TOWN OF LOS GATOS
COUNCIL MEETING AGENDA
JUNE 16, 2026
110 EAST MAIN STREET AND TELECONFERENCE
TOWN COUNCIL CHAMBERS
7:00 PM

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

IMPORTANT NOTICE

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

Council Member Rob Rennie will be participating via teleconference pursuant to Government Code Section 54953(b)(3)from a location at 400 Fairview Blvd. #172., Incline Village, NV, 89451. The teleconference location shall be accessible to the public and the agenda will be posted at the teleconference location 72 hours before the meeting.

To watch and participate via Zoom, please go to:

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

Enter Passcode: 577971

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATIONS

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

1. **Approve the Minutes of the June 2, 2026, Town Council Meeting.**
   RECOMMENDATION: Approve the Minutes of the June 2, 2026, Town Council Meeting.

2. **Approve the Minutes of the June 8, 2026, Special, Closed Session Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the June 8, 2026, Special Closed Session Town Council Meeting.

3. **Authorize the Town Manager to Execute a Fifth Amendment to the Agreement with Tyler Technologies to Add the Accounts Receivable API Toolkit for $5,696 with a Contract Amount Not to Exceed $1,384,317 and to Update the Insurance Language.**
RECOMMENDATION: Authorize the Town Manager to execute a Fifth Amendment to the agreement with Tyler Technologies to add the Accounts Receivable API Toolkit for $5,696 with a contract amount not to exceed $1,384,317 and to update insurance language.

4. **Authorize the Town Manager to Execute a Five-Year Agreement for Software Services with TruePoint Solutions - DigEplan (LCT Software) DBA GovPath for Electronic Plan Review Services in an Amount Not to Exceed $155,183.28 Over the Life of the Agreement.**
RECOMMENDATION: Authorize the Town Manager to execute an Agreement for Software Services TruePoint Solutions - DigEplan (LCT Software) DBA GovPath for electronic plan review services in an amount not to exceed $155,183.28 over the five-year term of the Agreement, with the first year not to exceed $29,229.48.

5. **Authorize the Town Manager to Execute a Fourth Amendment to the Contract for Legal Services with the Law Firm of Atchison, Barisone & Condotti to Increase the Contract Amount by $40,000 in an Amount Not to Exceed $340,000 for Services Provided During the Contract Term of December 2022 through June 30, 2026.**
RECOMMENDATION: Authorize the Town Manager to execute a fourth amendment to the contract for legal services with the law firm of Atchison, Barisone & Condotti to increase the contract amount by $40,000 from $300,000 to a cumulative contract amount not to exceed $340,000 for the entire contract term beginning in December 2022 and ending June 30, 2026.

6. **Authorize the Town Manager or Designee to Enter into a Litigation Legal Services Agreement for FY 2026-27 with Goldfarb and Lipman in an Amount Not to Exceed $200,000.**
RECOMMENDATION: Authorize the Town Manager or designee to enter into a Litigation Legal Services Agreement for FY 2026-27 with Goldfarb and Lipman in an amount not to exceed $200,000.

7. **Authorize the Town Manager to Execute a Second Amendment to an Agreement with NHA Advisors, LLC for Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset Liability Management Studies to Extend the Contract to December 31, 2026.**
RECOMMENDATION: Authorize the Town Manager to execute a second amendment to an agreement with NHA Advisors, LLC for fiscal condition analysis, fiscal impact analysis, and asset liability management studies to extend the contract to December 31, 2026.

8. **Adopt a Resolution Approving the Corrected American Federation of State, County and Municipal Employees (AFSCME) 2026-2027 Salary Schedule and Side Letter Agreement.**

RECOMMENDATION: Adopt a resolution approving the corrected salary schedule for the American Federation of State, County and Municipal Employees (AFSCME) to reflect the negotiated 4% increase for the 2026-2027 fiscal year, effective July 5, 2026; and approve and authorize the Town Manager to execute a Side Letter of Agreement between the Town of Los Gatos and the American Federation of State, County and Municipal Employees (AFSCME) to correct the 2026-2027 salary schedule.

9. **Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with Assure MSP, Inc. to Increase Compensation by $18,898.43 for a Total Agreement Amount of $233,898.43.**
RECOMMENDATION: Authorize the Town Manager to execute a First Amendment to the Agreement for Services with Assure MSP, Inc. to add the Police Operations Building intercom improvements and a La Rinconada Park security camera installation, and increase compensation by $18,898.43 for a total agreement amount of $233,898.43.

10. **Authorize the Town Manager to Execute an Agreement for Professional Services with Sanbell for Engineering Design, Alternatives Analysis, Surveying, Easement Preparation, and Bid-Phase Support for the 709 University Avenue Drainage System Replacement Project in the amount of $98,895.**
RECOMMENDATION: Authorize the Town Manager to execute an Agreement for Professional Services with Sanbell for engineering design services alternatives analysis, surveying, easement preparation, and bid-phase support for the 709 University Avenue Drainage System Replacement Project (4628313; CIP No. 8160423) in the amount of $98,895.

11. **Authorize the Town Manager to Execute an Agreement for Professional Services with Sanbell for Engineering, Environmental, and Permitting Services for the Vasona Oak Storm Drainage Repair Project in the amount of $128,923**
RECOMMENDATION: Authorize the Town Manager to execute an Agreement for Professional Services with Sanbell for engineering design, environmental technical studies, CEQA documentation, and multiagency permitting support for the Vasona Oak Storm Drainage Repair Project (4628316; CIP No. 8160418) in an amount of $128,923.

12. **Authorize the Town Manager to Execute a Professional Services Agreement with Liebert Cassidy Whitmore (LCW) For a Three-Year Term with a Total Not-To-Exceed Amount of $120,000**
RECOMMENDATION: Authorize the Town Manager to execute a Professional Services Agreement with Liebert Cassidy Whitmore (LCW) for a three-year term with a total not to exceed amount of $120,000.

13. **.Authorize the Town Manager to Execute a Fourth Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) for the Library Battery Power Supply Project**
RECOMMENDATION: Authorize the Town Manager to execute a Fourth Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) to extend the term and time of performance through September 30, 2026, for the Library Battery Power Supply Project (4118721, 4218721; CIP 821-2505).

14. **Receive the Monthly Financial and Investment Report for April 2026.**
RECOMMENDATION: Receive the Monthly Financial and Investment Reports for April 2026.

15. **Authorize the Town Manager to Execute a Construction Agreement with California Roofing Co. Inc., in an Amount Not to Exceed $182,440 for a Roof Replacement at the Adult Recreation Center.**
RECOMMENDATION: Authorize the Town Manager to execute a Construction Agreement with California Roofing Co. Inc., in an amount not to exceed $182,440 for a Roof Replacement at the Adult Recreation Center.

16. **Adopt a Resolution Accepting the FY2022-23 Safe Streets and Roads for All Grant Agreement and Authorize the Town Manager to Execute the Agreement in the Amount of $640,000.**
RECOMMENDATION: Staff recommends that the Town Council:
a. adopt a resolution accepting the FY22-23 Safe Streets and Roads for All (SS4A) grant agreement; and
b. authorize the Town Manager to execute the agreement in the amount of $640,000.

17. **Authorize the Town Manager to Execute a Second Amendment to the Agreement for Pre-Employment Background Services with Secure Solutions, Extending Their Agreement to June 30, 2028, and Increasing the Not-to-Exceed Amount to $150,000.**
RECOMMENDATION: Authorize the Town Manager to execute a second amendment to the agreement for pre-employment background services with Secure Solutions, extending the agreement to June 30, 2028, and increasing the not-to-exceed amount to $150,000.

18. **Approve the Accounts Payable Check Registers and Payroll Report.**
RECOMMENDATION: Approve the Accounts Payable Check Registers for May 29 and June 1 and Payroll Report for May 29.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Town Council. The law generally prohibits the Town Council from discussing or taking action on such items. However, the Council may instruct staff accordingly. Town resources may not be used to facilitate audio or visual presentations. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Mayor.)*

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

minutes, or such time as authorized by the Mayor.)

19. **Continue Consideration of an Appeal of the Planning Commission Decision to Approve a Request for Modification of an Existing Conditional Use Permit for Expanded Hours of Operation in an Institution for Religious Observance (West Valley Muslim Association) on Property Zoned R-1:8. Located at 16769 Farley Road. APN 424-21-062. Conditional Use Permit Application U-24-010. Categorically Exempt Pursuant to CEQA Guidelines Section 15301: Existing Facilities. Property Owner: West Valley Muslim Association, Osmar Ghafoor, President. Applicant: Razi Mohiuddin. Project Planner: Jocelyn Shoopman.**
RECOMMENDATION: Continue this appeal hearing to a date certain of August 18, 2026.

20. **Conduct a Brush Abatement Program Public Hearing to Consider Objections to the Proposed Removal of Brush on Parcels Listed on the 2026 Wildland Urban Interface (WUI) Area Non-Compliant Parcel List and Order Abatement.**
RECOMMENDATION: Conduct a Brush Abatement Program Public Hearing to Consider Objections to the Proposed Removal of Brush on Parcels Listed on the 2026 Wildland Urban Interface (WUI) Area Non-Compliant Parcel List and Order Abatement.

21. **Conduct a Public Hearing to Hear Protests and Adopt Resolutions Confirming the Diagrams and Assessments and Levying and Authorizing the Collection of Assessments for Landscape and Lighting Assessment Districts No. 1 and 2 for Fiscal Year 2026-27**
RECOMMENDATION: Conduct a public hearing to hear protests and take the following actions for Landscape and Lighting Assessment Districts No. 1 and No. 2 for Fiscal Year 2026-27:
a. Adopt resolutions confirming the diagrams and assessments and levying and authorizing the collection of assessments for Landscape and Lighting Assessment District No. 1 (Blackwell Drive Benefit Zone, Kennedy Meadows Benefit Zone, Santa Rosa Heights Benefit Zone, Vasona Heights Benefit Zone, and Hillbrook Drive Benefit Zone).
b. Adopt resolutions confirming the diagram and assessments and levying and authorizing the collection of assessments for Landscape and Lighting Assessment District No. 2 (Gemini Court Benefit Zone).

22. **Adopt a Resolution Approving the Proposed Fee Schedule for the Adopt-a-Bench Program for Fiscal Year 2026-27.**
RECOMMENDATION: Adopt a resolution establishing a fee for the Adopt-a-Bench Program in the amount of $9,865.00 for the initial 10-year term and $5,911.00 for each subsequent 10-year renewal term, or in such other amounts as determined by the Town Council.

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

23. **Approve the Annual Agreement for Services with the Los Gatos Chamber of Commerce to Manage the Town's Destination Marketing Services, Visit Los Gatos, and the Town's Visitors Information Center, for a Total Amount of $88,000.**

RECOMMENDATION: Approve the Annual Agreement for Services with the Los Gatos Chamber of Commerce to manage the Town's Destination Marketing Services, Visit Los Gatos, and the Town's Visitors Information Center, for a total amount of $88,000.

24. **Adopt a Resolution to Sell the 4 Tait Avenue Property (APN: 510-44-054); Approve and Authorize the Town Manager to Sign the Historic Covenant; and Authorize the Town Manager to Negotiate and Execute All Other Required Documents for the Sale, Including a Sale Agreement Accepting an Offer of $3,800,000 for the Property in Substantially the Form Presented**
RECOMMENDATION: Adopt a resolution to sell the 4 Tait Avenue Property (APN: 510-44-054); approve and authorize the Town Manager to sign the Historic Covenant; and authorize the Town Manager to negotiate and execute all required documents for the sale, including a Sale Agreement accepting an offer of $3,800,000 for the property in substantially the form presented.

25. **Approve a Remote Public Access Disruption Policy and an Amendment to Agenda Format and Rules Policy 2-01; and Adopt a Resolution Determining What Constitutes Reasonable Efforts to Encourage Public Participation in Meetings**
RECOMMENDATION: Approve a Remote Public Access Disruption Policy; approve an amendment to the Agenda Format and Rules Policy 2-01; and adopt a resolution establishing what constitutes reasonable efforts to encourage public participation in meetings.

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

MANAGER MATTERS

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

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

HOW TO PARTICIPATE

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

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

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

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 1

DRAFT
Minutes of the Town Council Meeting
Tuesday, June 2, 2026

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

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

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

PLEDGE OF ALLEGIANCE
Knox Silfer led the Pledge of Allegiance. The audience was invited to participate.

PRESENTATIONS
Mayor Moore presented certificates to outgoing Youth Commissioners.

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

1. Approve the Minutes of the May 19, 2026, Town Council Meeting.
2. Ratify the Town Council Selection Committee's Recommended Youth Commissioner Appointments.
3. Adopt a Resolution Calling the November 3, 2026, General Municipal Election for Three Town Council Members in the Town of Los Gatos, Requesting Consolidation with the Statewide General Election and Specified Election Services from the Santa Clara County Board of Supervisors, and Adopting Regulations Pertaining to Candidate Filing Fees, Candidate Statements, and Tie Vote Procedures. **RESOLUTION 2026-032**
4. Adopt a Resolution Approving the Final Map for Tract 10675 - Boulevard Located at 15349-15367 Los Gatos Boulevard, Accepting the Public Easement Dedications, and Authorizing the Town Manager to Execute the Subdivision Improvement Agreement, the Landscape Maintenance Agreement, and the Stormwater Treatment and Detention Measures Operation and Maintenance Agreement in Substantially the Form Presented. **RESOLUTION 2026-033**
5. Authorize the Town Manager to Execute a First Amendment to Agreement for On-Call Arborist Services With Dudek, Increasing Compensation by $58,000 for a Total Not-to-Exceed Amount of $157,000.
6. Authorize the Town Manager to Execute a Five Year Agreement with Accela, Inc. for Accela Civic Platform Subscription Services, Maintenance and Support, and OpenCounter Implementation Services, Including the Public Permitting Portal Migration,

in an Amount Not to Exceed $839,305, Subject to Annual Appropriation of Funds.

7. Authorize the Town Manager to Execute Agreements for Building Division Plan Check Review and Other Support Services with 4LEAF, Inc., O'Brien Code Consulting, Inc., and Urban37, Inc.
8. Authorize Revenue and Expenditure Budget Adjustments in the Amount of $1,540 to Recognize Receipt and Expenditure of Pacific Library Partnership Grant Funds.
9. Approve the Accounts Payable and Payroll Reports.

Mayor Moore opened public comment.

The following individuals spoke on the consent items:

1. Member of the Public (Items 1-4)

Mayor Moore closed public comment.

(Video time: 00:14:15)

MOTION: **Motion** by **Council Member Badame** to approve consent items one through nine **AMENDMENT**: with the revised addenda for item four and item seven, and item five. **Seconded** by **Vice Mayor Ristow.**

VOTE: **Motion passed unanimously.**

VERBAL COMMUNICATIONS

Mayor Moore opened public comment.

The following individuals spoke during verbal communications:

1. J.B. Wood
2. Member of the Public
3. Keith Blaine
4. Austin Marshall

Mayor Moore closed public comment.

Mayor Moore called a recess at 7:20 p.m.
Mayor Moore reconvened the meeting at 7:27 p.m.

PUBLIC HEARINGS

10. Adopt a Resolution Approving the Town of Los Gatos Fiscal Year (FY) 2026-27 Operating Budget and FY 2026-27 – 2030-2031 Capital Improvement Program (CIP); Adopt a Resolution Approving Commitment of Fund Balances under GASB 54; and Adopt a Resolution Establishing Gann Appropriation Limit, and Approve FY 2025-26 Budget Adjustments and Reclassifications. **RESOLUTIONS 2026-034; 2026-035; 2026-036**

Kristina Alfaro, Administrative Services Director, gave a presentation.

Council asked questions.

Mayor Moore opened public comment.

The following individual spoke on this item:

1. Jeff Suzuki
2. Sue Ann Lorig
3. Kathy Mattingly
4. Patricia James
5. Nigel Chandler
6. Member of the Public
7. Autumn
8. Kylie Clark
9. Joe Enz
10. Jeremy B
11. Lee Fagot
12. Austin Marshall

Mayor Moore closed public comment.

Council discussed the item.

Mayor Moore called a recess at 8:20 p.m.
Mayor Moore reconvened the meeting at 8:28 p.m.

(Video time: 01:43:42)
MOTION: **Motion by Council Member Rennie** to increase our grants budget by [$]50,000 with [$]20,000 more for sustaining [grants] and [$]30,000 more for one-time [grants]. **AMENDMENTS**: that Staff reach out to nonprofits regarding the sustaining grant portion of $20,000 to identify specific requests for specific nonprofits that are currently receiving sustaining grants, in specific dollar amounts and bring that back to the Council for consideration by the end of August, and to modify the resolution to add language allocating $205,000 in the manner specified. **Seconded** by **Vice Mayor Ristow.**

VOTE: Motion passed unanimously.

(Video time: 02:03:50)
MOTION: **Motion by Council Member Rennie** to accept those [recommendations] as read by the Town Manager [Recommendations: adopt the resolution as amended approving the Town's fiscal year Operating Budget and Capital Improvement

Program, including new appropriations, minor corrections, and carry-forward appropriations, as presented in attachment 1; adopt a resolution approving commitments of fund balances under GASB 54, as listed in attachment 2; and approve the FY 2025-26 year-end budget adjustments and reclassifications as listed in attachment 3; and adopt a resolution establishing the fiscal year 2026-27 Gann Appropriation Limit for the Town of Los Gatos, as listed in attachment 7]. **Seconded** by **Council Member Hudes.**

VOTE: Motion passed unanimously.

COUNCIL MATTERS

- Council Member Badame stated she met with a Board Trustee for the West Valley Mission College District, participated in a meeting of the Council Policy Committee; and met with residents.
- Vice Mayor Ristow stated she met with the developer for the Alberto Way and Highway 9 townhomes; attended the Memorial Day event, a Silicon Valley Clean Energy Authority (SVCEA) Finance and Administration Committee meeting; attended a meeting with the Good Old Gals; met with Saratoga and Monte Sereno residents; and attended the Pride Flag raising.
- Council Member Hudes stated he attended a discussion regarding climate resilience districts; participated in a Site Selection Committee meeting of the Los Gatos Thrives Foundation; the Jewish Community Center (JCC) Africa Day event, and the Memorial Day event.
- Council Member Rennie stated he attended the SVCEA Risk Oversight Committee meeting.
- Mayor Moore stated he attended the Pride Flag raising; spoke at the Memorial Day event, spoke to Boys Team Charities; participated in a portion of the Pathways Society Recovery Ride, Law Enforcement Torch Run; attended and spoke at the Friends of the Los Gatos Library annual meeting; attended a Mayor's Roundtable; spoke to the third graders at Louise Van Meter elementary; attended the grand opening of Palmetto Superfoods; and gave the Hillbrook Graduation Speech.

