board, Committee, and Commission members may participate remotely by telephone only, with the exception of the Finance and Planning Commissioners who have the choice of either Zoom or telephone. Requests by Commissioners to attend a Commission meeting via remote appearance should be allowed on a limited basis ~~to mirror the existing attendance requirements~~, with no more than four remote participations annually, no more than two regular meeting remote participations in a row, and in compliance with the Brown Act.

3. Remote Participation by the Public: ~~With the exception of Town Council Closed Sessions,~~ In conformance with Government Code Section 54953, the public may participate in Town Council meetings remotely. The public may also participate in Finance Commission and Planning Commission meetings remotely ~~by following~~as technology allows. Individuals can join these meetings using the remote participation instructions ~~that are~~ provided on the agenda~~.~~, based on the available technology and equipment. The remote participation instructions shall be provided on all Town Council, Finance Commission, and Planning Commission agendas with the exception of Town Council Closed Sessions. There is not a remote public participation option for other Town Boards, Committees, or Commissions.

O. Proposed Reconsideration of Prior Council Actions

Reconsideration of prior Council actions is discouraged and may only occur in special circumstances subject to the procedural restrictions outlined herein. Reconsideration does not include, and this Policy does not prohibit, the repeal of a resolution or ordinance in response to a lawsuit or a referendum challenging that adoption.

Step 1 – Motion to Place Reconsideration of a Prior Action on a Future Council Agenda

a. The motion must be made by a Council Member who previously voted on the prevailing side of the prior action, while the second can be any Council Member ;

b. The maker of the motion shall specifically articulate the new information, analysis and/or circumstances that warrant(s) reconsideration of the prior action;

c. The motion must be adopted by a majority of the full Council; and

d. The motion may ~~only~~ be made and considered ~~at the~~ no later than the next regularly scheduled meeting of the Council after the item was originally acted upon.

Step 2 – Full Reconsideration of the Prior Action, if a motion as outlined in Step 1 is approved.

a. The full reconsideration of the prior action will be placed on the next available Council agenda following the agenda-setting and required public notification process.

b. The agenda, public notification and staff report for the full reconsideration of the prior action shall clearly state that the item has been previously acted upon by the Council and is being reconsidered by the Council.

c. Action on the reconsideration of the prior action shall adhere to regular Council policies and practices as if the item was being heard for the first time.

d. The full reconsideration of the prior action (whether sustained, reversed or otherwise modified) will be the final action on that item, and no further reconsiderations will be considered.

P. Motions by the ~~Chairperson~~Mayor

The ~~Chairperson of the meeting~~Mayor may make or second motions. The ~~Chairperson~~Mayor may also restate, or ask that the maker restate, all motions immediately prior to any vote.

Q. Behavior Expectations ~~and Consequences~~ at Town ~~Council~~ Meetings

At each meeting, the Mayor should welcome the public to participate in the meetings, understanding that the purpose of the meeting is to conduct the important business of the Town in an efficient and effective manner. The Mayor may promote constructive communication by asking Council members, staff, and community members to embrace and adhere to the following values:

- Be respectful, welcoming, inclusive, compassionate, and kind to each other,
- Appreciate the diversity of perspectives and views in our community,
- Express your views and share your perspectives in helpful ways,
- Listen to understand and empathize with each other, and
- Collaborate and work together to do what is best for Los Gatos.

As needed, the Mayor may need to remind the public about the Town's civility rules~~:~~ listed below:

1. For the benefit of the entire community, the Town of Los Gatos asks that all speakers follow the Town's meeting guidelines by treating everyone with respect and dignity. This is done by following meeting guidelines set forth in State law, in the Town Code, and on the cover sheet of the Council agenda.

2. The Town embraces diversity and strongly condemns hate speech and offensive, hateful language or racial intolerance of any kind at Council meetings.

3. Town Council and staff are well aware of the public's right to disagree with their professional opinion on various Town issues. However, anti-social behavior, slander, hatred, and bigotry statements are completely unacceptable and will not be tolerated in any way, shape, or form at Town Council meetings.

4. All public comments at the Town Council meeting must pertain to items within the subject matter jurisdiction of the Town and shall not contain slanderous statements, hatred, and bigotry against non-public officials.