MANAGER MATTERS

Chris Constantin, Town Manager

- Stated he has implemented an administrative directive that restricts authorizing the use of Town facilities or resources with federal authorities without the authorization of the Town Manager in consultation with the Town Attorney, and the Town has not yet received a request.
- Stated the Town continues to improve its fiscal transparency with continue financial analysis, reports, and improved budget monitoring.
- Announced the MyLosGatos311 service request system is live, and the app can be downloaded, or accessed through the Town's website homepage to report concerns and provide information.

ATTORNEY MATTERS AND CLOSED SESSION REPORT

Gabrielle Whelan, Town Attorney

- Stated there were no closed session items to report.

ADJOURNMENT

The meeting adjourned at 9:16 p.m.

Respectfully Submitted:

_____

Jenna De Long, Deputy Town Clerk

TOWN OF LOS GATOS
COUNCIL CLOSED SESSION MINUTES

MEETING DATE: 06/16/2026
ITEM NO: 2

DRAFT
Minutes of the Town Council Special Meeting Closed Session
Tuesday, June 8, 2026

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 APPROXIMATELY 4:30 P.M.

ROLL CALL
Present: Mayor Rob Moore, Council Member Mary Badame, Council Member Matthew Hudes, and Council Member Rob Rennie (participated remotely under Government Code §5493(b))
Absent: Vice Mayor Maria Ristow

VERBAL COMMUNICATIONS (ONLY ON ITEMS ON THE AGENDA)

No one spoke.

Mayor Moore 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 – EXISTING LITIGATION: (Paragraph (1) of subdivision (d) of Government Code Section 54956.9)
   Case Name: Los Gatos LLC et al v. Town of Los Gatos, Case No. 25CV467536

There was no reportable action.

ADJOURNMENT
The meeting adjourned at approximately 5:04 p.m.

Attest:

_____
Keara Johnson, Deputy Town Clerk

Submitted by:

_____
Chris Constantin, Town Manager

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 3

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Fifth Amendment to the Agreement with Tyler Technologies to Add the Accounts Receivable API Toolkit for $5,696 with a Contract Amount Not to Exceed $1,384,317 and to Update the Insurance Language**

RECOMMENDATION: Authorize the Town Manager to execute a Fifth Amendment to the agreement with Tyler Technologies to add the Accounts Receivable API Toolkit for $5,696 with a contract amount not to exceed $1,384,317 and to update insurance language.

FISCAL IMPACT:

Approval of the fifth amendment will increase the Tyler Technologies agreement by $5,696. Sufficient funding for this amendment is available in the Fiscal Year 2026-27 Information Technology budget.

STRATEGIC PRIORITY:

This action supports the 2025–2027 Strategic Priority of Prudent Financial Management (Core Goal: Fiscal Stability). Automating permit payment reconciliation between the Accela permitting system and the Tyler ERP reduces manual administrative burden and reconciliation error risk, supporting operational efficiency and financial accuracy.

BACKGROUND:

The Town of Los Gatos entered into an agreement with Tyler Technologies on June 21, 2022, for an Enterprise Resource Planning (ERP) solution and implemented the system on June 1, 2025. A first amendment was executed on August 17, 2022, to add language to the insurance section of the agreement at the Town Attorney's request. A second amendment was executed

PREPARED BY: Sai Kim
Chief Technology Officer

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

on December 6, 2022, to include five years of historical data conversion. A third amendment was executed on September 16, 2024, to add payment processing integration and equipment, adjust fees for modules being added and removed, apply a $5,000 credit from Tyler Technologies for data conversion challenges, and add additional project management hours. A fourth amendment was executed on March 4, 2025, to reallocate originally contracted services and increase compensation by $58,630, bringing the total contract amount to $1,378,621.

DISCUSSION:

As part of the ongoing Tyler ERP implementation, Staff has identified the need to integrate the Town's Accela permitting system with the Tyler ERP system to enable automated permit payment reconciliation. Currently, permit payments processed through Accela require manual transfers into the Town's financial ERP system, creating additional administrative burden and increasing the risk of reconciliation errors.

To facilitate this integration, Tyler Technologies has quoted the Accounts Receivable (AR) API Toolkit, which provides the necessary application programming interface (API) connectivity between the Accela permitting platform and the Tyler ERP system. Once in place, the AR API Toolkit will allow permit payment data to flow automatically into the ERP's accounts receivable module, eliminating manual data entry and enabling real-time reconciliation of permit revenues.

The annual SaaS fee for the Accounts Receivable API Toolkit is $5,696 (Attachment 1). The toolkit includes 8 free hours of API Development Consulting to support the initial integration setup. There are no one-time or implementation fees associated with this addition.

The following table details the original agreement authority and subsequent amendments.

Agreement / Amendment	**Amount**	**Cumulative Total**
Original Agreement (June 21, 2022)	$1,261,061	$1,261,061
First Amendment – Insurance language (Aug 17, 2022)	$0	$1,261,061
Second Amendment – Historical data conversion (Dec 6, 2022)	$33,000	$1,294,061
Third Amendment – Payment processing, module adjustments, hardware, PM hours (Sep 16, 2024)	$25,930	$1,319,991
Fourth Amendment – Implementation hours reallocation (Mar 4, 2025)	$58,630	$1,378,621
Fifth Amendment – AR API Toolkit	**$5,696**	**$1,384,317**

Working with the Town Attorney's office, staff also identified that an update to insurance language to accept Tyler's certificate of insurance is required. Executing this fifth amendment will increase the total agreement amount by $5,696 to $1,384,317 and incorporate the required insurance language.

CONCLUSION:

Staff recommends authorizing the Town Manager to execute the Fifth Amendment, adding the Accounts Receivable API Toolkit at an annual SaaS fee of $5,696, bringing the total contract amount to a maximum of $1,384,317and to update insurance language.

COORDINATION:

These amendments were coordinated between the Information Technology Department and the Finance Department.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Fifth Amendment to Tyler Technologies Agreement
2. Original Agreement and First through Fourth Amendments to Tyler Technologies Agreement



AMENDMENT

This amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the Town of Los Gatos, California, with offices at 110 E. Main Street, Los Gatos, California 95030 ("Client").

WHEREAS, Tyler and Client are parties to an agreement dated June 30, 2022 ("Agreement"); and

WHEREAS, Tyler and Client desire to amend the terms of the Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and Client agree as follows:

1. The items set forth in the Amendment Investment Summary attached as Exhibit 1 to this Amendment are hereby added to the Agreement as of the first day of the first month following the Amendment Effective Date and, notwithstanding anything to the contrary in Exhibit 1, ending coterminous with the SaaS Term as defined in the Agreement. Payment of fees and costs for such items shall conform to the following terms:

    a. The annual SaaS fees payable under the Agreement shall be increased in the amount of $5,696. The first year's annual SaaS Fees shall be invoiced on the first day of the first month following the Amendment Effective Date, prorated for the time period commencing on such date and ending concurrently with the Client's annual SaaS Term under the Agreement. Subsequent SaaS Fees shall be invoiced in accordance with the terms of the Agreement.

2. The following provisions are added to Section G(6) of the Agreement:

    "Tyler's insurance is primary for claims under Tyler's Commercial General Liability or auto policies that arise out of and relate to this Agreement and are between Tyler and Client.

    Tyler's carrier has issued a blanket endorsement whereby any customer named as additional insured in the contract is afforded such status under the policy. Client acknowledges it will not receive a separate additional insured endorsement specific to Client."

3. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.

4. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.	Town of Los Gatos, California
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

Exhibit 1
Amendment Investment Summary

The following Amendment Investment Summary details the additional software, products, and services to be delivered by us to you under the terms of the Agreement. This Amendment Investment Summary is effective as of the Amendment Effective Date, despite any expiration date in this Amendment Investment Summary that may have lapsed as of the Amendment Effective Date.

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Quoted By:	Karen Grosset
Quote Expiration:	09/20/26
Quote Name:	Town of Los Gatos - ERP - Accounts Receivable API
Saas Term	1.00

Sales Quotation For:
Los Gatos, Ca Town Of
Lobby
Los Gatos CA 95030-6943

Shipping Address:
Town of Los Gatos
110 E Main St Lbby
Los Gatos CA 95030-6945

Tyler SaaS and Related Services

Description	Qty	Imp. Hours	Annual Fee
Integrations			
Accounts Receivable API Toolkit	1	0	$ 5,696.00
TOTAL		**0**	**$ 5,696.00**

Summary	**One Time Fees**	**Recurring Fees**
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 5,696.00
Total Tyler Services	$ 0.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 0.00	$ 0.00
Summary Total	**$ 0.00**	**$ 5,696.00**

Contract Total	**$ 5,696.00**

Client's purchase of the items listed above is subject to the Comments below
Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____

All Primary values quoted in US Dollars

Comments

Client agrees that items in this sales quotation are, upon Client's signature or approval of same, hereby added to the existing agreement ("Agreement") between the parties and subject to its terms. Additionally, payment for said items, as applicable but subject to any listed assumptions herein, shall conform to the following terms:

- License fees for Tyler and third party software are invoiced upon the earlier of (i) deliver of the license key or (ii) when Tyler makes such software available for download by the Client;
- Fees for hardware are invoiced upon delivery;
- Fees for year one of hardware maintenance are invoiced upon delivery of the hardware;
- Annual Maintenance and Support fees, SaaS fees, Hosting fees, and Subscription fees are first payable when Tyler makes the software available for download by the Client (for Maintenance) or on the first day of the month following the date this quotation was signed (for SaaS, Hosting, and Subscription), and any such fees are prorated to align with the applicable term under the Agreement, with renewals invoiced annually thereafter in accord with the Agreement.
- Fees for services included in this sales quotation shall be invoiced as indicated below.
    - Implementation and other professional services fees shall be invoiced as delivered.
    - Fixed-fee Business Process Consulting services shall be invoiced 50% upon delivery of the Best Practice Recommendations, by module, and 50% upon delivery of custom desktop procedures, by module.
    - Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion module, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion module.

- Except as otherwise provided, other fixed price services are invoiced upon complete delivery of the service. For the avoidance of dou where "Project Planning Services" are provided, payment shall be invoiced upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be invoiced monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.
- If Client has purchased any change management services, those services will be invoiced in accordance with the Agreement.
- Notwithstanding anything to the contrary stated above, the following payment terms shall apply to services fees specifically for migrations: Tyler will invoice Client 50% of any Migration Fees listed above upon Client approval of the product suite migration schedule. The remaining 50%, by line item, will be billed upon the go-live of the applicable product suite. Tyler will invoice Client for any Project Management Fees listed above upon the go-live of the first product suite. Unless otherwise indicated on this Sales quotation, annual services will be invoiced in advance, for annual terms commencing on the date this sales quotation is signed by the Client. If listed annual service(s) is an addition to the same service presently existing under the Agreement, the first term of the added annual service will be prorated to expire coterminous with the existing annual term for the service, with renewals to occur as indicated in the Agreement.

- Expenses associated with onsite services are invoiced as incurred.

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

Tyler's pricing is based on the scope of proposed products and services contracted from Tyler. Should portions of the scope of products or services be altered by the Client, Tyler reserves the right to adjust prices for the remaining scope accordingly.

Unless otherwise noted, prices submitted in the quote do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

Tyler's prices do not include applicable local, city or federal sales, use excise, personal property or other similar taxes or duties, which you are responsible for determining and remitting. Installations are completed remotely but can be done onsite upon request at an additional cost.

In the event Client cancels services less than four (4) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Each API Toolkit or Connector comes with 8 free hours of API Development Consulting hours. Each API Bundle comes with 16 free API Development Consulting hours. Additional hours can be purchased beyond this standard offering.

SOFTWARE AS A SERVICE AGREEMENT

This Software as a Service Agreement is made between Tyler Technologies, Inc. and Client.

WHEREAS, Client selected Tyler to provide certain products and services set forth in the Investment Summary, including providing Client with access to Tyler's proprietary software products, and Tyler desires to provide such products and services under the terms of this Agreement;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth in this Agreement, Tyler and Client agree as follows:

SECTION A – DEFINITIONS

- **"Agreement"** means this Software as a Service Agreement.
- **"Business Travel Policy"** means our business travel policy. A copy of our current Business Travel Policy is attached as Schedule 1 to Exhibit B.
- **"Client**" means the Town of Los Gatos, California.
- **"Data"** means your data necessary to utilize the Tyler Software.
- **"Data Storage Capacity"** means the contracted amount of storage capacity for your Data identified in the Investment Summary.
- **"Defect"** means a failure of the Tyler Software to substantially conform to the functional descriptions set forth in our written proposal to you, or their functional equivalent. Future functionality may be updated, modified, or otherwise enhanced through our maintenance and support services, and the governing functional descriptions for such future functionality will be set forth in our then-current Documentation.
- **"Defined Users"** means the number of users that are authorized to use the SaaS Services. The Defined Users for the Agreement are as identified in the Investment Summary. If Exhibit A contains EnerGov labeled software, defined users mean the maximum number of named users that are authorized to use the EnerGov labeled modules as indicated in the Investment Summary.
- **"Developer"** means a third party who owns the intellectual property rights to Third Party Software.
- **"Documentation"** means any online or written documentation related to the use or functionality of the Tyler Software that we provide or otherwise make available to you, including instructions, user guides, manuals and other training or self-help documentation.
- **"Effective Date"** means the date by which both your and our authorized representatives have signed the Agreement.
- **"Force Majeure"** means an event beyond the reasonable control of you or us, including, without limitation, governmental action, war, riot or civil commotion, fire, natural disaster, or any other cause that could not with reasonable diligence be foreseen or prevented by you or us.
- **"Investment Summary"** means the agreed upon cost proposal for the products and services attached as Exhibit A.

- **"Invoicing and Payment Policy"** means the invoicing and payment policy. A copy of our current Invoicing and Payment Policy is attached as Exhibit B.
- **"Order Form"** means an ordering document that includes a quote or investment summary and specifying the items to be provided by Tyler to Client, including any addenda and supplements thereto.
- **"SaaS Fees"** means the fees for the SaaS Services identified in the Investment Summary.
- **"SaaS Services"** means software as a service consisting of system administration, system management, and system monitoring activities that Tyler performs for the Tyler Software, and includes the right to access and use the Tyler Software, receive maintenance and support on the Tyler Software, including Downtime resolution under the terms of the SLA, and Data storage and archiving. SaaS Services do not include support of an operating system or hardware, support outside of our normal business hours, or training, consulting or other professional services.
- **"SLA"** means the service level agreement. A copy of our current SLA is attached hereto as Exhibit C.
- **"Statement of Work"** means the industry standard implementation plan describing how our professional services will be provided to implement the Tyler Software, and outlining your and our roles and responsibilities in connection with that implementation. The Statement of Work is attached as Exhibit E.
- **"Support Call Process"** means the support call process applicable to all of our customers who have licensed the Tyler Software. A copy of our current Support Call Process is attached as Schedule 1 to Exhibit C.
- **"Third Party Hardware"** means the third party hardware, if any, identified in the Investment Summary.
- **"Third Party Products"** means the Third Party Software and Third Party Hardware.
- **"Third Party SaaS Services"** means software as a service provided by a third party, if any, identified in the Investment Summary.
- **"Third Party Services"** means the third party services, if any, identified in the Investment Summary.
- **"Third Party Software"** means the third party software, if any, identified in the Investment Summary.
- **"Third Party Terms"** means, if any, the end user license agreement(s) or similar terms for the Third Party Products or other parties' products or services, as applicable, and attached or indicated at Exhibit D.
- **"Tyler"** means Tyler Technologies, Inc., a Delaware corporation.
- **"Tyler Software"** means our proprietary software, including any integrations, custom modifications, and/or other related interfaces identified in the Investment Summary and licensed by us to you through this Agreement.
- **"we", "us", "our"** and similar terms mean Tyler.
- **"you"** and similar terms mean Client.

SECTION B – SAAS SERVICES

1. Rights Granted. We grant to you the non-exclusive, non-assignable limited right to use the SaaS Services solely for your internal business purposes for the number of Defined Users only. The Tyler Software will be made available to you according to the terms of the SLA. You acknowledge that we have no delivery obligations and we will not ship copies of the Tyler Software as part of the SaaS Services. You may use the SaaS Services to access updates and enhancements to the Tyler Software,

as further described in Section C(9). The foregoing notwithstanding, to the extent we have sold you perpetual licenses for Tyler Software, if and listed in the Investment Summary, for which you are receiving SaaS Services, your rights to use such Tyler Software are perpetual, subject to the terms and conditions of this Agreement including, without limitation, Section B(4). We will make any such software available to you for download.

2. SaaS Fees. You agree to pay us the SaaS Fees. Those amounts are payable in accordance with our Invoicing and Payment Policy. The SaaS Fees are based on the number of Defined Users and amount of Data Storage Capacity. You may add additional users or additional data storage capacity on the terms set forth in Section H(1). In the event you regularly and/or meaningfully exceed the Defined Users or Data Storage Capacity, we reserve the right to charge you additional fees commensurate with the overage(s).

3. Ownership.

   3.1 We retain all ownership and intellectual property rights to the SaaS Services, the Tyler Software, and anything developed by us under this Agreement. You do not acquire under this Agreement any license to use the Tyler Software in excess of the scope and/or duration of the SaaS Services.

   3.2 The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.

   3.3 You retain all ownership and intellectual property rights to the Data. You expressly recognize that except to the extent necessary to carry out our obligations contained in this Agreement, we do not create or endorse any Data used in connection with the SaaS Services.

4. Restrictions. You may not: (a) make the Tyler Software or Documentation resulting from the SaaS Services available in any manner to any third party for use in the third party's business operations; (b) modify, make derivative works of, disassemble, reverse compile, or reverse engineer any part of the SaaS Services; (c) access or use the SaaS Services in order to build or support, and/or assist a third party in building or supporting, products or services competitive to us; or (d) license, sell, rent, lease, transfer, assign, distribute, display, host, outsource, disclose, permit timesharing or service bureau use, or otherwise commercially exploit or make the SaaS Services, Tyler Software, or Documentation available to any third party other than as expressly permitted by this Agreement.

5. Software Warranty. We warrant that the Tyler Software will perform without Defects during the term of this Agreement. If the Tyler Software does not perform as warranted, we will use all reasonable efforts, consistent with industry standards, to cure the Defect in accordance with the maintenance and support process set forth in Section C(9), below, the SLA and our then current Support Call Process.

6. SaaS Services.

   6.1 Our SaaS Services are audited at least yearly in accordance with the AICPA's Statement on Standards for Attestation Engagements ("SSAE") No. 18. We have attained, and will maintain, SOC 1 and SOC 2 compliance, or its equivalent, for so long as you are timely paying for SaaS Services. The scope of audit coverage varies for some Tyler Software solutions. Upon execution of a mutually agreeable Non-Disclosure Agreement ("NDA"), we will provide you with a

summary of our compliance report(s) or its equivalent. Every year thereafter, for so long as the NDA is in effect and in which you make a written request, we will provide that same information. If our SaaS Services are provided using a 3rd party data center, we will provide available compliance reports for that data center.

6.2 You will be hosted on shared hardware in a Tyler data center or in a third-party data center. In either event, databases containing your Data will be dedicated to you and inaccessible to our other customers.

6.3 Our Tyler data centers have fully-redundant telecommunications access, electrical power, and the required hardware to provide access to the Tyler Software in the event of a disaster or component failure. In the event of a data center failure, we reserve the right to employ our disaster recovery plan for resumption of the SaaS Services. In that event, we commit to a Recovery Point Objective ("RPO") of 24 hours and a Recovery Time Objective ("RTO") of 24 hours. RPO represents the maximum duration of time between the most recent recoverable copy of your hosted Data and subsequent data center failure. RTO represents the maximum duration of time following data center failure within which your access to the Tyler Software must be restored.

6.4 We conduct annual penetration testing of either the production network and/or web application to be performed. We will maintain industry standard intrusion detection and prevention systems to monitor malicious activity in the network and to log and block any such activity. We will provide you with a written or electronic record of the actions taken by us in the event that any unauthorized access to your database(s) is detected as a result of our security protocols. We will undertake an additional security audit, on terms and timing to be mutually agreed to by the parties, at your written request. You may not attempt to bypass or subvert security restrictions in the SaaS Services or environments related to the Tyler Software. Unauthorized attempts to access files, passwords or other confidential information, and unauthorized vulnerability and penetration test scanning of our network and systems (hosted or otherwise) is prohibited without the prior written approval of our IT Security Officer.

6.5 We test our disaster recovery plan on an annual basis. Our standard test is not client-specific. Should you request a client-specific disaster recovery test, we will work with you to schedule and execute such a test on a mutually agreeable schedule. At your written request, we will provide test results to you within a commercially reasonable timeframe after receipt of the request.

6.6 We will be responsible for importing back-up and verifying that you can log-in. You will be responsible for running reports and testing critical processes to verify the returned Data.

6.7 We provide secure Data transmission paths between each of your workstations and our servers.

6.8 Tyler data centers are accessible only by authorized personnel with a unique key entry. All other visitors to Tyler data centers must be signed in and accompanied by authorized personnel. Entry attempts to the data center are regularly audited by internal staff and external auditors to ensure no unauthorized access.

6.9 Where applicable with respect to our applications that take or process card payment data, we

are responsible for the security of cardholder data that we possess, including functions relating to storing, processing, and transmitting of the cardholder data and affirm that, as of the Effective Date, we comply with applicable requirements to be considered PCI DSS compliant and have performed the necessary steps to validate compliance with the PCI DSS. We agree to supply the current status of our PCI DSS compliance program in the form of an official Attestation of Compliance, which can be found at https://www.tylertech.com/about-us/compliance, and in the event of any change in our status, will comply with applicable notice requirements.

SECTION C – PROFESSIONAL SERVICES

1. Professional Services. We will provide you the various implementation-related services itemized in the Investment Summary and described in the Statement of Work. After the Effective Date, and in coordination with the Project kickoff activities identified in the Statement of Work, we will make our project staffing assignments. Upon request, Tyler will provide you with project resumes that will demonstrate relevant experience with past projects for project team members that are allocated for onsite services. You agree that those resumes are for your information and planning purposes only.

   Once our key project team members are assembled and your counterparts have been identified, both parties agree that, except for reasons outside of their control, the parties will not remove staff and personnel from their assigned project roles without reasonable advance notice and good cause, and that they will work together to mitigate project impacts after any such removal. The parties will also work together to manage the project impact resulting from the temporary unavailability of project staff from either party. We agree to use commercially reasonable efforts to maintain consistency of project personnel and commit to replacement resources having sufficient project knowledge, without additional cost to you, in order to render services in accordance with contractual requirements. If any staff turnover occurs on the Tyler project team, Client will not be responsible for any additional costs related to the aforesaid turnover.

   In the event Tyler personnel are not providing services consistent with our services warranty or are otherwise negatively impacting the project, you will notify us of that deficiency and give us a reasonable opportunity to address the issue(s). In the event the deficiency persists, we will replace that project member, upon written request and demonstration of good cause. Replacement staff will be assigned following the same processes set forth above and shall have reasonably sufficient experience and project knowledge to fulfill applicable obligations under the Agreement. The foregoing notwithstanding, if the replacement personnel is providing services onsite, you shall remain liable for travel expenses incurred by such personnel, to be invoiced in accordance with the Business Travel Policy.

2. Professional Services Fees. You agree to pay us the professional services fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy. You acknowledge that the fees stated in the Investment Summary are good-faith estimates of the amount of time and materials required for your implementation. We will bill you the actual fees incurred based on the in-scope services provided to you. Any discrepancies in the total values set forth in the Investment Summary will be resolved by multiplying the applicable hourly rate by the quoted hours.

3. Additional Services. The Investment Summary contains, and the Statement of Work describes, the scope of services and related costs (including programming and/or interface estimates) required for the project based on our understanding of the specifications you supplied. If additional work is required, or if you use or request additional services, we will provide you with an addendum or change order, as applicable, outlining the costs for the additional work. The price quotes in the addendum or change order will be valid for thirty (30) days from the date of the quote.

4. Cancellation. If travel is required, we will make all reasonable efforts to schedule travel for our personnel, including arranging travel reservations, at least two (2) weeks in advance of commitments. Therefore, if you cancel services less than two (2) weeks in advance (other than for Force Majeure or breach by us), you will be liable for all (a) non-refundable expenses incurred by us on your behalf, and (b) daily fees associated with cancelled professional services if we are unable to reassign our personnel. We will make all reasonable efforts to reassign personnel in the event you cancel within two (2) weeks of scheduled commitments.

5. Services Warranty. We will perform the services in a professional, workmanlike manner, consistent with industry standards. In the event we provide services that do not conform to this warranty, we will re-perform such services at no additional cost to you.

6. Site Access and Requirements. At no cost to us, you agree to provide us with full and free access to your personnel, facilities, and equipment as may be reasonably necessary for us to provide implementation services, subject to any reasonable security protocols or other written policies provided to us as of the Effective Date, and thereafter as mutually agreed to by you and us.

7. Background Checks. For at least the past twelve (12) years, all of our employees have undergone criminal background checks prior to hire. All employees sign our confidentiality agreement and security policies.

8. Client Assistance. You acknowledge that the implementation of the Tyler Software is a cooperative process requiring the time and resources of your personnel. You agree to use all reasonable efforts to cooperate with and assist us as may be reasonably required to meet the agreed upon project deadlines and other milestones for implementation. This cooperation includes at least working with us to schedule the implementation-related services outlined in this Agreement. We will not be liable for failure to meet any deadlines and milestones when such failure is due to Force Majeure or to the failure by your personnel to provide such cooperation and assistance (either through action or omission).

9. Maintenance and Support. For so long as you timely pay your SaaS Fees according to the Invoicing and Payment Policy, then in addition to the terms set forth in the SLA and the Support Call Process, we will:

   9.1 perform our maintenance and support obligations in a professional, good, and workmanlike manner, consistent with industry standards, to resolve Defects in the Tyler Software (subject to any applicable release life cycle policy);

   9.2 provide support during our established support hours;

   9.3 maintain personnel that are sufficiently trained to be familiar with the Tyler Software and Third

Party Software, if any, in order to provide maintenance and support services;

9.4 make available to you all releases to the Tyler Software (including updates and enhancements) that we make generally available without additional charge to customers who have a maintenance and support agreement in effect; and

9.5 provide non-Defect resolution support of prior releases of the Tyler Software in accordance with any applicable release life cycle policy.

We will use all reasonable efforts to perform support services remotely. Currently, we use a third-party secure unattended connectivity tool called Bomgar, as well as GotoAssist by Citrix. Therefore, you agree to maintain a high-speed internet connection capable of connecting us to your PCs and server(s). You agree to provide us with a login account and local administrative privileges as we may reasonably require to perform remote services. We will, at our option, use the secure connection to assist with proper diagnosis and resolution, subject to any reasonably applicable security protocols. If we cannot resolve a support issue remotely, we may be required to provide onsite services. In such event, we will be responsible for our travel expenses, unless it is determined that the reason onsite support was required was a reason outside our control. Either way, you agree to provide us with full and free access to the Tyler Software, working space, adequate facilities within a reasonable distance from the equipment, and use of machines, attachments, features, or other equipment reasonably necessary for us to provide the maintenance and support services, all at no charge to us. We strongly recommend that you also maintain your VPN for backup connectivity purposes.

For the avoidance of doubt, SaaS Fees do not include the following services: (a) onsite support (unless Tyler cannot remotely correct a Defect in the Tyler Software, as set forth above); (b) application design; (c) other consulting services; or (d) support outside our normal business hours as listed in our then-current Support Call Process. Requested services such as those outlined in this section will be billed to you on a time and materials basis at our then current rates. You must request those services with at least one (1) weeks' advance notice.

SECTION D – THIRD PARTY PRODUCTS

1. Third Party Hardware. We will sell, deliver, and install onsite the Third Party Hardware, if you have purchased any, for the price set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.

2. Third Party Software. As part of the SaaS Services, you will receive access to the Third Party Software and related documentation for internal business purposes only. Your rights to the Third Party Software will be governed by the Third Party Terms.

3. Third Party Products Warranties.

   3.1 We are authorized by each Developer to grant access to the Third Party Software.

   3.2 The Third Party Hardware will be new and unused, and upon payment in full, you will receive free and clear title to the Third Party Hardware.

   3.3 You acknowledge that we are not the manufacturer of the Third Party Products. We do not

warrant or guarantee the performance of the Third Party Products. However, we grant and pass through to you any warranty that we may receive from the Developer or supplier of the Third Party Products.

4. Third Party Services. If you have purchased Third Party Services, those services will be provided independent of Tyler by such third-party at the rates set forth in the Investment Summary and in accordance with our Invoicing and Payment Policy.

SECTION E - INVOICING AND PAYMENT; INVOICE DISPUTES

1. Invoicing and Payment. We will invoice you the SaaS Fees and fees for other professional services in the Investment Summary per our Invoicing and Payment Policy, subject to Section E(2).

2. Invoice Disputes. If you believe any delivered software or service does not conform to the warranties in this Agreement, you will provide us with written notice within thirty (30) days of your receipt of the applicable invoice. The written notice must contain reasonable detail of the issues you contend are in dispute so that we can confirm the issue and respond to your notice with either a justification of the invoice, an adjustment to the invoice, or a proposal addressing the issues presented in your notice. We will work with you as may be necessary to develop an action plan that outlines reasonable steps to be taken by each of us to resolve any issues presented in your notice. You may withhold payment of the amount(s) actually in dispute, and only those amounts, until we complete the action items outlined in the plan. If we are unable to complete the action items outlined in the action plan because of your failure to complete the items agreed to be done by you, then you will remit full payment of the invoice. We reserve the right to suspend delivery of all SaaS Services, including maintenance and support services, if you fail to pay an invoice not disputed as described above within fifteen (15) days of notice of our intent to do so.

SECTION F – TERM AND TERMINATION

1. Term. The initial term of this Agreement is five (5) years, commencing on the first day of the first month following the Effective Date, unless earlier terminated as set forth below. Upon expiration of the initial term, this Agreement will renew automatically for additional one (1) year renewal terms at our then-current SaaS Fees unless terminated in writing by either party at least sixty (60) days prior to the end of the then-current renewal term. Your right to access or use the Tyler Software and the SaaS Services will terminate at the end of this Agreement.

2. Termination. This Agreement may be terminated as set forth below. In the event of termination, you will pay us for all undisputed fees and expenses related to the software, products, and/or services you have received, or we have incurred or delivered, prior to the effective date of termination. Disputed fees and expenses in all terminations other than your termination for cause must have been submitted as invoice disputes in accordance with Section E(2).

   2.1 Failure to Pay SaaS Fees. You acknowledge that continued access to the SaaS Services is contingent upon your timely payment of SaaS Fees. If you fail to timely pay the SaaS Fees, we may discontinue the SaaS Services and deny your access to the Tyler Software. We may also terminate this Agreement if you don't cure such failure to pay within forty-five (45) days of receiving written notice of our intent to terminate.

2.2 For Cause. If you believe we have materially breached this Agreement, you will invoke the Dispute Resolution clause set forth in Section H(3). You may terminate this Agreement for cause in the event we do not cure, or create a mutually agreeable action plan to address, a material breach of this Agreement within the thirty (30) day window set forth in Section H(3).

2.3 Force Majeure. Either party has the right to terminate this Agreement if a Force Majeure event suspends performance of the SaaS Services for a period of forty-five (45) days or more.

2.4 Lack of Appropriations. If you should not appropriate or otherwise make available funds sufficient to utilize the SaaS Services, you may unilaterally terminate this Agreement upon thirty (30) days written notice to us. You will not be entitled to a refund or offset of previously paid, but unused SaaS Fees. You agree not to use termination for lack of appropriations as a substitute for termination for convenience.

SECTION G – INDEMNIFICATION, LIMITATION OF LIABILITY AND INSURANCE

1. Intellectual Property Infringement Indemnification.

1.1 We will defend you against any third party claim(s) that the Tyler Software or Documentation infringes that third party's patent, copyright, or trademark, or misappropriates its trade secrets, and will pay the amount of any resulting adverse final judgment (or settlement to which we consent). You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.

1.2 Our obligations under this Section G(1) will not apply to the extent the claim or adverse final judgment is based on your use of the Tyler Software in contradiction of this Agreement, including with non-licensed third parties, or your willful infringement.

1.3 If we receive information concerning an infringement or misappropriation claim related to the Tyler Software, we may, at our expense and without obligation to do so, either: (a) procure for you the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent, in which case you will stop running the allegedly infringing Tyler Software immediately. Alternatively, we may decide to litigate the claim to judgment, in which case you may continue to use the Tyler Software consistent with the terms of this Agreement.

1.4 If an infringement or misappropriation claim is fully litigated and your use of the Tyler Software is enjoined by a court of competent jurisdiction, in addition to paying any adverse final judgment (or settlement to which we consent), we will, at our option, either: (a) procure the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent. This section provides your exclusive remedy for third party copyright, patent, or trademark infringement and trade secret misappropriation claims.

2. General Indemnification.

2.1 We will indemnify and hold harmless you and your agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for (a) personal injury or property damage to the extent

caused by our negligence or willful misconduct; or (b) our violation of PCI-DSS requirements or a law applicable to our performance under this Agreement. You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.

2.2 To the extent permitted by applicable law, you will indemnify and hold harmless us and our agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for personal injury or property damage to the extent caused by your negligence or willful misconduct; or (b) your violation of a law applicable to your performance under this Agreement. We will notify you promptly in writing of the claim and will give you sole control over its defense or settlement. We agree to provide you with reasonable assistance, cooperation, and information in defending the claim at your expense.

3. **DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE HEREBY DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES, DUTIES, OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CLIENT UNDERSTANDS AND AGREES THAT TYLER DISCLAIMS ANY LIABILITY FOR ERRORS THAT RELATE TO USER ERROR.**

4. **LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, OUR LIABILITY FOR DAMAGES ARISING OUT OF THIS AGREEMENT, WHETHER BASED ON A THEORY OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, SHALL BE LIMITED TO YOUR ACTUAL DIRECT DAMAGES, NOT TO EXCEED (A) DURING THE INITIAL TERM, AS SET FORTH IN SECTION F(1), TOTAL FEES PAID AS OF THE TIME OF THE CLAIM; OR (B) DURING ANY RENEWAL TERM, THE THEN-CURRENT ANNUAL SAAS FEES PAYABLE IN THAT RENEWAL TERM. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PRICES SET FORTH IN THIS AGREEMENT ARE SET IN RELIANCE UPON THIS LIMITATION OF LIABILITY AND TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, THE EXCLUSION OF CERTAIN DAMAGES, AND EACH SHALL APPLY REGARDLESS OF THE FAILURE OF AN ESSENTIAL PURPOSE OF ANY REMEDY. THE FOREGOING LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS THAT ARE SUBJECT TO SECTIONS G(1) AND G(2).**

5. **EXCLUSION OF CERTAIN DAMAGES. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL WE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

6. Insurance. During the course of performing services under this Agreement, we agree to maintain the following levels of insurance: (a) Commercial General Liability of at least $1,000,000; (b) Automobile Liability of at least $1,000,000; (c) Professional Liability of at least $1,000,000; (d) Workers Compensation complying with applicable statutory requirements; and (e) Excess/Umbrella Liability of at least $5,000,000. We will add you as an additional insured to our Commercial General Liability and Automobile Liability policies, which will automatically add you as an additional insured to our Excess/Umbrella Liability policy as well. We will provide you with copies of certificates of insurance upon your written request.

SECTION H – GENERAL TERMS AND CONDITIONS

1. Additional Products and Services. You may purchase additional products and services at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12) months have expired, you may purchase additional products and services at our then-current list price, also by executing a mutually agreed addendum. The terms of this Agreement will control any such additional purchase(s), unless otherwise specifically provided in the addendum.

2. Optional Items. Pricing for any listed optional products and services in the Investment Summary will be valid for twelve (12) months from the Effective Date.

3. Dispute Resolution. You agree to provide us with written notice within thirty (30) days of becoming aware of a dispute. You agree to cooperate with us in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations with our appointed senior representative. Senior representatives will convene within thirty (30) days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under Federal Rule of Evidence 408 or any similar applicable state rule. If we fail to resolve the dispute, then the parties shall participate in non-binding mediation in an effort to resolve the dispute. If the dispute remains unresolved after mediation, then either of us may assert our respective rights and remedies in a court of competent jurisdiction. Nothing in this section shall prevent you or us from seeking necessary injunctive relief during the dispute resolution procedures.

4. Taxes. The fees in the Investment Summary do not include any taxes, including, without limitation, sales, use, or excise tax. If you are a tax-exempt entity, you agree to provide us with a tax-exempt certificate. Otherwise, we will pay all applicable taxes to the proper authorities and you will reimburse us for such taxes. If you have a valid direct-pay permit, you agree to provide us with a copy. For clarity, we are responsible for paying our income taxes, both federal and state, as applicable, arising from our performance of this Agreement.