R. Managing Disruptive Behavior During Meetings

The Town will go through the following steps ~~if~~ in the event of a meeting disturbance ~~results from a member of the public not following these rules~~:

~~a. If participating remotely, Town staff may mute the individual with an explanation for the record of why muting occurred consistent with this Policy.~~

~~b. If participating in-person, the Mayor may call a recess for violation of this Policy, resulting in the immediate cessation of the audio and video recording and the Council exiting the Chamber. Staff will determine if the individual should be removed or if all members of the public should leave depending on the extent of the disturbance. In the event that all public members exit, only the press would be allowed back in the meeting. Once the individual(s) leave, the Council would return to the Chamber and the Mayor would resume the meeting.~~

1. If the individual is participating remotely, the Mayor, or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If they do not promptly cease their disruptive behavior after the warning their permission to speak will be removed.

2. If the individual participating in-person, the Mayor or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If the speaker does not promptly cease their disruptive behavior after the warning, they may be removed from the meeting.

3. In accordance with Government Code Section 54957.9, in the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting infeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.

Nothing in this policy limits other options to resolve disruptions, including but not limited to, taking a recess.

APPROVED AS TO FORM:

_____

Gabrielle Whelan, Town Attorney



Rosenberg's Rules of Order

REVISED 2011

Simple Rules of Parliamentary Procedure for the 21st Century

By Judge Dave Rosenberg

LEAGUE OF CALIFORNIA CITIES

MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and automony of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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About the Author

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.

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Introduction

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

First, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

Second, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

Third, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

* **The chair should ask members of the body if they have any questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.**

Fifth, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

Sixth, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

Seventh, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

Eighth, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

Ninth, the chair takes a vote. Simply asking for the "ayes" and then asking for the "nays" normally does this. If members of the body do not vote, then they "abstain." Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

Tenth, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: "The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body."

Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member's desired approach with the words "I move … "

A typical motion might be: "I move that we give a 10-day notice in the future for all our meetings."

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion,** for example, "A motion at this time would be in order."
2. **Suggesting a motion to the members of the body,** "A motion would be in order that we give a 10-day notice in the future for all our meetings."
3. **Making the motion.** As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the body's consideration. A basic motion might be: "I move that we create a five-member committee to plan and put on our annual fundraiser."

The motion to amend. If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: "I move that we amend the motion to have a 10-member committee." A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

The substitute motion. If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: "I move a substitute motion that we cancel the annual fundraiser this year."

"Motions to amend" and "substitute motions" are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a "motion to amend" or a "substitute motion" is left to the chair. So if a member makes what that member calls a "motion to amend," but the chair determines that it is really a "substitute motion," then the chair's designation governs.

A "friendly amendment" is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, "I want to suggest a friendly amendment to the motion." The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic "motion to have a five-member committee to plan and put on our annual fundraiser." During the discussion of this motion, a member might make a second motion to "amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser." And perhaps, during that discussion, a member makes yet a third motion as a "substitute motion that we not have an annual fundraiser this year." The proper procedure would be

First, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed,* the chair would then move to consider the main motion (the first motion) in its original format, not amended.

Third, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

Motion to adjourn. This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

Motion to recess. This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

Motion to fix the time to adjourn. This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: "I move we adjourn this meeting at midnight." It requires a simple majority vote.

Motion to table. This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on "hold." The motion can contain a specific time in which the item can come back to the body. "I move we table this item until our regular meeting in October." Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

Motion to limit debate. The most common form of this motion is to say, "I move the previous question" or "I move the question" or "I call the question" or sometimes someone simply shouts out "question." As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a "request" rather than as a formal motion. The chair can simply inquire of the body, "any further discussion?" If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the "question" as a formal motion, and proceed to it.

When a member of the body makes such a motion ("I move the previous question"), the member is really saying: "I've had enough debate. Let's get on with the vote." When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

NOTE: A motion to limit debate could include a time limit. For example: "I move we limit debate on this agenda item to 15 minutes." Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item.* This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

Motion to limit debate. Whether a member says, "I move the previous question," or "I move the question," or "I call the question," or "I move to limit debate," it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

Motion to close nominations. When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

Motion to object to the consideration of a question. Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

Motion to suspend the rules. This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

Counting Votes

The matter of counting votes starts simple, but can become complicated.

Usually, it's pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the "no" votes and double that count to determine how many "yes" votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote "no" then the "yes" vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote "abstain" or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in

California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of "those present" then you treat abstentions one way. However, if the rules of the body say that you count the votes of those "present and voting," then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are "present and voting."

Accordingly, under the "present and voting" system, you would **NOT** count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are "present"), but you treat the abstention votes on the motion as if they did not exist (they are not "voting"). On the other hand, if the rules of the body specifically say that you count votes of those "present" then you **DO** count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like "no" votes.

How does this work in practice? Here are a few examples.

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are "present and voting." If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three "yes," one "no" and one "abstain" also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body **DOES** have a specific rule requiring a two-thirds vote of members "present." Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a "no" vote. Accordingly, if the votes were three "yes," one "no" and one "abstain," then the motion fails. The abstention in this case is treated like a "no" vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an "abstention" vote? Any time a member votes "abstain" or says, "I abstain," that is an abstention. However, if a member votes "present" that is also treated as an abstention (the member is essentially saying, "Count me for purposes of a quorum, but my vote on the issue is abstain.") In fact, any manifestation of intention not to vote either "yes" or "no" on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote "absent" or "count me as absent?" Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually "absent." That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

~~* First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)~~

* **The motion may be made and considered no later than the next regularly scheduled meeting of the Council after the item was originally acted upon.**

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is "no." There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be, "point of privilege." The chair would then ask the interrupter to "state your point." Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person's ability to hear.

Order. The proper interruption would be, "point of order." Again, the chair would ask the interrupter to "state your point." Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

Appeal. If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

Call for orders of the day. This is simply another way of saying, "return to the agenda." If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair's determination may be appealed.

Withdraw a motion. During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

Rule One: Tell the public what the body will be doing.

Rule Two: Keep the public informed while the body is doing it.

Rule Three: When the body has acted, tell the public what the body did.



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TOWN OF LOS GATOS CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service *Community Stewardship* *Future Focus*

TITLE: Town Agenda Format and Rules	**POLICY NUMBER**: 2-01
EFFECTIVE DATE: 12/15/1986	**PAGES:** 7
ENABLING ACTIONS: 1986-183; 1987-024; 1988-124; 1993-181; 1994-057; 1996-108; 2001-077; 2004-033; 2009-002; 2021-047	**REVISED DATES:** 12/15/1986; 3/2/1987; 6/6/1988; 6/15/1992; 12/6/1993; 4/4/1994; 8/5/1996; 7/2/2001; 4/5/2004; 1/20/2009; 3/16/2009; 12/6/2010; 8/5/2013; 3/3/2015; 9/20/2016; 6/20/2017; 8/1/2017; 12/4/18/; 8/20/19; 12/3/19; 6/1/2021; 11/2/2021; 9/20/22; 2/7/2023; 11/21/2023; 8/6/2024
APPROVED:	

PURPOSE

To establish procedures which standardize Town agendas and ensure an orderly meeting. This Policy applies to Town Council and all Town Boards, Commissions, and Committees, and references to Mayor will apply to Boards, Commissions, and Committees Chairpersons as set forth in this Policy.

POLICY

The following policies have been established:

A. Order of the Agenda

Subject to the Mayor's discretion to change the order of consideration of any agenda item during any individual meeting:

Call Meeting to Order
Roll Call
Pledge of Allegiance
Presentations
Consent Calendar
Verbal Communications
Public Hearings
Other Business
Council Matters
Manager Matters
Attorney Matters and Closed Session Report
Adjournment (No later than midnight without vote.)

B. Closed Session Report

As required by the Brown Act, the Town Attorney will report on actions taken at the Closed Session, but without reporting any information which could damage the Town's position on a) potential or existing litigation, b) the acquisition or disposition of property, or c) any employee's privacy interests. In addition, the Closed Session agenda shall clearly identify the subject of each agenda item consistent with the requirements of the *Brown Act.*

C. Communications by Members of the Public

Speakers at public meetings will be asked to provide their full name and to state whether they are a resident of the Town of Los Gatos. This information is optional but not required.

1. *Verbal Communications.* Comments by members of the public during the initial Verbal Communications portion of the agenda on items not on the Council agenda shall be limited to 30 minutes and no more than three (3) minutes per speaker, or at the discretion of the Mayor. Town resources may not be used to facilitate audio or visual presentations. Individuals addressing the Town Council under Verbal Communications may submit written materials and must provide at least one (1) copy for inclusion in the administrative record. As an item not listed on the agenda, no response is required from Town staff or the Council and no action can be taken. However, the Council may instruct the Town Manager to place the item on a future agenda. At the conclusion of the first Verbal Communications, the agenda will proceed onto the Public Hearings and Other Business sections of the agenda. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications section can be opened prior to Adjournment.