5. Nondiscrimination. We will not discriminate against any person employed or applying for employment concerning the performance of our responsibilities under this Agreement. This discrimination prohibition will apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, marital status, or political affiliation. We will post, where appropriate, all notices related to nondiscrimination as may be required by applicable law.

6. E-Verify. We have complied, and will comply, with the E-Verify procedures administered by the U.S. Citizenship and Immigration Services Verification Division for all of our employees assigned to your project.

7. Subcontractors. We will not subcontract any services under this Agreement without your prior written consent, not to be unreasonably withheld.

8. Binding Effect; No Assignment. This Agreement shall be binding on, and shall be for the benefit of, either your or our successor(s) or permitted assign(s). Neither party may assign this Agreement without the prior written consent of the other party; provided, however, your consent is not required for an assignment by us as a result of a corporate reorganization, merger, acquisition, or purchase of substantially all of our assets.

9. Force Majeure. Except for your payment obligations, neither party will be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by Force Majeure; provided, however, that within ten (10) business days of the Force Majeure event, the party whose performance is delayed provides the other party with written notice explaining the cause and extent thereof, as well as a request for a reasonable time extension equal to the estimated duration of the Force Majeure event.

10. No Intended Third Party Beneficiaries. This Agreement is entered into solely for the benefit of you and us. No third party will be deemed a beneficiary of this Agreement, and no third party will have the right to make any claim or assert any right under this Agreement. This provision does not affect the rights of third parties under any Third Party Terms.

11. Entire Agreement; Amendment. This Agreement represents the entire agreement between you and us with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Purchase orders submitted by you, if any, are for your internal administrative purposes only, and the terms and conditions contained in those purchase orders will have no force or effect. This Agreement may only be modified by a written amendment signed by an authorized representative of each party.

12. Severability. If any term or provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement will be considered valid and enforceable to the fullest extent permitted by law.

13. No Waiver. In the event that the terms and conditions of this Agreement are not strictly enforced by either party, such non-enforcement will not act as or be deemed to act as a waiver or modification of this Agreement, nor will such non-enforcement prevent such party from enforcing each and every term of this Agreement thereafter.

14. Independent Contractor. We are an independent contractor for all purposes under this Agreement.

15. Notices. All notices or communications required or permitted as a part of this Agreement, such as notice of an alleged material breach for a termination for cause or a dispute that must be submitted to dispute resolution, must be in writing and will be deemed delivered upon the earlier of the following: (a) actual receipt by the receiving party; (b) upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the receiving party; (c) upon receipt by sender of proof of email delivery; or (d) if not actually received, five (5) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the other party at the address set forth on the signature page hereto or such other address as the party may have designated by proper notice. The consequences for the failure to receive a notice due to improper notification by the intended receiving party of a change in address will be borne by the intended receiving party.

16. Client Lists. You agree that we may identify you by name in client lists, marketing presentations, and promotional materials.

17. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities, including the parties. Confidential information is nonpublic information that a reasonable person would believe to be confidential and includes, without limitation, personal identifying information (*e.g.*, social security numbers) and trade secrets, each as defined by applicable state law. To the extent permitted by the state Public Records Act, eachparty agrees that it will not disclose any confidential information of the other party and further agrees to take all reasonable and appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein will survive the termination or cancellation of this Agreement. This obligation of confidentiality will not apply to information that:
    (a) is in the public domain, either at the time of disclosure or afterwards, except by breach of this Agreement by a party or its employees or agents;
    (b) a party can establish by reasonable proof was in that party's possession at the time of initial disclosure;
    (c) a party receives from a third party who has a right to disclose it to the receiving party; or
    (d) is the subject of a legitimate disclosure request under the open records laws or similar applicable public disclosure laws governing this Agreement; provided, however, that in the event you receive an open records or other similar applicable request, you will give us prompt notice and otherwise perform the functions required by applicable law.

18. Quarantining of Client Data. Some services provided by Tyler require us to be in possession of your Data. In the event we detect malware or other conditions associated with your Data that are reasonably suspected of putting Tyler resources or other Tyler clients' data at risk, we reserve the absolute right to move your Data from its location within a multi-tenancy Tyler hosted environment to an isolated "quarantined" environment without advance notice. Your Data will remain in such quarantine for a period of at least six (6) months during which time we will review the Data, and all traffic associated with the Data, for signs of malware or other similar issues. If no issues are detected through such reviews during the six (6) month period of quarantine, we will coordinate with you the restoration of your Data to a non-quarantined environment. In the event your Data must remain in quarantine beyond this six (6) month period through no fault of Tyler's, we reserve the right to require payment of additional fees for the extended duration of quarantine. We will provide an estimate of what those costs will be upon your request.

19. Business License. In the event a local business license is required for us to perform services hereunder, you will promptly notify us and provide us with the necessary paperwork and/or contact information so that we may timely obtain such license.

20. Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of your state of domicile, without regard to its rules on conflicts of law. In the event of litigation, venue will be in the state or federal courts located in County of Santa Clara.

21. Multiple Originals and Authorized Signatures. This Agreement may be executed in multiple originals, any of which will be independently treated as an original document. Any electronic, faxed, scanned, photocopied, or similarly reproduced signature on this Agreement or any amendment

hereto will be deemed an original signature and will be fully enforceable as if an original signature. Each party represents to the other that the signatory set forth below is duly authorized to bind that party to this Agreement.

22. Cooperative Procurement. To the maximum extent permitted by applicable law, we agree that this Agreement may be used as a cooperative procurement vehicle by eligible jurisdictions. We reserve the right to negotiate and customize the terms and conditions set forth herein, including but not limited to pricing, to the scope and circumstances of that cooperative procurement.

23. Socrata Solution Terms. Your use of certain Tyler solutions includes Tyler's Socrata data platform. Your rights, and the rights of any of your end users, to use Tyler's Socrata data platform is subject to the Socrata SaaS Services Terms of Service, available at https://www.tylertech.com/terms/socrata-saas-services-terms-of-service. By signing a Tyler Agreement or Order Form, or accessing, installing, or using any of the Tyler solutions listed at the linked terms, you certify that you have reviewed, understand, and agree to said terms.

24. Contract Documents. This Agreement includes the following exhibits:

Exhibit A	Investment Summary
Exhibit B	Invoicing and Payment Policy
	Schedule 1: Business Travel Policy
Exhibit C	Service Level Agreement
	Schedule 1: Support Call Process
Exhibit D	Third Party Terms
	Schedule 1: Hyperlinked Terms
	Schedule 2: DocOrigin Terms
Exhibit E	Statement of Work

IN WITNESS WHEREOF, a duly authorized representative of each party has executed this Agreement as of the date(s) set forth below.

Tyler Technologies, Inc.	Town of Los Gatos, CA
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____
Address for Notices: Tyler Technologies, Inc. One Tyler Drive Yarmouth, ME 04096 Attention: Chief Legal Officer	Address for Notices: Town of Los Gatos 110 E Main St Los Gatos, CA 95030 Attention: _____

Exhibit A
Investment Summary

The following Investment Summary details the software and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Tyler sales quotation to be inserted prior to Agreement execution.

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Quoted By:	Jennifer Wahlbrink
Quote Expiration:	06/17/22
Quote Name:	Town of Los Gatos-ERP-Munis
Quote Description:	4-5-22 Town of Los Gatos, CA v.5
Saas Term	5.00

Sales Quotation For:
Town of Los Gatos
110 E Main St Lbby
Los Gatos CA 95030-6945
Phone: +1 (408) 354-6828

Tyler SaaS and Related Services

Description	Qty	Imp. Hours	Annual Fee
Financial Management			
Accounting	1	136	$ 22,798.00
Accounts Payable	1	40	$ 6,306.00
Bid Management	1	32	$ 2,491.00
Budgeting	1	56	$ 6,306.00
Capital Assets	1	48	$ 5,262.00
Cash Management	1	40	$ 3,943.00
Contract Management	1	32	$ 2,473.00
Project & Grant Accounting	1	40	$ 4,297.00
Purchasing	1	100	$ 9,350.00
Vendor Access	1	32	$ 3,898.00
Human Resources Management			
Advanced Scheduling	1	56	$ 10,362.00
Advanced Scheduling Mobile Access	1	0	$ 2,352.00
Employee Expense Reimbursement	1	40	$ 2,662.00
Human Resources & Talent Management	1	88	$ 4,843.00
Payroll w/ESS	1	168	$ 5,921.00

Time & Attendance	1	80	$ 7,014.00
Time & Attendance Mobile Access	1	0	$ 2,553.00
Revenue Management			
Accounts Receivable	1	80	$ 4,646.00
Business Licenses	1	128	$ 4,890.00
Cashiering	1	48	$ 8,394.00
Central Property File	1	8	$ 1,518.00
General Billing	1	40	$ 3,019.00
Civic Services			
Resident Access	1	52	$ 4,646.00
Content Management			
Content Manager Core	1	40	$ 8,865.00
Data Insights			
Enterprise Analytics and Reporting w Executive Insights	1	88	$ 13,186.00
Additional			
Enterprise Forms Processing (including Common Form Set)	1	0	$ 4,818.00

Sub-Total:		$ 156,813.00
Less Discount:		$ 15,682.00
TOTAL	**1472**	**$ 141,131.00**

Professional Services

Description	Quantity	Unit Price	Extended Price	Maintenance
40/60 Work Split - Tyler 40%, Remote	474	$ 185.00	$ 87,690.00	$ 0.00
Enterprise Forms Processing Configuration	1	$ 2,000.00	$ 2,000.00	$ 0.00
Project Management	240	$ 185.00	$ 44,400.00	$ 0.00
Conversions			$ 21,700.00	$ 0.00
Onsite Implementation	400	$ 210.00	$ 84,000.00	$ 0.00
Remote Implementation	1072	$ 185.00	$ 198,320.00	$ 0.00

TOTAL		**$ 438,110.00**	**$ 0.00**

3rd Party Hardware, Software and Services

Description	Qty	Unit Price	Unit Discount	Total Price	Unit Maint/SaaS	Unit Maint/SaaS Discount	Total Maint/SaaS
Cash Drawer	1	$ 260.00	$ 0.00	$ 260.00	$ 0.00	$ 0.00	$ 0.00
Hand Held Scanner - Model 1950GSR	1	$ 450.00	$ 0.00	$ 450.00	$ 0.00	$ 0.00	$ 0.00
Hand Held Scanner Stand	1	$ 30.00	$ 0.00	$ 30.00	$ 0.00	$ 0.00	$ 0.00
Printer (TM-S9000II)	1	$ 1,623.00	$ 0.00	$ 1,623.00	$ 0.00	$ 0.00	$ 0.00
Secure Signature System with 2 Keys	1	$ 1,650.00	$ 0.00	$ 1,650.00	$ 0.00	$ 0.00	$ 0.00
TOTAL				**$ 4,013.00**			**$ 0.00**

Summary	**One Time Fees**	**Recurring Fees**
Total Tyler Software	$ 0.00	$ 0.00
Total Annual	$ 0.00	$ 141,131.00
Total Tyler Services	$ 438,110.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 4,013.00	$ 0.00
Summary Total	**$ 442,123.00**	**$ 141,131.00**
Contract Total	**$ 1,147,778.00**	
Estimated Travel Expenses excl in Contract Total	**$ 25,500.00**	

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____

All Primary values quoted in US Dollars

Detailed Breakdown of Conversions (Included in Summary Total)

Description	Qty	Unit Price	Unit Discount	Extended Price
Accounts Payable				
AP - Checks up to 5 years	1	$ 2,600.00	$ 0.00	$ 2,600.00
AP - Invoice up to 5 years	1	$ 3,400.00	$ 0.00	$ 3,400.00
AP Standard Master	1	$ 1,600.00	$ 0.00	$ 1,600.00
Capital Assets				
CA - History	1	$ 1,800.00	$ 0.00	$ 1,800.00
CA Std Master	1	$ 3,000.00	$ 0.00	$ 3,000.00
General Billing				
GB Std CID	1	$ 1,500.00	$ 0.00	$ 1,500.00
Payroll				
PR Payroll - Accumulators up to 5 years	1	$ 1,400.00	$ 0.00	$ 1,400.00
PR Payroll - Check History up to 5 years	1	$ 1,200.00	$ 0.00	$ 1,200.00
PR Payroll - Earning/Deduction Hist up to 5 years	1	$ 2,500.00	$ 0.00	$ 2,500.00
Purchasing				
Purchasing - Standard	1	$ 2,700.00	$ 0.00	$ 2,700.00
	TOTAL			**$ 21,700.00**

Optional Tyler SaaS and Related Services

Description	Qty	Imp. Hours	Annual Fee
Data Insights			
Capital Projects Explorer	1	0	$ 6,400.00
Open Finance	1	0	$ 12,800.00
Subscription Fees			
ACFR Statement Builder	1	32	$ 6,280.00

TOTAL:	**32**	**$ 25,480.00**

Optional Professional Services

Description	Quantity	Unit Price	Extended Price	Maintenance
50/50 Work Spilt - Added to the proposed 40%, Remote	474	$ 185.00	$ 87,690.00	$ 0.00
Install Fee - Capital Projects Explorer	1	$ 2,800.00	$ 2,800.00	$ 0.00
Install Fee - Open Finance	1	$ 5,600.00	$ 5,600.00	$ 0.00
Conversion			$ 16,100.00	$ 0.00
Onsite Implementation	8	$ 210.00	$ 1,680.00	$ 0.00
Remote Implementation	24	$ 185.00	$ 4,440.00	$ 0.00
TOTAL			**$ 118,310.00**	**$ 0.00**

Optional 3rd Party Hardware, Software and Services

Description	Qty	Unit Price	Unit Discount	Total Price	Unit Maint/SaaS	Unit Maint/SaaS Discount	Total Maint/SaaS
Koa Hills - Chart of Accounts (COA) Design Leadership	1	$ 40,680.00	$ 0.00	$ 40,680.00	$ 0.00	$ 0.00	$ 0.00
Pattern Stream Automated Document System - Implementation	48	$ 185.00	$ 0.00	$ 8,880.00	$ 0.00	$ 0.00	$ 0.00
Pattern Stream Automated Document System - SaaS	1	$ 0.00	$ 0.00	$ 0.00	$ 16,740.00	$ 0.00	$ 16,740.00
TOTAL				**$ 49,560.00**			**$ 16,740.00**

Optional Conversion Details (Prices Reflected Above)

Description	Quantity	Unit Price	Discount	Total
Business License				
Business Licenses Opt 1 - Bills	1	$ 4,400.00	$ 0.00	$ 4,400.00
Business Licenses Std Master	1	$ 5,000.00	$ 0.00	$ 5,000.00

General Billing				
GB - Bills up to 5 years	1	$ 4,000.00	$ 0.00	$ 4,000.00
GB - Recurring Invoices	1	$ 2,700.00	$ 0.00	$ 2,700.00
		TOTAL		**$ 16,100.00**

Tyler Annual Discount Detail (Excludes Optional Products)

Description	Annual Fee	Annual Fee Discount	Annual Fee Net
Financial Management			
Accounting	$ 22,798.00	$ 2,280.00	$ 20,518.00
Accounts Payable	$ 6,306.00	$ 631.00	$ 5,675.00
Bid Management	$ 2,491.00	$ 249.00	$ 2,242.00
Budgeting	$ 6,306.00	$ 631.00	$ 5,675.00
Capital Assets	$ 5,262.00	$ 526.00	$ 4,736.00
Cash Management	$ 3,943.00	$ 394.00	$ 3,549.00
Contract Management	$ 2,473.00	$ 247.00	$ 2,226.00
Project & Grant Accounting	$ 4,297.00	$ 430.00	$ 3,867.00
Purchasing	$ 9,350.00	$ 935.00	$ 8,415.00
Vendor Access	$ 3,898.00	$ 390.00	$ 3,508.00
Human Resources Management			
Advanced Scheduling	$ 10,362.00	$ 1,036.00	$ 9,326.00
Advanced Scheduling Mobile Access	$ 2,352.00	$ 235.00	$ 2,117.00
Employee Expense Reimbursement	$ 2,662.00	$ 266.00	$ 2,396.00
Human Resources & Talent Management	$ 4,843.00	$ 484.00	$ 4,359.00
Payroll w/ESS	$ 5,921.00	$ 592.00	$ 5,329.00
Time & Attendance	$ 7,014.00	$ 701.00	$ 6,313.00
Time & Attendance Mobile Access	$ 2,553.00	$ 255.00	$ 2,298.00
Revenue Management			
Accounts Receivable	$ 4,646.00	$ 465.00	$ 4,181.00
Business Licenses	$ 4,890.00	$ 489.00	$ 4,401.00
Cashiering	$ 8,394.00	$ 839.00	$ 7,555.00
Central Property File	$ 1,518.00	$ 152.00	$ 1,366.00
General Billing	$ 3,019.00	$ 302.00	$ 2,717.00

Civic Services			
Resident Access	$ 4,646.00	$ 465.00	$ 4,181.00
Content Management			
Content Manager Core	$ 8,865.00	$ 887.00	$ 7,978.00
Data Insights			
Enterprise Analytics and Reporting w Executive Insights	$ 13,186.00	$ 1,319.00	$ 11,867.00
Additional			
Enterprise Forms Processing (including Common Form Set)	$ 4,818.00	$ 482.00	$ 4,336.00
TOTAL	**$ 156,813.00**	**$ 15,682.00**	**$ 141,131.00**

Comments

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

Tyler's pricing is based on the scope of proposed products and services contracted from Tyler. Should portions of the scope of products or services be altered by the Client, Tyler reserves the right to adjust prices for the remaining scope accordingly.

Unless otherwise noted, prices submitted in the quote do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

Tyler's prices do not include applicable local, city or federal sales, use excise, personal property or other similar taxes or duties, which you are responsible for determining and remitting. Installations are completed remotely but can be done onsite upon request at an additional cost.

In the event Client cancels services less than two (2) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

As a new Tyler client, you are entitled to a 30-day trial of the Tyler Detect cybersecurity service. Please reference https://www.tylertech.com/services/tyler-detect for more information on the service and contact CybersecuritySales@tylertech.com to initiate the trial.

Tyler Content Manager SE includes up to 1TB of storage. Should additional storage be needed it may be purchased as needed at an annual fee of $5,000 per TB.

The SaaS fees for products that are not named users are based on 50 concurrent users. Should the number of concurrent users be exceeded, Tyler reserves the right to re-negotiate the SaaS fees based upon any resulting changes in the pricing categories.

Financial library includes: standard A/P check, standard EFT/ACH, standard Purchase order, standard Contract, 1099M, 1099INT, 1099S, 1099NEC and 1099G.

Business license library includes: standard business license and standard renewal application.

General Billing library includes: standard invoice, standard statement, standard general billing receipt and standard miscellaneous receipt.

Personnel Actions Forms Library includes: standard Personnel Action form - New and standard Personnel Action Form - Change.

Payroll library includes: standard PR check, standard direct deposit, standard vendor from payroll check, standard vendor from payroll direct deposit, W2, W2c, ACA 1095B, ACA 1095C and 1099 R.

Standard Project Management responsibilities include project plan creation, initial stakeholder presentation, bi-weekly status calls, updating of project plan task statuses, and go-live planning activities.

Your rights, and the rights of any of your end users, to use Tyler's Data & Insights SaaS Services, or certain Tyler solutions which include Tyler's Data & Insights data platform, are subject to the Terms of Services, available at https://www.tylertech.com/terms/socrata-saas-services-terms-of-service. By signing this sales quotation, or accessing, installing, or using any of the Tyler solutions listed at the linked terms, you certify that you have reviewed, understand, and agree to said terms.

In the event Client acquires from Tyler any edition of Tyler Content Manager software other than Enterprise Edition, the license for Content Manager is restricted to use with Tyler applications only. If Client wishes to use Tyler Content Manager software with non-Tyler applications, Client must purchase or upgrade to Tyler Content Manager Enterprise Edition.

Tyler's form library prices are based on the actual form quantities listed, and assume the forms will be provided according to the standard Enterprise ERP form template. Any forms in addition to the quoted amounts and types, including custom forms or forms that otherwise require custom programming, are subject to an additional fee. Please also note that use of the Tyler Forms functionality requires the use of approved printers as well. You may contact Tyler's support team for the most current list of approved printers. Any forms included in this quote are based on the standard form templates provided. Custom forms, additional forms and any custom programming are subject to additional fees not included in this quote. The additional fees would be quoted at the time of request, generally during the implementation of the forms. Please note that the form solution provided requires the use of approved printers. You may contact Tyler's support team for the most current list of approved printers.

Tyler Secure Signature System includes digitizing two signatures, additional charges will apply for additional signatures.

Payer Electronic Payment Costs If passing transaction costs to the payer	

Payer Card Cost – Service Fee - per card transaction with Visa, MasterCard, Discover, and American Express for transactions.
 	
Applied to:
• Munis – online and over the counter
  ○ Business License
  ○ Miscellaneous
  ○ Rental Mediation
	3.50%
	$2.50 minimum

Payer eCheck Cost – per electronic check transaction	$1.95
Miscellaneous Costs	
Credit Card Chargebacks – if a card payer disputes a transaction at the card issuing bank (e.g. stolen card)	$15.00
eCheck Rejects – when an eCheck transaction comes back as declined (e.g. bounced check)	$5.00
Card Terminal Rental – Annual recurring fee per device. Covers cost of PCI compliance, service, maintenance, real-time integration and support	Lane 3000: $396 (annual recurring) Lane 5000: $456 (annual recurring)
Card Terminal Purchase – Maintenance fee is an annual fee per device. Covers cost of PCI compliance, service, maintenance, real-time integration and support	Lane 3000: $419 (one-time fee) Lane 5000: $529 (one-time fee) Plus $180 Device Annual Support
IVR - per transaction on top of Card fee passed to the payer or absorbed	$0.50

Exhibit B
Invoicing and Payment Policy

We will provide you with the software and services set forth in the Investment Summary of the Agreement. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Invoicing: We will invoice you for the applicable software and services in the Investment Summary as set forth below. Your rights to dispute any invoice are set forth in the Agreement.

1. SaaS Fees. Your annual Saas Fees for the initial five (5) year term are set forth in the Investment Summary and shall be due in the amounts as set forth below.

Payment Due	SaaS Fee Payment Amount
7/1/2022	$27,391.61
10/1/2022	$27,391.61
1/1/2023	$31,271.92
4/1/2023	$31,271.92
7/1/2023	$33,137.17
10/1/2023	$35,282.73
1/1/2024	$35,282.73
4/1/2024	$35,282.73
7/1/2024	$141,131.00
7/1/2025	$141,131.00
7/1/2026	$141,131.00

Upon expiration of the initial term, your annual SaaS Fees will be paid annually, in advance, at our then-current rates, subject to the following annualized caps on increases to the annual SaaS fees for the time periods indicated:

- Year 6 – 3%
- Year 7 – 4%
- Year 8 – 5%
- Year 9 – 5%
- Year 10 – 5%

Thereafter, your annual SaaS Fees will be at our then-current rates.

2. Other Tyler Software and Services.

2.1 *VPN Device*: The fee for the VPN device will be invoiced upon installation of the VPN.

2.2 *Implementation and Other Professional Services (including training)*: Implementation and other professional services (including training) are billed and invoiced as delivered, at the rates set forth in the Investment Summary.

2.3 *Consulting Services*: If you have purchased any Business Process Consulting services, if they have been quoted as fixed-fee services, they will be invoiced 50% upon your acceptance of the Best Practice Recommendations, by module, and 50% upon your acceptance of custom desktop procedures, by module. If you have purchased any Business Process Consulting services and they are quoted as an estimate, then we will bill you the actual services delivered on a time and materials basis.

2.4 *Conversions*: Fixed-fee conversions are invoiced 50% upon initial delivery of the converted Data, by conversion option, and 50% upon Client acceptance to load the converted Data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, we will bill you the actual services delivered on a time and materials basis.

2.5 *Requested Modifications to the Tyler Software*: Requested modifications to the Tyler Software are invoiced 50% upon delivery of specifications and 50% upon delivery of the applicable modification. You must report any failure of the modification to conform to the specifications within thirty (30) days of delivery; otherwise, the modification will be deemed to be in compliance with the specifications after the 30-day window has passed. You may still report Defects to us as set forth in this Agreement.

2.6 *Other Fixed Price Services*: Other fixed price services are invoiced as delivered, at the rates set forth in the Investment Summary. For the avoidance of doubt, where "Project Planning Services" are provided, payment will be due upon delivery of the Implementation Planning document.

3. Third Party Products.

3.1 *Third Party Software License Fees*: License fees for Third Party Software, if any, are invoiced when we make it available to you for downloading.

3.2 *Third Party Software Maintenance*: The first year maintenance for the Third Party Software is invoiced when we make it available to you for downloading.

3.3 *Third Party Hardware*: Third Party Hardware costs, if any, are invoiced upon delivery.

3.4 *Third Party Services:* Fees for Third Party Services, if any, are invoiced as delivered, along with applicable expenses, at the rates set forth in the Investment Summary.

3.5 *Third Party SaaS*: Third Party SaaS Services fees, if any, are invoiced annually, in advance, commencing with availability of the respective Third Party SaaS Services. Pricing for the first year of Third Party SaaS Services is indicated in the Investment Summary. Pricing for subsequent years will be at the respective third party's then-current rates.

4. Transaction Fees. Unless paid directly by an end user at the time of transaction, per transaction (call, message, etc.) fees are invoiced on a quarterly basis. Fees are indicated in Schedule A and

may be increased by Tyler upon notice of no less than thirty (30) days.

5. Expenses. The service rates in the Investment Summary do not include travel expenses. Expenses for Tyler delivered services will be billed as incurred and only in accordance with our then-current Business Travel Policy, plus a 10% travel agency processing fee. Our current Business Travel Policy is attached to this Exhibit B as Schedule 1. Copies of receipts will be provided upon request; we reserve the right to charge you an administrative fee depending on the extent of your requests. Receipts for miscellaneous items less than twenty-five dollars and mileage logs are not available.

Payment. Payment for undisputed invoices is due within forty-five (45) days of the invoice date. We prefer to receive payments electronically. Our electronic payment information is available by contacting AR@tylertech.com.

Exhibit B
Schedule 1
Business Travel Policy

1. Air Travel

A. Reservations & Tickets

The Travel Management Company (TMC) used by Tyler will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within $100 (each way) of the lowest logical fare. If a net savings of $200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

Employees are encouraged to make advanced reservations to take full advantage of discount opportunities. Employees should use all reasonable efforts to make travel arrangements at least two (2) weeks in advance of commitments. A seven (7) day advance booking requirement is mandatory. When booking less than seven (7) days in advance, management approval will be required.

Except in the case of international travel where a segment of continuous air travel is six (6) or more consecutive hours in length, only economy or coach class seating is reimbursable. Employees shall not be reimbursed for "Basic Economy Fares" because these fares are non-refundable and have many restrictions that outweigh the cost-savings.

B. Baggage Fees

Reimbursement of personal baggage charges are based on trip duration as follows:

- Up to five (5) days = one (1) checked bag
- Six (6) or more days = two (2) checked bags

Baggage fees for sports equipment are not reimbursable.

2. Ground Transportation

A. Private Automobile

Mileage Allowance – Business use of an employee's private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will be calculated by using the employee's office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience, and the specific situation reasonably require their use. When renting a car for Tyler business, employees should select a "mid-size" or "intermediate" car. "Full" size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; except for employees traveling to Alaska and internationally (excluding Canada), additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler's TMC will select hotel chains that are well established, reasonable in price, and conveniently located in relation to the traveler's work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn, and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

"No shows" or cancellation fees are not reimbursable if the employee does not comply with the hotel's cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

Employees are not authorized to reserve non-traditional short-term lodging, such as Airbnb, VRBO, and HomeAway. Employees who elect to make such reservations shall not be reimbursed.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status within the continental U.S. are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates are available at www.gsa.gov/perdiem.

Per diem for Alaska, Hawaii, U.S. protectorates and international destinations are provided separately by the Department of State and will be determined as required.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner

Return Day

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00 p.m.*	Breakfast, lunch and dinner

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

Breakfast	15%
Lunch	25%
Dinner	60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00 p.m.*

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

5. Internet Access – Hotels and Airports

   Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to $10.00 per day. Charges for internet access at airports are not reimbursable.

6. International Travel

   All international flights with the exception of flights between the U.S. and Canada should be reserved through TMC using the "lowest practical coach fare" with the exception of flights that are six (6) or more consecutive hours in length. In such event, the next available seating class above coach shall be reimbursed.

   When required to travel internationally for business, employees shall be reimbursed for photo fees, application fees, and execution fees when obtaining a new passport book, but fees related to passport renewals are not reimbursable. Visa application and legal fees, entry taxes and departure taxes are reimbursable.

   The cost of vaccinations that are either required for travel to specific countries or suggested by the U.S. Department of Health & Human Services for travel to specific countries, is reimbursable.

   Section 4, Meals & Incidental Expenses, and Section 2.b., Rental Car, shall apply to this section.

Exhibit C
Service Level Agreement

I. Agreement Overview

This SLA operates in conjunction with, and does not supersede or replace any part of, the Agreement. It outlines the information technology service levels that we will provide to you to ensure the availability of the application services that you have requested us to provide. This SLA does not apply to any Third Party SaaS Services. All other support services are documented in the Support Call Process.

II. Definitions. Except as defined below, all defined terms have the meaning set forth in the Agreement.

Actual Attainment: The percentage of time the Tyler Software is available during a calendar quarter, calculated as follows: (Service Availability – Downtime) ÷ Service Availability.

Client Error Incident: Any service unavailability resulting from your applications, content or equipment, or the acts or omissions of any of your service users or third-party providers over whom we exercise no control.

Downtime: Those minutes during Service Availability, as defined below, when all users cannot launch, login, search or save primary data in the Tyler Software. Downtime does not include those instances in which only a Defect is present.

Emergency Maintenance: (1) maintenance that is required to patch a critical security vulnerability; (2) maintenance that is required to prevent an imminent outage of Service Availability; or (3) maintenance that is mutually agreed upon in writing by Tyler and the Client.

Planned Downtime: Downtime that occurs during a Standard or Emergency Maintenance window.

Service Availability: The total number of minutes in a calendar quarter that the Tyler Software is capable of receiving, processing, and responding to requests, excluding Planned Downtime, Client Error Incidents, denial of service attacks and Force Majeure.

Standard Maintenance: Routine maintenance to the Tyler Software and infrastructure. Standard Maintenance is limited to five (5) hours per week.

III. Service Availability

a. Your Responsibilities

Whenever you experience Downtime, you must make a support call according to the procedures outlined in the Support Call Process. You will receive a support case number.

b. Our Responsibilities

When our support team receives a call from you that Downtime has occurred or is occurring, we will work with you to identify the cause of the Downtime (including whether it may be the result of Planned

Downtime, a Client Error Incident, Denial of Service attack or Force Majeure). We will also work with you to resume normal operations.

c. Client Relief

Our targeted Attainment Goal is 100%. You may be entitled to credits as indicated in the Client Relief Schedule found below. Your relief credit is calculated as a percentage of the SaaS fees paid for the calendar quarter.

In order to receive relief credits, you must submit a request through one of the channels listed in our Support Call Process within fifteen days (15) of the end of the applicable quarter. We will respond to your relief request within thirty (30) day(s) of receipt.

The total credits confirmed by us will be applied to the SaaS Fee for the next billing cycle. Issuing of such credit does not relieve us of our obligations under the Agreement to correct the problem which created the service interruption.

Client Relief Schedule	
Actual Attainment	**Client Relief**
99.99% - 99.50%	Remedial action will be taken
99.49% - 98.50%	2%
98.49% - 97.50%	4%
97.49% - 96.50%	6%
96.49% - 95.50%	8%
Below 95.50%	10%

* Notwithstanding language in the Agreement to the contrary, Recovery Point Objective is one (1) hour.

IV. Maintenance Notifications

We perform Standard Maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, we will provide advance notice of those windows and will coordinate to the greatest extent possible with you.

Not all maintenance activities will cause application unavailability. However, if Tyler anticipates that activities during a Standard or Emergency Maintenance window may make the Tyler Software unavailable, we will provide advance notice, as reasonably practicable that the Tyler Software will be unavailable during the maintenance window.

Exhibit C
Schedule 1
Support Call Process

Support Channels

Tyler Technologies, Inc. provides the following channels of software support for authorized users*:

(1) On-line submission (portal) – for less urgent and functionality-based questions, users may create support incidents through the Tyler Customer Portal available at the Tyler Technologies website. A built-in Answer Panel provides users with resolutions to most "how-to" and configuration-based questions through a simplified search interface with machine learning, potentially eliminating the need to submit the support case.
(2) Email – for less urgent situations, users may submit emails directly to the software support group.
(3) Telephone – for urgent or complex questions, users receive toll-free, telephone software support.

** Channel availability may be limited for certain applications.*

Support Resources

A number of additional resources are available to provide a comprehensive and complete support experience:

(1) Tyler Website – www.tylertech.com – for accessing client tools, documentation, and other information including support contact information.
(2) Tyler Search -a knowledge based search engine that lets you search multiple sources simultaneously to find the answers you need, 24x7.
(3) Tyler Community –provides a venue for all Tyler clients with current maintenance agreements to collaborate with one another, share best practices and resources, and access documentation.
(4) Tyler University – online training courses on Tyler products.

Support Availability

Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Tyler's holiday schedule is outlined below. There will be no support coverage on these days.

New Year's Day	Labor Day
Martin Luther King, Jr. Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

For support teams that provide after-hours service, we will provide you with procedures for contacting support staff after normal business hours for reporting Priority Level 1 Defects only. Upon receipt of

such a Defect notification, we will use commercially reasonable efforts to meet the resolution targets set forth below.

We will also make commercially reasonable efforts to be available for one pre-scheduled Saturday of each month to assist your IT staff with applying patches and release upgrades, as well as consulting with them on server maintenance and configuration of the Tyler Software environment.

Incident Handling

Incident Tracking

Every support incident is logged into Tyler's Customer Relationship Management System and given a unique case number. This system tracks the history of each incident. The case number is used to track and reference open issues when clients contact support. Clients may track incidents, using the case number, through Tyler's Customer Portal or by calling software support directly.

Incident Priority

Each incident is assigned a priority level, which corresponds to the Client's needs. Tyler and the Client will reasonably set the priority of the incident per the chart below. This chart is not intended to address every type of support incident, and certain "characteristics" may or may not apply depending on whether the Tyler software has been deployed on customer infrastructure or the Tyler cloud. The goal is to help guide the Client towards clearly understanding and communicating the importance of the issue and to describe generally expected response and resolution targets in the production environment only.

References to a "confirmed support incident" mean that Tyler and the Client have successfully validated the reported Defect/support incident.

Priority Level	Characteristics of Support Incident	Resolution Targets*
1 Critical	Support incident that causes (a) complete application failure or application unavailability; (b) application failure or unavailability in one or more of the client's remote location; or (c) systemic loss of multiple essential system functions.	Tyler shall provide an initial response to Priority Level 1 incidents within one (1) business hour of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within one (1) business day. For non-hosted customers, Tyler's responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.

Priority Level	Characteristics of Support Incident	Resolution Targets*
2 High	Support incident that causes (a) repeated, consistent failure of essential functionality affecting more than one user or (b) loss or corruption of data.	Tyler shall provide an initial response to Priority Level 2 incidents within four (4) business hours of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within ten (10) business days. For non-hosted customers, Tyler's responsibility for loss or corrupted data is limited to assisting the Client in restoring its last available database.
3 Medium	Priority Level 1 incident with an existing circumvention procedure, or a Priority Level 2 incident that affects only one user or for which there is an existing circumvention procedure.	Tyler shall provide an initial response to Priority Level 3 incidents within one (1) business day of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents without the need for a circumvention procedure with the next published maintenance update or service pack, which shall occur at least quarterly. For non-hosted customers, Tyler's responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.
4 Non-critical	Support incident that causes failure of non-essential functionality or a cosmetic or other issue that does not qualify as any other Priority Level.	Tyler shall provide an initial response to Priority Level 4 incidents within two (2) business days of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents, as well as cosmetic issues, with a future version release.

Response and Resolution Targets may differ by product or business need

Incident Escalation

If Tyler is unable to resolve any priority level 1 or 2 defect as listed above or the priority of an issue has elevated since initiation, you may escalate the incident to the appropriate resource, as outlined by each product support team. The corresponding resource will meet with you and any Tyler staff to establish a mutually agreeable plan for addressing the defect.

Remote Support Tool

Some support calls may require further analysis of the Client's database, processes or setup to diagnose a problem or to assist with a question. Tyler will, at its discretion, use an industry-standard remote support tool. Tyler's support team must have the ability to quickly connect to the Client's system and view the site's setup, diagnose problems, or assist with screen navigation. More information about the remote support tool Tyler uses is available upon request.

Exhibit D
Third Party Terms

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Exhibit D
Schedule 1
Hyperlinked Terms

Pattern Stream Terms. Your use of Pattern Stream software and services is subject to the terms found here: https://www.tylertech.com/terms/finite-matters-ltd-consolidated-terms. By signing a Tyler Agreement or Order Form, or accessing, installing, or using Pattern Stream software or services, you agree that you have read, understood, and agree to such terms.