2. *Public Hearings.* Presentations during the Public Hearings portion of the agenda by appellants and applicants, including any expert or consultant assisting with the presentation, shall be limited to a total of no more than five (5) minutes for all speakers. Appellants and applicants shall be provided no more than three (3) minutes to rebut at the end of the public hearing. Visual presentations that require the use of staff resources shall be limited to appellants and applicants. Other members of the public testifying at public hearings shall be limited to no more than three (3) minutes and may submit written materials, provided that one (1) copy is submitted for inclusion in the administrative record.

3. *Submittal of written materials by Applicant and Appellant*. To allow Town Council, Boards, Commissions, Committees, Town Staff, and the public the opportunity to review material in advance of a hearing, all materials should be submitted by the Applicant or Appellant to the designated staff member prior to the publishing of the report for the scheduled public hearing. Documents and materials received from the Applicant or Appellant after the publishing of the report will be accepted; however, the Town Staff and the Town Council may not be able to analyze the late submissions based on the time provided by the submitter for such material to be reviewed.

3. *Other Agenda Items.* Comments by members of the public concerning any other item on an agenda shall be limited to no more than three (3) minutes per item.

4. *Mayor's Discretion.* All time limits noted above shall be subject to change at the Mayor's discretion.

D. Consent Calendar

Items on the Council agenda that are considered to be of a routine and non-controversial nature are placed on the Consent Calendar. Typical items include meeting minutes, final reading and adoption of ordinances, resolutions approving agreements, awards of contracts, status staff reports, etc.

Consent items shall be approved by a single Council motion unless a member of the Council requests that an item be removed for separate Council action. Members of the public may speak on an item on the Consent Calendar during the public comment portion before the Council votes on the Consent Calendar. Items removed from the Consent Calendar may be considered at that meeting at the Mayor's discretion.

E. Presentations

The Presentations portion of the agenda is intended to allow organized groups to make formal presentations to the Council and to recognize and honor deserving individuals and organizations. All matters included on the Presentations portion of the agenda require the prior approval of the Mayor and shall be limited to no more than ten (10) minutes, unless the Mayor grants additional time. Visual presentations must be submitted to the staff 24 hours in advance of the meeting unless otherwise authorized by the Mayor.

F. Council Matters

Members of Council may report on the activities of the committees to which they belong or the meetings they attend, question staff briefly on matters upon which the Council has taken action or given direction, make brief announcements related to activities that a Council Member performs on behalf of the Town or its residents, or discuss whether to place particular items on future agendas for action by the Council. Personal business and personal political campaign activities are not Council Matters. Council Members' reports are limited to three minutes each. Public comment on any Council Matter will be provided during Verbal Communications section of the agenda.

During the Council Matters portion of the meeting, any Council Member may request that an item be placed on a future agenda for Council discussion. If a second Councilmember supports the request or if such request is solely made by the Mayor, the item will be scheduled on the next agenda under Council Matters for discussion purposes only.

If the item requires significant staff effort as determined by the Town Manager, then three or more members of the Council must vote in favor of placing an item on a future agenda for action. If more information is needed, the Council can continue the item to allow staff to obtain the required information, with approval by a majority of the Council.

Discussion items are intended solely for dialogue between Councilmembers and shall not require staff research, reports, or preparation beyond listing the item on the agenda. If, after such discussion, three or more Councilmembers support further consideration through a vote to agendize, the item shall be placed on a future agenda for formal action. At that time, staff will prepare the necessary materials and reports consistent with standard agenda procedures.

Nothing shall limit three or more Council members from providing direction on requesting action at any time.

G. Adjournment

Council meetings will be adjourned at midnight unless a majority of the Council Members present vote to extend the adjournment time.

H. Americans with Disabilities Notice on Town Agendas

As part of the requirements under the Americans with Disabilities Act, the Town is required to provide notice of whom to contact in advance of a public meeting for assistance to disabled individuals who might wish to participate. The following notice shall be provided in at least one location on each Town agenda for Council, Boards, Commissions, or Committees.

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

I. Preparation of the Town Council Agenda

The agenda is prepared by staff in consultation with the Mayor for the Mayor's final approval. If there is a disagreement between The Mayor and staff, the Mayor makes the ultimate call on the Agenda and its items. In the case of any order change or scheduling agenda items, the Town Manager has the discretion to adjust the order and scheduling if such change is necessary to mitigate an operational, financial, or compliance related impact.