Quatred Terms. Your use of Quatred solutions is subject to the End User License Agreement terms found here: https://www.quatred.com/eula. By signing a Tyler Agreement or Order Form, or accessing, installing, or using Quatred solutions provided to you by Tyler, you agree that you have read, understood, and agree to such terms.

ThinPrint Terms. Your use of Tyler Forms software and forms is subject to the End User License Agreement terms for ThinPrint Engine, ThinPrint License Server, and Connected Gateway found here: https://www.thinprint.com/en/legal-notes/eula/. By signing a Tyler Agreement or Order Form, or accessing, installing, or using Tyler Forms software or forms, you agree that you have read, understood, and agree to such terms.

Twilio Acceptable Use Policy. Your use of the Tyler solutions listed below includes functionality provided by a Third Party Developer, Twilio. Your rights, and the rights of any of your end users, to use said functionality are subject to the terms of the Twilio Acceptable Use Policy, available at http://www.twilio.com/legal/aup. By signing a Tyler Agreement or Order Form, or accessing, installing, or using any such Tyler solution, you certify that you have reviewed, understand and agree to said terms. Tyler hereby disclaims any and all liability related to your or your end user's failure to abide by the terms of the Twilio Acceptable Use Policy. Any liability for failure to abide by said terms shall rest solely with the person or entity whose conduct violated said terms.

- Electronic Warrants
- Modria
- Odyssey Notifications Add On (text notifications)
- ReadySub
- Tyler Notify
- Tyler Jury Manager
- Tyler Supervision
- Virtual Court

Exhibit D
Schedule 2
DocOrigin Terms

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DocOrigin

SOFTWARE LICENSE

IMPORTANT-READ CAREFULLY: This End-User License Agreement ("**Agreement**" or "**EULA**") is a legal agreement between you (either an individual person or a single legal entity, who will be referred to in this EULA as "**You**") and Eclipse Corporation WSL, Inc. referred to in this EULA as Eclipse Corporation, for the DocOrigin software product that accompanies this EULA, including any associated media, printed materials and electronic documentation (the "**Software**"). The Software also encompasses any software updates, add-on components, web services and/or supplements that may be provided to you or made available to you after the date you obtain the initial copy of the Software to the extent that such items are not accompanied by a separate license agreement or terms of use. If you receive the Software under separate terms from your distributor, those terms will take precedence over any conflicting terms of this EULA.

By installing, copying, downloading, accessing or otherwise using the Software, you agree to be bound by the terms of this EULA. If you do not agree to the terms of this EULA, do not install, access or use the Software; instead, you should remove the Software from all systems and receive a full refund.

IF YOU ARE AN AGENT OR EMPLOYEE OF ANOTHER ENTITY YOU REPRESENT AND WARRANT THAT (I) THE INDIVIDUAL ACCEPTING THIS AGREEMENT IS DULY AUTHORIZED TO ACCEPT THIS AGREEMENT ON SUCH ENTITY'S BEHALF AND TO BIND SUCH ENTITY, AND (II) SUCH ENTITY HAS FULL POWER, CORPORATE OR OTHERWISE, TO ENTER INTO THIS AGREEMENT AND PERFORM ITS OBLIGATIONS HEREUNDER.

1. LICENSE TERMS

1.1 In this Agreement a "**License Key**" means any license key, activation code, or similar installation, access or usage control codes, including serial numbers digitally created and or provided by Eclipse Corporation ,designed to provide unlocked access to the Software and its functionality.

1.2 **Evaluation License.** Subject to all of the terms and conditions of this Agreement, Eclipse Corporation grants You a limited, royalty-free, non-exclusive, non-transferable license to download and install a copy of the Software from www.docorigin.com on a single machine and use it on a royalty-free basis for no more than 120 days from the date of installation (the "**Evaluation Period**"). You may use the Software during the Evaluation Period solely for the purpose of testing and evaluating it to determine if You wish to obtain a commercial, production license for the Software. This evaluation license grant will automatically end on expiry of the Evaluation Period and you acknowledge and agree that Eclipse Corporation will be under no obligation to renew or extend the Evaluation Period. If you wish to continue using the Software You may, on payment of the applicable fees, upgrade to a full license (as further described in section 1.3 below) on the terms of this Agreement and will be issued with a License Key for the same. If you do not wish to continue to license the Software after expiry of the Evaluation Period, then You agree to comply with the termination obligations set out in section [7.3] of this Agreement. For greater certainty, any document generated by you under an evaluation license will have a 'spoiler' or watermark on the output document. Documents generated by DocOrigin software that has a valid license key file also installed will not have the 'spoiler' produced. You are not permitted to remove the watermark or 'spoiler' from documents generated using the software under an evaluation license.

1.3 **Development and Testing Licenses.** Development and testing licenses are available for purchase through authorized distributors and resellers of Eclipse Corporation only. Subject to all of the terms and conditions of this Agreement, Eclipse Corporation grants You, a perpetual (subject to termination by Eclipse Corporation due to your breach of the terms of this Agreement), non-exclusive, non-transferable, worldwide

non-sub license able license to download and install a copy of the Software from www.docorigin.com on a single machine and use for development and testing to create collateral deployable to Your production system(s). You are not entitled to use a development and testing license for live production purposes.

1.4 **Production Licenses.** Production licenses are available for purchase through authorized distributors and resellers of Eclipse Corporation only. Subject to all of the terms and conditions of this Agreement, Eclipse Corporation grants You, a perpetual (subject to termination by Eclipse Corporation due to your breach of the terms of this Agreement), non-exclusive, non-transferable, worldwide non-sub license able license to use the Software in accordance with the license type purchased by you as set out on your purchase order as further described below. For greater certainty, unless otherwise agreed in a purchase order concluded with an approved distributor of the Software, and approved by Eclipse Corporation, the default license to the Software is a per-CPU license as described in A. below:

A. **Per-CPU.** The total number of CPUs on a computer used to operate the Software may not exceed the licensed quantity of CPUs. For purposes of this license metric: (a) CPUs may contain more than one processing core, each group of two (2) processing cores is consider one (1) CPU., and any remaining unpaired processing core, will be deemed a CPU. (b) all CPUs on a computer on which the Software is installed shall be deemed to operate the Software unless You configure that computer (using a reliable and verifiable means of hardware or software partitioning) such that the total number of CPUs that actually operate the Software is less than the total number on that computer. Virtual Machines ("VM's") are considered as a server. Installing and configuring the software on multiple VM's requires one license per VM server. An enterprise license is available upon request. Pricing varies based on the size of the company.

B. **Per-Document.** This is defined as a fee per document based on the total number of documents generated annually by merging data with a template created by the Software. The combined data and template produce documents of one or more pages. A document may contain 1 or more pages. For instance, a batch of invoices for 250 customers may contain 1,000 pages, this will be counted as 250 documents which should correspond to 250 invoices.

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Last Updated: July 22, 2017

Exhibit E
Statement of Work

Statement of Work to be inserted prior to Agreement execution.

Tow of Los Gatos

SOW from Tyler Technologies, Inc.

1/11/2022

Presented to:

110 E Main St Lbby
Los Gatos, CA 5030-6945

Contact:
Katharina Howard
Email: Katharina.Howard@TylerTech.com
One Tyler Drive, Yarmouth, ME 04096

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Part 1: Executive Summary

1. Project Overview

1.1 Introduction

Tyler Technologies ("Tyler") is the largest and most established provider of integrated software and technology services focused solely on the public sector. Tyler's end-to-end solutions empower public sector entities including local, state, provincial and federal government, to operate more efficiently and connect more transparently with their constituents and with each other. By connecting data and processes across disparate systems, Tyler's solutions transform how clients gain actionable insights that solve problems in their communities.

1.2 Project Goals

This Statement of Work ("SOW") documents the methodology, implementation stages, activities, and roles and responsibilities, and project scope listed in the Investment Summary of the Agreement between Tyler and the Los Gatos (collectively the "Project").

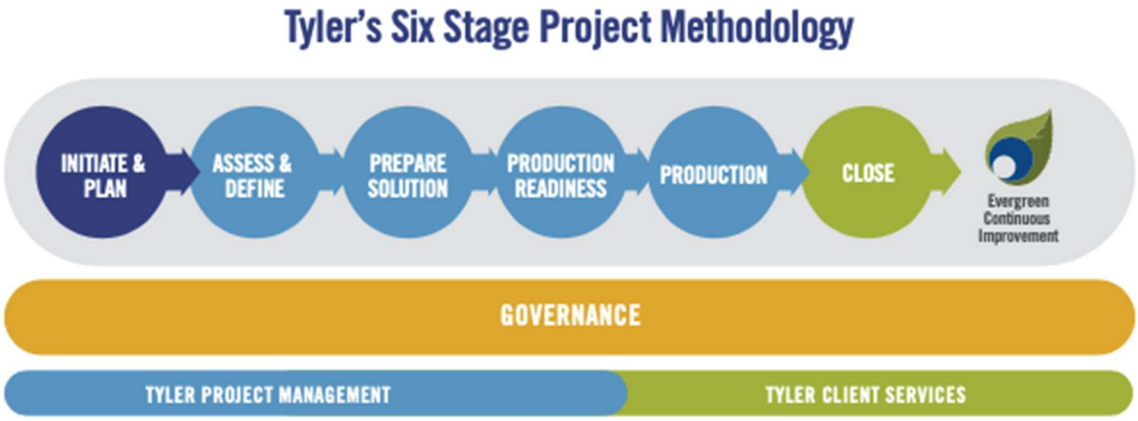
The overall goals of the project are to:

- Successfully implement the contracted scope on time and on budget
- Increase operational efficiencies and empower users to be more productive
- Improve accessibility and responsiveness to external and internal customer needs
- Overcome current challenges and meet future goals

1.3 Methodology

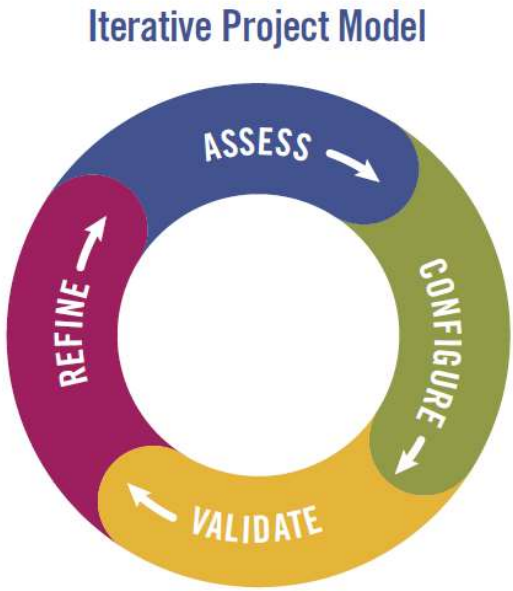
This is accomplished by the Los Gatos and Tyler working as a partnership and Tyler utilizing its depth of implementation experience. While each Project is unique, all will follow Tyler's six-stage methodology. Each of the six stages is comprised of multiple work packages, and each work package includes a narrative description, objectives, tasks, inputs, outputs/deliverables, assumptions, and a responsibility matrix.

Tailored specifically for Tyler's public sector clients, the project methodology contains Stage Acceptance Control Points throughout each Phase to ensure adherence to scope, budget, timeline controls, effective communications, and quality standards. Clearly defined, the project methodology repeats consistently across Phases, and is scaled to meet the Los Gatos's complexity and organizational needs.



The methodology adapts to both single-phase and multiple-phase projects.

To achieve Project success, it is imperative that both the Los Gatos and Tyler commit to including the necessary leadership and governance. During each stage of the Project, it is expected that the Los Gatos and Tyler Project teams work collaboratively to complete tasks. An underlying principle of Tyler's Implementation process is to employ an iterative model where the Los Gatos's business processes are assessed, configured, validated, and refined cyclically in line with the project budget. This approach is used in multiple stages and work packages as illustrated in the graphic below.



The delivery approach is systematic, which reduces variability and mitigates risks to ensure Project success. As illustrated, some stages, along with work packages and tasks, are intended to be overlapping by nature to complete the Project efficiently and effectively.

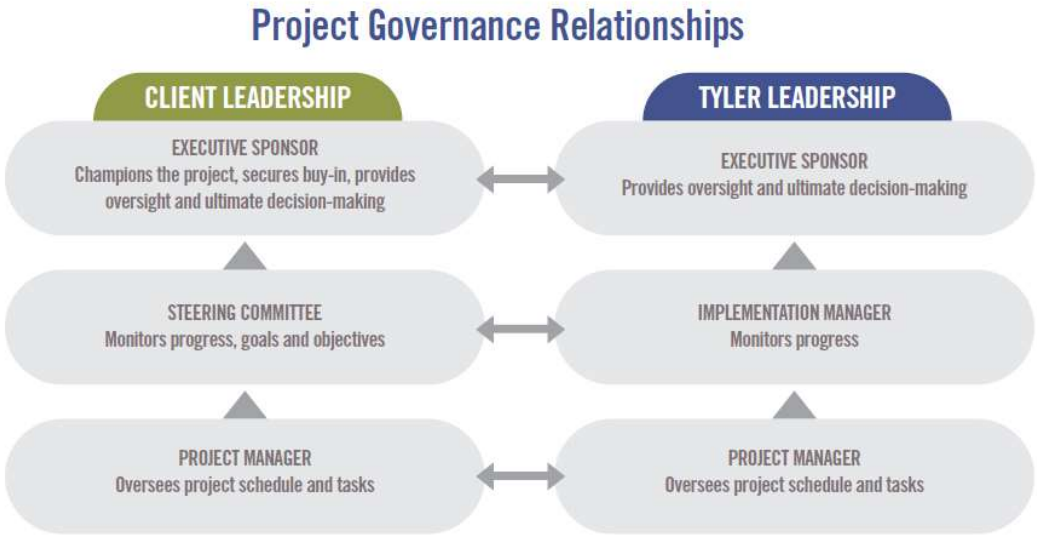
Part 2: Project Foundation

2. Project Governance

Project governance is the management framework within which Project decisions are made. The role of Project governance is to provide a decision-making approach that is logical, robust, and repeatable. This allows organizations to have a structured approach for conducting its daily business in addition to project related activities.

This section outlines the resources required to meet the business needs, objectives, and priorities for the Project, communicate the goals to other Project participants, and provide support and guidance to accomplish these goals. Project governance defines the structure for escalation of issues and risks, Change Control review and authority, and Organizational Change Management activities. Throughout the Statement of Work Tyler has provided RACI Matrices for activities to be completed throughout the implementation which will further outline responsibilities of different roles in each stage. Further refinement of the governance structure, related processes, and specific roles and responsibilities occurs during the Initiate & Plan Stage.

The chart below illustrates an overall team perspective where Tyler and the Los Gatos collaborate to resolve Project challenges according to defined escalation paths. If project managers do not possess authority to determine a solution, resolve an issue, or mitigate a risk, Tyler implementation management and the Los Gatos Steering Committee become the escalation points to triage responses prior to escalation to the Los Gatos and Tyler executive sponsors. As part of the escalation process, each Project governance tier presents recommendations and supporting information to facilitate knowledge transfer and issue resolution. The Los Gatos and Tyler executive sponsors serve as the final escalation point.



3. Project Scope Control

3.1 Managing Scope and Project Change

Project Management governance principles contend that there are three connected constraints on a Project: budget, timeline, and scope. These constraints, known as the "triple constraints" or project management triangle, define budget in terms of financial cost, labor costs, and other resource costs. Scope is defined as the work performed to deliver a product, service or result with the specified features and functions, while time is simply defined as the schedule. The Triple Constraint theory states that if you change one side of the triangle, the other two sides must be correspondingly adjusted. For example, if the scope of the Project is increased, cost and time to complete will also need to increase. The Project and executive teams will need to remain cognizant of these constraints when making impactful decisions to the Project. A simple illustration of this triangle is included here, showing the connection of each item and their relational impact to the overall Scope.



A pillar of any successful project is the ability to properly manage scope while allowing the appropriate level of flexibility to incorporate approved changes. Scope and changes within the project will be managed using the change control process outlined in the following section.

3.2 Change Control

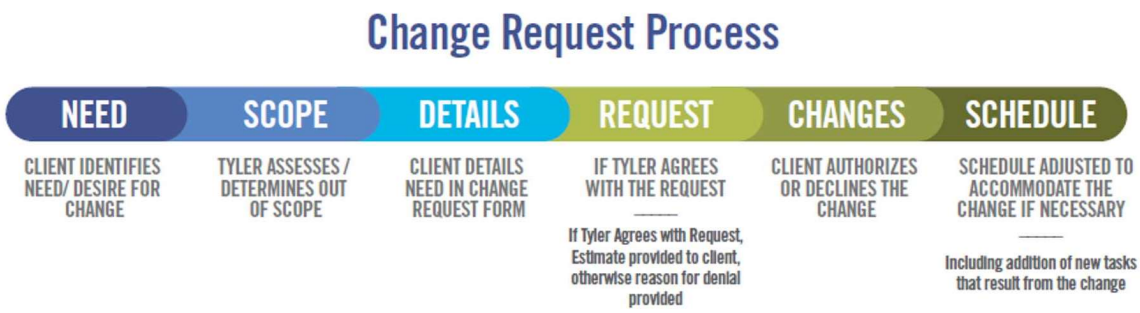
It may become necessary to change the scope of this Project due to unforeseeable circumstances (e.g., new constraints or opportunities are discovered). This Project is being undertaken with the understanding that Project scope, schedule, and/or cost may need to change to produce optimal results for stakeholders. Changes to contractual requirements will follow the change control process specified in the final contract, and as described below.

3.3 Change Request Management

Should the need for a change to Project scope, schedule, and/or cost be identified during the Project, the change will be brought to the attention of the Steering Committee and an assessment of the change will occur. While such changes may result in additional costs and delays relative to the schedule, some changes may result in less cost to the Los Gatos; for example, the Los Gatos may decide it no longer needs a deliverable originally defined in the Project. The Change Request will include the following information:

- The nature of the change.
- A good faith estimate of the additional cost or associated savings to the Los Gatos, if any.
- The timetable for implementing the change.
- The effect on and/or risk to the schedule, resource needs or resource responsibilities.

The Los Gatos will use its good faith efforts to either approve or disapprove any Change Request within ten (10) Business Days (or other period as mutually agreeable between Tyler and the Los Gatos). Any changes to the Project scope, budget, or timeline must be documented and approved in writing using a Change Request form. These changes constitute a formal amendment to the Statement of Work and will supersede any conflicting term in the Statement of Work.