The Mayor in good faith will make every effort to place a Council requested item on the first available Council agenda in consultation with the Town Manager.

If the wish of the Council is to add an item on the agenda of the current meeting, then the *Brown Act* generally requires a two-thirds (2/3) vote or a unanimous vote of those present if less than five (5) Council Members are present, with a finding that there is a need to take immediate action and the need for action came to the attention of the Town after the agenda was posted.

i. Preparation of the Town Boards, Commissions, and Committees Agenda
For Town Boards, Commissions, and Committees, the staff liaison will consult and consider the Chairs's input on the items scheduled for future meetings.

J. Council Regular Meeting Agenda Schedule and Preparation

In general, questions or inquiries from Council Members to the Town Manager and/or Town Attorney regarding agenda items should be responded to within 24 hours, and then placed into Addenda and/or Desk Items, as appropriate.

The following timeline outlines the standard schedule for finalizing and distributing Town Council meeting materials. While this schedule will be followed under normal circumstances, adjustments may occur based on staff availability, meeting demands, or unforeseen circumstances.

Thursday, prior to the meeting	Written agenda is finalized and printed. Agenda packets distributed to Town Council Members.
Friday, prior to the meeting	Additional information from staff available after the Thursday distribution of the agenda packet, and public comments received prior 3:00 p.m. will be distributed to Town Council members as an Addendum to a staff report.
Monday, prior to the meeting	Additional information from staff available after the Friday Addendum and public comment received prior to 3:00 p.m. on Monday will be distributed to Town Council members as an Addendum to a staff report.
Day of Council Meeting	Public comments received by 11:00 a.m. on the morning of a Council meeting will be included in a Desk Item for distribution to Town Council members by 3:00 p.m. on the afternoon of a Council meeting. Public comment received after 11:00 a.m. will not be distributed to the Council in the Desk Item; however, public comment may be submitted by individuals during the Council meeting.

i. Boards, Commissions, and Committee Schedule and Preparation.
The schedule for Boards, Commissions and Committee meetings will follow a corresponding schedule, depending on their meeting day.

K. Agenda Posting

Agendas shall be posted at least 72 hours prior to a regular meeting, and at least 24 hours prior to a special meeting in compliance with the Brwon Act.

L. Conduct of Town Council Meetings

The Council shall adopt:

1. Modified Rosenberg's Rules of Order (Exhibit A - changes are bolded and noted with asterisks) with a change to the "Basic Format for an Agenda Item Discussion "section to allow Council Members to ask questions after public comment; and a change to the reconsideration process to allow a reconsideration of a motion as outlined in this policy under Section O; or
2. Allow the Mayor to conduct the meeting as deemed appropriate so long as all members of the Council concur.

M. Attendance at Meetings

The Town Council and Commissioners are expected to attend all meetings as part of their commitment to their positions. Attendance requirements for Commissioners are set forth in Town Council Policy 2-11: Commission Appointments, Residency and Attendance Requirements, and Establishing a Quorum. Consistent with the Family Medical Leave Act and the California Family Rights Act, absences of up to 12 weeks due to the birth of a child constitute excused absences.

N. Remote Attendance

In addition to the requirements of the Brown Act, the following guidelines apply to Town meetings:

1. Town Council Meetings: Requests by Council Members to attend a regular Council meeting via remote appearance (either Zoom or telephone) are allowed on a limited basis and with no more than two regular meeting remote participations in a row. In addition, at least a quorum of the Council must participate from a location within the Town and comply with other requirements of the Brown Act. However, a Council Member may participate remotely under the 'Just Cause' provisions of Government Code Section 54953, with remote participation limited to five meetings per calendar year. When a Council Member is participating remotely, they shall have their camera on and be visible for the duration of the meeting.

2. Town Board, Committee, and Commission Meetings: Board, Committee, and Commission members may participate remotely by telephone only, with the exception of the Finance and Planning Commissioners who have the choice of either Zoom or telephone. Requests by Commissioners to attend a Commission meeting via remote appearance should be allowed on a limited basis, with no more than four remote participations annually, no more than two regular meeting remote participations in a row, and in compliance with the Brown Act.

3. Remote Participation by the Public: In conformance with Government Code Section 54953, the public may participate in Town Council meetings remotely. The public may also participate in Finance Commission and Planning Commission meetings remotely as technology allows. Individuals can join these meetings using the remote participation instructions provided on the agenda, based on the available technology and equipment.