4. Acceptance Process

The implementation of a Project involves many decisions to be made throughout its lifecycle. Decisions will vary from higher level strategy decisions to smaller, detailed Project level decisions. It is critical to the success of the Project that each Los Gatos office or department designates specific individuals for making decisions on behalf of their offices or departments.

Both Tyler and the Los Gatos will identify representative project managers. These individuals will represent the interests of all stakeholders and serve as the primary contacts between the two organizations.

The coordination of gaining Los Gatos feedback and approval on Project deliverables will be critical to the success of the Project. The Los Gatos project manager will strive to gain deliverable and decision approvals from all authorized Los Gatos representatives. Given that the designated decision-maker for each department may not always be available, there must be a designated proxy for each decision point in the Project. Assignment of each proxy will be the responsibility of the leadership from each Los Gatos department. The proxies will be named individuals that have the authorization to make decisions on behalf of their department.

The following process will be used for accepting Deliverables and Control Points:

- The Los Gatos shall have five (5) business days from the date of delivery, or as otherwise mutually agreed upon by the parties in writing, to accept each Deliverable or Control Point. If the Los Gatos does not provide acceptance or acknowledgement within five (5) business days, or the otherwise agreed upon timeframe, not to be unreasonably withheld, Tyler deems the Deliverable or Control Point as accepted.
- If the Los Gatos does not agree the Deliverable or Control Point meets requirements, the Los Gatos shall notify Tyler project manager(s), in writing, with reasoning within five (5) business days, or the otherwise agreed-upon timeframe, not to be unreasonably withheld, of receipt of the Deliverable.
- Tyler shall address any deficiencies and redeliver the Deliverable or Control Point. The Los Gatos shall then have two (2) business days from receipt of the redelivered Deliverable or Control Point to accept or again submit written notification of reasons for rejecting the milestone. If the Los Gatos does not provide acceptance within two (2) business days, or the otherwise agreed upon timeframe, not to be unreasonably withheld, Tyler deems the Deliverable or Control Point as accepted.

5. Roles and Responsibilities

The following defines the roles and responsibilities of each Project resource for the Los Gatos and Tyler. Roles and responsibilities may not follow the organizational chart or position descriptions at the Los Gatos, but are roles defined within the Project. It is common for individual resources on both the Tyler and Los Gatos project teams to fill multiple roles. Similarly, it is common for some roles to be filled by multiple people.

5.1 Tyler Roles & Responsibilities

Tyler assigns a project manager prior to the start of each Phase of the Project (some Projects may only be one Phase in duration). Additional Tyler resources are assigned as the schedule develops and as needs arise.

5.1.1 Tyler Executive Manager

Tyler executive management has indirect involvement with the Project and is part of the Tyler escalation process. This team member offers additional support to the Project team and collaborates with other Tyler department managers as needed to escalate and facilitate implementation Project tasks and decisions.

- Provides clear direction for Tyler staff on executing on the Project Deliverables to align with satisfying the Los Gatos 's overall organizational strategy.
- Authorizes required Project resources.
- Resolves all decisions and/or issues not resolved at the implementation management level as part of the escalation process.
- Acts as the counterpart to the Los Gatos 's executive sponsor.

5.1.2 Tyler Implementation Manager

- Tyler implementation management has indirect involvement with the Project and is part of the Tyler escalation process. The Tyler project managers consult implementation management on issues and outstanding decisions critical to the Project. Implementation management works toward a solution with the Tyler Project Manager or with Los Gatos management as appropriate. Tyler executive management is the escalation point for any issues not resolved at this level.
- Assigns Tyler Project personnel.
- Provides support for the Project team.
- Provides management support for the Project to ensure it is staffed appropriately and staff have necessary resources.
- Monitors Project progress including progress towards agreed upon goals and objectives.

5.1.3 Tyler Project Manager

- The Tyler project manager(s) provides oversight of the Project, coordination of Tyler resources between departments, management of the Project budget and schedule, effective risk, and issue management, and is the primary point of contact for all Project related items. As requested by the Los Gatos, the Tyler Project Manager provides regular updates to the Los Gatos Steering Committee and other Tyler governance members. Tyler Project Manager's role includes responsibilities in the following areas:

5.1.3.1 Contract Management

- Validates contract compliance throughout the Project.
- Ensures Deliverables meet contract requirements.
- Acts as primary point of contact for all contract and invoicing questions.
- Prepares and presents contract milestone sign-offs for acceptance by the Los Gatos project manager(s).
- Coordinates Change Requests, if needed, to ensure proper Scope and budgetary compliance.

5.1.3.2 Planning

- Delivers project planning documents.
- Defines Project tasks and resource requirements.
- Develops initial Project schedule and Project Management Plan.

- Collaborates with the Los Gatos project manager(s) to plan and schedule Project timelines to achieve on-time implementation.

5.1.3.3 Implementation Management

- Tightly manages Scope and budget of Project to ensure Scope changes and budget planned versus actual are transparent and handled effectively and efficiently.
- Establishes and manages a schedule and Tyler resources that properly support the Project Schedule and are also in balance with Scope/budget.
- Establishes risk/issue tracking/reporting process between the Los Gatos and Tyler and takes all necessary steps to proactively mitigate these items or communicate with transparency to the Los Gatos any items that may impact the outcomes of the Project.
- Collaborates with the Los Gatos 's project manager(s) to establish key business drivers and success indicators that will help to govern Project activities and key decisions to ensure a quality outcome of the project.
- Collaborates with the Los Gatos 's project manager(s) to set a routine communication plan that will aide all Project team members, of both the Los Gatos and Tyler, in understanding the goals, objectives, status, and health of the Project.

5.1.3.4 Resource Management

- Acts as liaison between Project team and Tyler manager(s).
- Identifies and coordinates all Tyler resources across all applications, Phases, and activities including development, forms, installation, reports, implementation, and billing.
- Provides direction and support to Project team.
- Manages the appropriate assignment and timely completion of tasks as defined in the Project Schedule, task list, and Go-Live Checklist.
- Assesses team performance and adjusts as necessary.
- Consulted on in Scope 3rd party providers to align activities with ongoing Project tasks.

5.1.4 Tyler Implementation Consultant

- Completes tasks as assigned by the Tyler project manager(s).
- Documents activities for services performed by Tyler.
- Guides the Los Gatos through software validation process following configuration.
- Assists during Go-Live process and provides support until the Los Gatos transitions to Client Services.
- Facilitates training sessions and discussions with the Los Gatos and Tyler staff to ensure adequate discussion of the appropriate agenda topics during the allotted time.
- May provide conversion review and error resolution assistance.

5.1.5 Tyler Sales

- Supports Sales to Implementation knowledge transfer during Initiate & Plan.
- Provides historical information, as needed, throughout implementation.
- Participates in pricing activities if additional licensing and/or services are needed.

5.1.6 Tyler Technical Services

- Maintains Tyler infrastructure requirements and design document(s).
- Involved in system infrastructure planning/review(s).
- Provides first installation of licensed software with initial database on servers.

- Supports and assists the project team with technical/environmental issues/needs.
- Deploys Tyler products.

5.1.7 Tyler SaaS Technicians

- Sets up Tyler-hosted servers.
- Provides maintenance of hosted server hardware, operating system, and software upgrades.
- Provides IT-related services for server environment.
- Provides remote technical assistance and tracks issues.
- Provides system management and disaster recovery services within hosting services.
- Performs Tyler software upgrades through coordination with the Los Gatos.

5.2 Los Gatos Roles & Responsibilities

Los Gatos resources will be assigned prior to the start of each Phase of the Project. One person may be assigned to multiple Project roles.

5.2.1 Los Gatos Executive Sponsor

The Los Gatos executive sponsor provides support to the Project by providing strategic direction and communicating key issues about the Project and its overall importance to the organization. When called upon, the executive sponsor also acts as the final authority on all escalated Project issues. The executive sponsor engages in the Project, as needed, to provide necessary support, oversight, guidance, and escalation, but does not participate in day-to-day Project activities. The executive sponsor empowers the Los Gatos steering committee, project manager(s), and functional leads to make critical business decisions for the Los Gatos.

- Champions the project at the executive level to secure buy-in.
- Authorizes required project resources.
- Actively participates in organizational change communications.

5.2.2 Los Gatos Steering Committee

The Los Gatos steering committee understands and supports the cultural change necessary for the Project and fosters an appreciation for the Project's value throughout the organization. The steering committee oversees the Los Gatos project manager and Project through participation in regular internal meetings. The Los Gatos steering committee remains updated on all Project progress, Project decisions, and achievement of Project milestones. The Los Gatos steering committee also serves as primary level of issue resolution for the Project.

- Works to resolve all decisions and/or issues not resolved at the project manager level as part of the escalation process.
- Attends all scheduled steering committee meetings.
- Provides support for the project team.
- Assists with communicating key project messages throughout the organization.
- Prioritizes the project within the organization.
- Ensures the project staffed appropriately and that staff have necessary resources.
- Monitors project progress including progress towards agreed upon goals and objectives.
- Has the authority to approve or deny changes impacting the following areas:
    - Cost

- Scope
- Schedule
- Project Goals
- Los Gatos Policies
- Needs of other client projects

5.2.3 Los Gatos Project Manager

The Los Gatos shall assign project manager(s) prior to the start of this project with overall responsibility and authority to make decisions related to Project Scope, scheduling, and task assignment. The Los Gatos Project Manager should communicate decisions and commitments to the Tyler project manager(s) in a timely and efficient manner. When the Los Gatos project manager(s) do not have the knowledge or authority to make decisions, he or she engages the necessary resources to participate in discussions and make decisions in a timely fashion to avoid Project delays. The Los Gatos project manager(s) are responsible for reporting to the Los Gatos steering committee and determining appropriate escalation points.

5.2.3.1 Contract Management

- Validates contract compliance throughout the project.
- Ensures that invoicing and Deliverables meet contract requirements.
- Acts as primary point of contact for all contract and invoicing questions. Collaborates on and approves Change Requests, if needed, to ensure proper scope and budgetary compliance.

5.2.3.2 Planning

- Reviews and accepts project planning documents.
- Defines project tasks and resource requirements for the Los Gatos project team.
- Collaborates in the development and approval of the project schedule.
- Collaborates with Tyler project manager(s) to plan and schedule project timelines to achieve on-time implementation.

5.2.3.3 Implementation Management

- Tightly manages project budget and scope.
- Collaborates with Tyler project manager(s) to establish a process and approval matrix to ensure that scope changes and budget (planned versus actual) are transparent and handled effectively and efficiently.
- Collaborates with Tyler project manager to establish and manage a schedule and resource plan that properly supports the project schedule as a whole and is also in balance with scope and budget.
- Collaborates with Tyler project manager(s) to establish risk and issue tracking and reporting process between the Los Gatos and Tyler and takes all necessary steps to proactively mitigate these items or communicate with transparency to Tyler any items that may impact the outcomes of the project.
- Collaborates with Tyler project manager(s) to establish key business drivers and success indicators that will help to govern project activities and key decisions to ensure a quality outcome of the project.
- Routinely communicates with both the Los Gatos staff and Tyler, aiding in the understanding of goals, objectives, current status, and health of the project by all team members.
- Manages the requirements gathering process and ensure timely and quality business requirements are being provided to Tyler.

5.2.3.4 Resource Management

- Acts as liaison between project team and stakeholders.
- Identifies and coordinates all Los Gatos resources across all modules, phases, and activities including data conversions, forms design, hardware and software installation, reports building, and satisfying invoices.
- Provides direction and support to project team.
- Builds partnerships among the various stakeholders, negotiating authority to move the project forward.
- Manages the appropriate assignment and timely completion of tasks as defined.
- Assesses team performance and takes corrective action, if needed.
- Provides guidance to Los Gatos technical teams to ensure appropriate response and collaboration with Tyler Technical Support Teams to ensure timely response and appropriate resolution.
- Owns the relationship with in-Scope 3rd party providers and aligns activities with ongoing project tasks.
- Ensures that users have appropriate access to Tyler project toolsets as required.
- Conducts training on proper use of toolsets.
- Validates completion of required assignments using toolsets.

5.2.4 Los Gatos Functional Leads

- Makes business process change decisions under time sensitive conditions.
- Communicates existing business processes and procedures to Tyler consultants.
- Assists in identifying business process changes that may require escalation.
- Contributes business process expertise for Current & Future State Analysis.
- Identifies and includes additional subject matter experts to participate in Current & Future State Analysis.
- Validates that necessary skills have been retained by end users.
- Provides End Users with dedicated time to complete required homework tasks.
- Acts as an ambassador/champion of change for the new process and provide business process change support.
- Identifies and communicates any additional training needs or scheduling conflicts to the Los Gatos project manager.
- Actively participates in all aspects of the implementation, including, but not limited to, the following key activities:
    - Task completion
    - Stakeholder Meeting
    - Project Management Plan development
    - Schedule development
    - Maintenance and monitoring of risk register
    - Escalation of issues
    - Communication with Tyler project team
    - Coordination of Los Gatos resources
    - Attendance at scheduled sessions
    - Change management activities
    - Modification specification, demonstrations, testing and approval assistance
    - Data analysis assistance
    - Decentralized end user training
    - Process testing

- Solution Validation

5.2.5 Los Gatos Power Users

- Participate in project activities as required by the project team and project manager(s).
- Provide subject matter expertise on the Los Gatos business processes and requirements.
- Act as subject matter experts and attend Current & Future State Analysis sessions as needed.
- Attend all scheduled training sessions.
- Participate in all required post-training processes as needed throughout project.
- Test all application configuration to ensure it satisfies business process requirements.
- Become application experts.
- Participate in Solution Validation.
- Adopt and support changed procedures.
- Complete all deliverables by the due dates defined in the project schedule.
- Demonstrate competency with Tyler products processing prior to Go-live.
- Provide knowledge transfer to the Los Gatos staff during and after implementation.
- Participate in conversion review and validation.

5.2.6 Los Gatos End Users

- Attend all scheduled training sessions.
- Become proficient in application functions related to job duties.
- Adopt and utilize changed procedures.
- Complete all deliverables by the due dates defined in the project schedule.
- Utilize software to perform job functions at and beyond Go-live.

5.2.7 Los Gatos Technical Lead

- Coordinates updates and releases with Tyler as needed.
- Coordinates the copying of source databases to training/testing databases as needed for training days.
- Coordinates and adds new users, printers and other peripherals as needed.
- Validates that all users understand log-on process and have necessary permission for all training sessions.
- Coordinates interface development for Los Gatos third party interfaces.
- Develops or assists in creating reports as needed.
- Ensures on-site system meets specifications provided by Tyler.
- Assists with software installation as needed.
- Extracts and transmits conversion data and control reports from the Los Gatos's legacy system per the conversion schedule set forth in the project schedule.

5.2.7.1 Los Gatos Upgrade Coordination

- Becomes familiar with the software upgrade process and required steps.
- Becomes familiar with Tyler's releases and updates.
- Utilizes Tyler resources to stay abreast of the latest Tyler releases and updates, as well as the latest helpful tools to manage the Los Gatos's software upgrade process.
- Assists with the software upgrade process during implementation.
- Manages software upgrade activities post-implementation.
- Manages software upgrade plan activities.

- Coordinates software upgrade plan activities with Los Gatos and Tyler resources.
- Communicates changes affecting users and department stakeholders.
- Obtains department stakeholder acceptance to upgrade production environment.

5.2.8 Los Gatos Change Management Lead

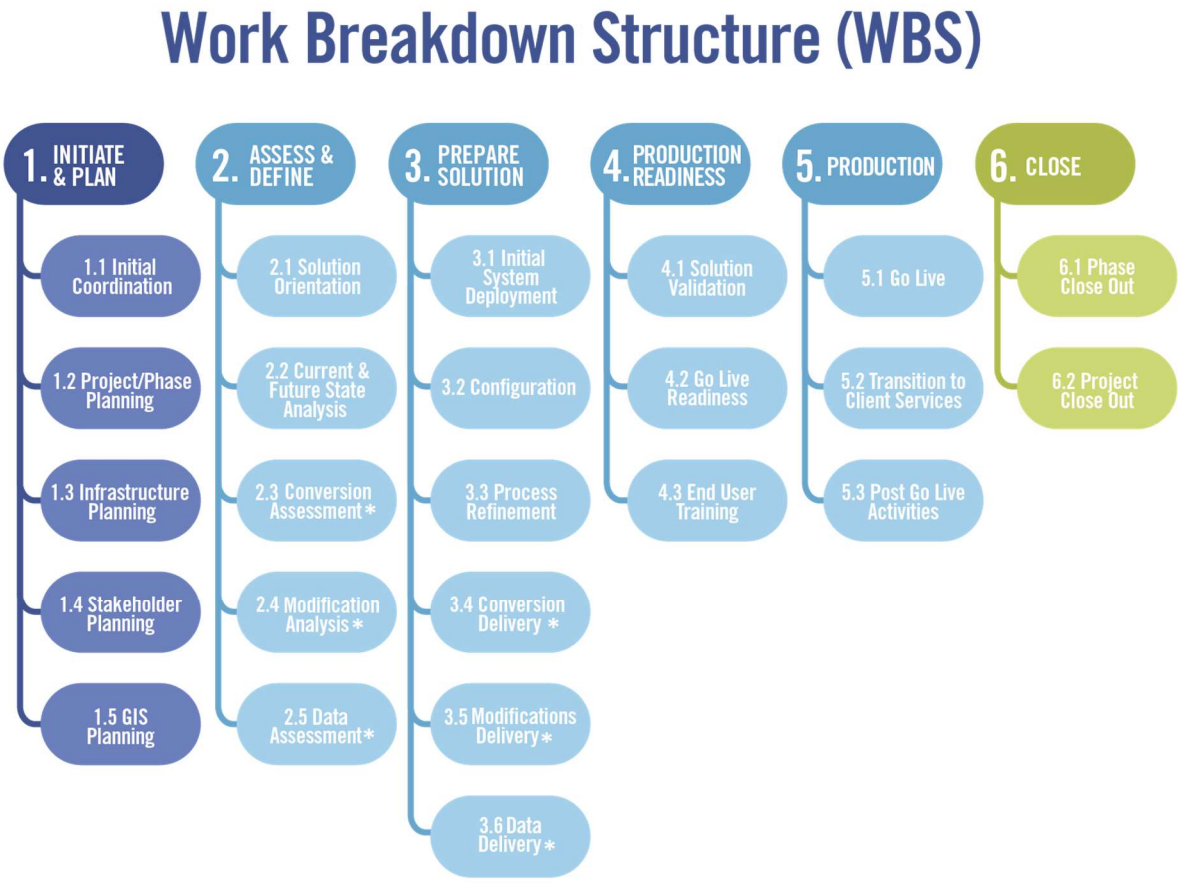
- Validates that users receive timely and thorough communication regarding process changes.
- Provides coaching to supervisors to prepare them to support users through the project changes.
- Identifies the impact areas resulting from project activities and develops a plan to address them proactively.
- Identifies areas of resistance and develops a plan to reinforce the change.
- Monitors post-production performance and new process adherence.