The remote participation instructions shall be provided on all Town Council, Finance Commission, and Planning Commission agendas with the exception of Town Council Closed Sessions. There is not a remote public participation option for other Town Boards, Committees, or Commissions.

O. Proposed Reconsideration of Prior Council Actions

Reconsideration of prior Council actions is discouraged and may only occur in special circumstances subject to the procedural restrictions outlined herein. Reconsideration does not include, and this Policy does not prohibit, the repeal of a resolution or ordinance in response to a lawsuit or a referendum challenging that adoption.

Step 1 – Motion to Place Reconsideration of a Prior Action on a Future Council Agenda

a. The motion must be made by a Council Member who previously voted on the prevailing side of the prior action, while the second can be any Council Member ;

b. The maker of the motion shall specifically articulate the new information, analysis and/or circumstances that warrant(s) reconsideration of the prior action;

c. The motion must be adopted by a majority of the full Council; and

d. The motion may be made and considered no later than the next regularly scheduled meeting of the Council after the item was originally acted upon.

Step 2 – Full Reconsideration of the Prior Action, if a motion as outlined in Step 1 is approved.

a. The full reconsideration of the prior action will be placed on the next available Council agenda following the agenda-setting and required public notification process.

b. The agenda, public notification and staff report for the full reconsideration of the prior action shall clearly state that the item has been previously acted upon by the Council and is being reconsidered by the Council.

c. Action on the reconsideration of the prior action shall adhere to regular Council policies and practices as if the item was being heard for the first time.

d. The full reconsideration of the prior action (whether sustained, reversed or otherwise modified) will be the final action on that item, and no further reconsiderations will be considered.

P. Motions by the Mayor

The Mayor may make or second motions. The Mayor may also restate, or ask that the maker restate, all motions immediately prior to any vote.

Q. Behavior Expectations at Town Meetings

At each meeting, the Mayor should welcome the public to participate in the meetings, understanding that the purpose of the meeting is to conduct the important business of the Town in an efficient and effective manner. The Mayor may promote constructive communication by asking Council members, staff, and community members to embrace and adhere to the following values:

- Be respectful, welcoming, inclusive, compassionate, and kind to each other,
- Appreciate the diversity of perspectives and views in our community,
- Express your views and share your perspectives in helpful ways,
- Listen to understand and empathize with each other, and
- Collaborate and work together to do what is best for Los Gatos.

As needed, the Mayor may need to remind the public about the Town's civility rules listed below:

1. For the benefit of the entire community, the Town of Los Gatos asks that all speakers follow the Town's meeting guidelines by treating everyone with respect and dignity. This is done by following meeting guidelines set forth in State law, in the Town Code, and on the cover sheet of the Council agenda.

2. The Town embraces diversity and strongly condemns hate speech and offensive, hateful language or racial intolerance of any kind at Council meetings.

3. Town Council and staff are well aware of the public's right to disagree with their professional opinion on various Town issues. However, anti-social behavior, slander, hatred, and bigotry statements are completely unacceptable and will not be tolerated in any way, shape, or form at Town Council meetings.

4. All public comments at the Town Council meeting must pertain to items within the subject matter jurisdiction of the Town and shall not contain slanderous statements, hatred, and bigotry against non-public officials.

R. Managing Disruptive Behavior During Meetings

The Town will go through the following steps in the event of a meeting disturbance:

1. If the individual is participating remotely, the Mayor, or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If they do not promptly cease their disruptive behavior after the warning their permission to speak will be removed.

2. If the individual participating in-person, the Mayor or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If the speaker does not promptly cease their disruptive behavior after the warning, they may be removed from the meeting.

3. In accordance with Government Code Section 54957.9, in the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting infeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.

Nothing in this policy limits other options to resolve disruptions, including but not limited to, taking a recess.

APPROVED AS TO FORM:

_____

Gabrielle Whelan, Town Attorney



Rosenberg's Rules of Order

REVISED 2011

Simple Rules of Parliamentary Procedure for the 21st Century

By Judge Dave Rosenberg

EXHIBIT A

MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and automony of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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About the Author

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.

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Introduction

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

First, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

Second, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

Third, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

* **The chair should ask members of the body if they have any questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.**

Fifth, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

Sixth, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

Seventh, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

Eighth, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

Ninth, the chair takes a vote. Simply asking for the "ayes" and then asking for the "nays" normally does this. If members of the body do not vote, then they "abstain." Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

Tenth, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: "The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body."

Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member's desired approach with the words "I move … "

A typical motion might be: "I move that we give a 10-day notice in the future for all our meetings."

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion,** for example, "A motion at this time would be in order."
2. **Suggesting a motion to the members of the body,** "A motion would be in order that we give a 10-day notice in the future for all our meetings."
3. **Making the motion.** As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the body's consideration. A basic motion might be: "I move that we create a five-member committee to plan and put on our annual fundraiser."

The motion to amend. If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: "I move that we amend the motion to have a 10-member committee." A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

The substitute motion. If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: "I move a substitute motion that we cancel the annual fundraiser this year."

"Motions to amend" and "substitute motions" are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a "motion to amend" or a "substitute motion" is left to the chair. So if a member makes what that member calls a "motion to amend," but the chair determines that it is really a "substitute motion," then the chair's designation governs.

A "friendly amendment" is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, "I want to suggest a friendly amendment to the motion." The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic "motion to have a five-member committee to plan and put on our annual fundraiser." During the discussion of this motion, a member might make a second motion to "amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser." And perhaps, during that discussion, a member makes yet a third motion as a "substitute motion that we not have an annual fundraiser this year." The proper procedure would be

First, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed,* the chair would then move to consider the main motion (the first motion) in its original format, not amended.

Third, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

Motion to adjourn. This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

Motion to recess. This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

Motion to fix the time to adjourn. This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: "I move we adjourn this meeting at midnight." It requires a simple majority vote.

Motion to table. This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on "hold." The motion can contain a specific time in which the item can come back to the body. "I move we table this item until our regular meeting in October." Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

Motion to limit debate. The most common form of this motion is to say, "I move the previous question" or "I move the question" or "I call the question" or sometimes someone simply shouts out "question." As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a "request" rather than as a formal motion. The chair can simply inquire of the body, "any further discussion?" If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the "question" as a formal motion, and proceed to it.

When a member of the body makes such a motion ("I move the previous question"), the member is really saying: "I've had enough debate. Let's get on with the vote." When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

NOTE: A motion to limit debate could include a time limit. For example: "I move we limit debate on this agenda item to 15 minutes." Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item.* This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

Motion to limit debate. Whether a member says, "I move the previous question," or "I move the question," or "I call the question," or "I move to limit debate," it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

Motion to close nominations. When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

Motion to object to the consideration of a question. Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

Motion to suspend the rules. This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

Counting Votes

The matter of counting votes starts simple, but can become complicated.

Usually, it's pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the "no" votes and double that count to determine how many "yes" votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote "no" then the "yes" vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote "abstain" or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in

California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of "those present" then you treat abstentions one way. However, if the rules of the body say that you count the votes of those "present and voting," then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are "present and voting."

Accordingly, under the "present and voting" system, you would **NOT** count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are "present"), but you treat the abstention votes on the motion as if they did not exist (they are not "voting"). On the other hand, if the rules of the body specifically say that you count votes of those "present" then you **DO** count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like "no" votes.

How does this work in practice? Here are a few examples.

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are "present and voting." If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three "yes," one "no" and one "abstain" also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body **DOES** have a specific rule requiring a two-thirds vote of members "present." Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a "no" vote. Accordingly, if the votes were three "yes," one "no" and one "abstain," then the motion fails. The abstention in this case is treated like a "no" vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an "abstention" vote? Any time a member votes "abstain" or says, "I abstain," that is an abstention. However, if a member votes "present" that is also treated as an abstention (the member is essentially saying, "Count me for purposes of a quorum, but my vote on the issue is abstain.") In fact, any manifestation of intention not to vote either "yes" or "no" on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote "absent" or "count me as absent?" Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually "absent." That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

~~* First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)~~

* **The motion may be made and considered no later than the next regularly scheduled meeting of the Council after the item was originally acted upon.**

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is "no." There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be, "point of privilege." The chair would then ask the interrupter to "state your point." Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person's ability to hear.

Order. The proper interruption would be, "point of order." Again, the chair would ask the interrupter to "state your point." Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

Appeal. If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

Call for orders of the day. This is simply another way of saying, "return to the agenda." If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair's determination may be appealed.

Withdraw a motion. During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

Rule One: Tell the public what the body will be doing.

Rule Two: Keep the public informed while the body is doing it.

Rule Three: When the body has acted, tell the public what the body did.



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