Part 3: Project Plan

6. Project Stages

Work Breakdown Structure

The Work Breakdown Structure (WBS) is a hierarchical representation of a Project or Phase broken down into smaller, more manageable components. The top-level components are called "Stages" and the second level components are called "Work Packages". The work packages, shown below each stage, contain the high-level work to be done. The detailed Project Schedule, developed during Project/Phase Planning and finalized during subsequent stages, lists the tasks to be completed within each work package. Each stage ends with a "Control Point", confirming the work performed during that stage of the Project has been accepted by the Los Gatos.



**Items noted with an asterisk in the graphic above relate to specific products and services. If those products and services are not included in the scope of the contract, these specific work packages will be noted as "Intentionally Left Blank" in Section 6 of the Statement of Work.*

6.1 Initiate and Plan

The Initiate and Plan stage involves Project initiation, infrastructure, and planning. This stage creates a foundation for the Project by identifying and establishing sequence and timing for each Phase as well as verifying scope for the Project. This stage will be conducted at the onset of the Project, with a few unique items being repeated for the additional Phases as needed.

6.1.1 Initial Coordination

Prior to Project commencement, Tyler management assigns project manager(s). Additional Project resources will be assigned later in the Project as a Project schedule is developed. Tyler provides the Los Gatos with initial Project documents used to gather names of key personnel, their functional role as it pertains to the Project, as well as any blackout dates to consider for future planning. the Los Gatos gathers the information requested by the provided deadline ensuring preliminary planning and scheduling can be conducted moving the Project forward in a timely fashion. Internally, the Tyler Project Manager(s) coordinate with sales to ensure transfer of vital information from the sales process prior to scheduling a Project Planning Meeting with the Los Gatos's team. During this step, Tyler will work with the Los Gatos to establish the date(s) for the Project and Phase Planning session.

Objectives:

- Formally launch the project.
- Establish project governance.
- Define and communicate governance for Tyler.
- Identify Los Gatos project team.

STAGE 1	Initial Coordination																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Tyler project team is assigned	A	R	C	I	I	I	I		I		I						
Los Gatosproject team is assigned									A	I	R	I	I	I			
Provide initial project documents to the Los Gatos		A	R	C			C		I		I						
Gather preliminary information requested			I						A		R	C		C		C	C
Sales to implementation knowledge transfer		A	R	I	I	I	I				I						
Create Project Portal to store project artifacts and facilitate communication		A	R								I						

Inputs	Contract documents
	Statement of Work

Outputs/Deliverables	Completed initial project documents
	Project portal

Work package assumptions:

- Project activities begin after the agreement has been fully executed.

6.1.2 Project/Phase Planning

Project and Phase planning provides an opportunity to review the contract, software, data conversions and services purchased, identify applications to implement in each Phase (if applicable), and discuss implementation timeframes.

During this work package Tyler will work with the Los Gatos to coordinate and plan a formal Project planning meeting(s). This meeting signifies the start of the Project and should be attended by all Los Gatos Project team members and the Tyler Project Manager. The meeting provides an opportunity for Tyler to introduce its implementation methodology, terminology, and Project management best practices to the Los Gatos's Project Team. This will also present an opportunity for project managers and Project sponsors to begin to discuss Project communication, metrics, status reporting and tools to be used to measure Project progress and manage change.

Tyler will work with the Los Gatos Project Team to prepare and deliver the Project Management Plan as an output of the planning meeting. This plan will continue to evolve and grow as the Project progresses and will describe how the project will be executed, monitored, and controlled.

During project planning, Tyler will introduce the tools that will be used throughout the implementation. Tyler will familiarize the Los Gatos with these tools during project planning and make them available for review and maintenance as applicable throughout the project. Some examples are Solution validation plan, issue log, and go-live checklist.

STAGE 1	Project/Phase Planning															
	Tyler								Los Gatos							
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads

Schedule and conduct planning session(s)		A	R						I		C	C	I				
Develop Project Management Plan		A	R						I		C	C	I				
Develop initial project schedule		A	R	I	I	I	I		I	I	C	C	I	I	C		I

Inputs	Contract documents
	Statement of Work
	Guide to Starting Your Project

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Project Management Plan	Delivery of document
	Project Operational Plan	Delivery of document
	Initial Project Schedule	Los Gatos provides acceptance of schedule based on resource availability, project budget, and goals.

Work package assumptions:

- Los Gatos has reviewed and completed the Guide to Starting Your Project document.

6.1.3 Infrastructure Planning

Procuring required hardware and setting it up properly is a critical part of a successful implementation. This task is especially important for Tyler-hosted/SaaS deployment models. Tyler will be responsible for building the environments for a hosted/SaaS deployment, unless otherwise identified in the Agreement. Tyler will install Licensed Software on application server(s) or train the Los Gatos to install License Software. The Los Gatos is responsible for the installation and setup of all peripheral devices.

Objectives:

- Ensure the Los Gatos's infrastructure meets Tyler's application requirements.
- Ensure the Los Gatos's infrastructure is scheduled to be in place and available for use on time.

STAGE 1	Infrastructure Planning																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts	Department Heads	End Users	Technical Leads

Provide Infrastructure Requirements and Design Document		A	R		C		C				I					I
Initial Infrastructure Meeting		A	R		C		C				C					C
*Schedule SaaS Environment Availability		A	R				C				I					
*Schedule Hardware to be Available for Installation			I				I		A		R					C
Schedule Installation of All Licensed Software		A	R				C				I					I
Infrastructure Audit		A	R				C				I					C

Inputs	1. Initial Infrastructure Requirements and Design Document

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	1. Completed Infrastructure Requirements and Design Document	Delivery of Document
	2. Infrastructure Audit	**System Passes Audit Criteria**

6.1.4 Stakeholder Meeting

Communication of the Project planning outcomes to the Los Gatos Project team, executives and other key stakeholders is vital to Project success. The Stakeholder meeting is a strategic activity to inform, engage, gain commitment, and instill confidence in the Los Gatos team. During the meeting, the goals and objectives of the Project will be reviewed along with detail on Project scope, implementation methodology, roles and responsibilities, Project timeline and schedule, and keys to Project success.

Objectives:

- Formally present and communicate the project activities and timeline.
- Communicate project expectations.

STAGE 1	Stakeholder Meeting															
	Tyler								Los Gatos							
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Create Stakeholder Meeting Presentation	I	A	R	I	I				I	I	C		I				

Review Stakeholder Meeting Presentation		I	C						A		R		C				
Perform Stakeholder Meeting Presentation	I	A	R	I	I				I	I	C	I	I	I	I	I	I

Inputs	Agreement
	SOW
	Project Management Plan

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Stakeholder Meeting Presentation	

Work package assumptions:

- None

6.1.5 Intentionally left blank.

6.1.6 Control Point 1: Initiate & Plan Stage Acceptance

Acceptance criteria for this stage includes completion of all criteria listed below.

Note: Advancement to the Assess & Define stage is not dependent upon Tyler's receipt of this stage acceptance.

Initiate & Plan Stage Deliverables:

- Project Management Plan
- Initial Project Schedule

Initiate & Plan stage acceptance criteria:

- All stage deliverables accepted based on acceptance criteria previously defined
- Project governance defined
- Project portal made available to the Los Gatos
- Stakeholder meeting complete

6.2 Assess & Define

The Assess & Define stage will provide an opportunity to gather information related to current Los Gatos business processes. This information will be used to identify and define business processes utilized with Tyler software. The Los Gatos collaborates with Tyler providing complete and accurate information to Tyler staff and assisting in analysis, understanding current workflows and business processes.

6.2.1 Solution Orientation

The Solution Orientation provides the Project stakeholders a high-level understanding of the solution functionality prior to beginning the current and future state analysis. The primary goal is to establish a foundation for upcoming conversations regarding the design and configuration of the solution.

Tyler utilizes a variety of tools for the Solution Orientation, focusing on Los Gatos team knowledge transfer such as: eLearning, documentation, or walkthroughs. The Los Gatos team will gain a better understanding of the major processes and focus on data flow, the connection between configuration options and outcome, integration, and terminology that may be unique to Tyler's solution.

Objectives:

- Provide a basic understanding of system functionality.
- Prepare the Los Gatos for current and future state analysis.

STAGE 2	Solution Orientation																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Provide pre-requisites			A	R							I	I		I	I		I
Complete pre-requisites											A	R		C			C
Conduct orientation			A	R							I	I		I	I		I

Inputs	Solution orientation materials
	Training Plan

6.2.2 Current & Future State Analysis

The Current & Future State Analysis provides the Project stakeholders and Tyler an understanding of process changes that will be achieved with the new system.

The Los Gatos and Tyler will evaluate current state processes, options within the new software, pros and cons of each based on current or desired state and make decisions about the future state configuration and processing. This may occur before or within the same timeframe as the configuration work package. The options within the new software will be limited to the scope of this implementation and will make use of standard Tyler functionality.

The Los Gatos will adopt the existing Tyler solution wherever possible to avoid project schedule and quality risk from over customization of Tyler products. It is the Los Gatos's responsibility to verify that in-scope requirements are being met throughout the implementation if functional requirements are defined as part of the contract. The following guidelines will be followed when evaluating if a modification to the product is required:

- A reasonable business process change is available.
- Functionality exists which satisfies the requirement.
- Configuration of the application satisfies the requirement.
- An in-scope modification satisfies the requirement.

Requirements that are not met will follow the agreed upon change control process and can have impacts on the project schedule, scope, budget, and resource availability.

STAGE 2	Current & Future State Analysis																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Current State process review			A	R	I	I	I				C	C	C	C			C
Discuss future-state options			A	R	C	C	C				C	C	C	C			C
Make future-state decisions (non-COTS)			C	C	C	C	C				A	R	I	C			C
Document anticipated configuration options required to support future state			A	R	C	C	C				I	I	I	I			I

Inputs	Los Gatoscurrent state documentation
	Solution Orientation completion

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Documentation that describes future-state decisions and configuration options to support future-state decisions.	Delivery of document

Work package assumptions:

- Los Gatos attendees possess sufficient knowledge and authority to make future state decisions.
- The Los Gatos is responsible for any documentation of current state business processes.
- The Los Gatos can effectively communicate current state processes.

6.2.3 Conversion Assessment

Data Conversions are a major effort in any software implementation. Tyler's conversion tools facilitate the predictable, repeatable conversion process that is necessary to support a successful transition to the Tyler system. The first step in this process is to perform an assessment of the existing ("legacy") system(s), to better understand the source data, risks, and options available. Once the data has been analyzed, the plan for data conversion is completed and communicated to the appropriate stakeholders.

Objectives:

- Communicate a common understanding of the project goals with respect to data.
- Ensure complete and accurate source data is available for review/transfer.
- Map the data from the source to the Tyler system.
- Document the data conversion/loading approach.

STAGE 2	Data Conversion Assessment																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Extract Data from Source Systems			I		C						A						R
Review and Scrub Source Data			I	I	I						A	R		C			I
Build/Update Data Conversion Plan			R	C	C						C	I	I	I			I

Inputs	Los Gatos Source data
	Los Gatos Source data Documentation (if available)

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Data Conversion Plan built/updated	Los Gatos Acceptance of Data Conversion Plan, if Applicable

Work package assumptions:

- Tyler will be provided with data from the Legacy system(s) in a mutually agreed upon format.
- Tyler will work with the Los Gatos representatives to identify business rules before writing the conversion.
- Los Gatos subject matter experts and resources most familiar with the current data will be involved in the data conversion planning effort.

6.2.4 Intentionally left blank.

6.2.5 Intentionally left blank.

6.2.6 Control Point 2: Assess & Define Stage Acceptance

Acceptance criteria for this Stage includes completion of all criteria listed below.

Note: Advancement to the Prepare Solution Stage is dependent upon Tyler's receipt of the Stage Acceptance.

Assess & Define Stage Deliverables:

- Documentation of future state decisions and configuration options to support future state decisions.
- Modification specification document.
- Assess & Define Stage Acceptance Criteria:
- All stage deliverables accepted based on criteria previously defined.
- Solution Orientation is delivered.
- Conversion data extracts are received by Tyler.
- Data conversion plan built.

6.3 Prepare Solution

During the Prepare Solution stage, information gathered during the Initiate & Plan and Assess & Define stages will be used to install and configure the Tyler software solution. Software configuration will be validated by the Los Gatos against future state decisions defined in previous stages and processes refined as needed to ensure business requirements are met.

6.3.1 Initial System Deployment

The timely availability of the Tyler Solution is important to a successful Project implementation. The success and timeliness of subsequent work packages are contingent upon the initial system deployment of Tyler Licensed Software on an approved network and infrastructure. Delays in executing this work package can affect the project schedule.

Objectives:

- All licensed software is installed and operational.
- The Los Gatos can access the software.

STAGE 3	Initial System Deployment (Hosted/SaaS)*																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Prepare hosted environment			A				R				I						C
Install Licensed Software with Initial Database on Server(s) for			A				R				I						C

Included Environments																	
Install Licensed Software on Los Gatos Devices (if applicable)			I				C				A						R
Tyler System Administration Training (if applicable)			A				R				I						C

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Licensed Software is Installed on the Server(s)	Software is accessible
	Licensed Software is Installed on Los Gatos Devices (if applicable)	Software is accessible
	Installation Checklist/System Document	System Passes
	Infrastructure Design Document (C&J – If Applicable)	

Work package assumptions:

- The most current available version of the Tyler Licensed Software will be installed.
- The Los Gatos will provide network access for Tyler modules, printers, and Internet access to all applicable Los Gatos and Tyler Project staff.

6.3.2 Configuration

The purpose of Configuration is to prepare the software product for validation.

Tyler staff collaborates with the Los Gatos to complete software configuration based on the outputs of the future state analysis performed during the Assess and Define Stage. The Los Gatos collaborates with Tyler staff iteratively to validate software configuration.

Objectives:

- Software is ready for validation.
- Educate the Los Gatos Power User how to configure and maintain software.
- Prepare standard interfaces for process validation (if applicable).

STAGE 3	Configuration	
	Tyler	Los Gatos

RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Conduct configuration training			A	R							I	C		C			
Complete Tyler configuration tasks (where applicable)			A	R							I	I		I			
Complete Los Gatos configuration tasks (where applicable)			I	C							A	R		C			
Standard interfaces configuration and training (if applicable)			A	R			C				I	C		C			C
Updates to Solution Validation testing plan			C	C							A	R		C			C

Inputs	Documentation that describes future state decisions and configuration options to support future state decisions.

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Configured System	N/A

Work package assumptions:

- Tyler provides guidance for configuration options available within the Tyler software. The Los Gatos is responsible for making decisions when multiple options are available.

6.3.3 Process Refinement

Tyler will educate the Los Gatos users on how to execute processes in the system to prepare them for the validation of the software. The Los Gatos collaborates with Tyler staff iteratively to validate software configuration options to support future state.

Objectives:

- Ensure that the Los Gatos understands future state processes and how to execute the processes in the software.
- Refine each process to meet the business requirements.
- Validate standard interfaces, where applicable.
- Validate forms and reports, where applicable.

STAGE 3	Process Refinement																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Conduct process training			A	R							I	C	I	C			
Confirm process decisions			I	C						A	R	C	I	C			
Test configuration			I	C							A	R		C			
Refine configuration (Los Gatos Responsible)			I	C							A	R		C			
Refine configuration (Tyler Responsible)			A	R							I	I		I			
Validate interface process and results			I	C			C				A	R		C			C
Update Los Gatos-specific process documentation (if applicable)			I	C							A	R		C			
Updates to Solution Validation testing plan			C	C							A	R		C			C

Inputs	Initial Configuration
	Documentation that describes future state decisions and configuration options to support future state decisions.
	Solution validation test plan

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Updated solution validation test plan	
	Completed Los Gatos-specific process documentation (completed by Los Gatos)	

Work package assumptions:

- None

6.3.4 Conversion Delivery

The purpose of this task is to transition the Los Gatos's data from their source ("legacy") system(s) to the Tyler system(s). The data will need to be mapped from the legacy system into the new Tyler system format. A well-executed data conversion is key to a successful cutover to the new system(s).

With guidance from Tyler, the Los Gatos will review specific data elements within the system and identify / report discrepancies. Iteratively, Tyler will collaborate with the Los Gatos to address conversion discrepancies. This process will allow for clean, reconciled data to transfer from the source system(s) to the Tyler system(s). Reference Conversion Appendix for additional detail.



Objectives:

- Data is ready for production (Conversion).

STAGE 3	Data Delivery & Conversion																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power Users)	Department Heads	End Users	Technical Leads
Provide data crosswalks/code mapping tool			A	C	R						I	I		I			

Populate data crosswalks/code mapping tool			I	C	C						A	R		C			
Iterations: Conversion Development			A	C	R						I						I
Iterations: Deliver converted data			A		R		I				I						I
Iterations: Proof/Review data and reconcile to source system			C	C	C						A	R		C			C

Inputs	
	Data Conversion Plan
	Configuration

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Code Mapping Complete / Validated	N/A
	Conversion Iterations / Reviews Complete	Conversion complete, verified, and ready for final pass

Work package assumptions:

- The Los Gatos will provide a single file layout per source system as identified in the investment summary.
- The Los Gatos subject matter experts and resources most familiar with the current data will be involved in the data conversion effort.
- The Los Gatos project team will be responsible for completing the code mapping activity, with assistance from Tyler.

6.3.5 Intentionally left blank.

6.3.6 Intentionally left blank.

6.3.7 Control Point 3: Prepare Solution Stage Acceptance

Acceptance criteria for this Stage includes all criteria listed below in each Work Package.

Note: Advancement to the Production Readiness Stage is dependent upon Tyler's receipt of the Stage Acceptance.

Prepare Solution Stage Deliverables:

- Licensed software is installed.
- Installation checklist/system document.
- Conversion iterations and reviews complete.

Prepare Solution Stage Acceptance Criteria:

- All stage deliverables accepted based on criteria previously defined.
- Software is configured.
- Solution validation test plan has been reviewed and updated if needed.

6.4 Production Readiness

Activities in the Production Readiness stage will prepare the Los Gatos team for go-live through solution validation, the development of a detailed go-live plan and end user training. A readiness assessment will be conducted with the Los Gatos to review the status of the project and the organizations readiness for go-live.

6.4.1 Solution Validation

Solution Validation is the end-to-end software testing activity to ensure that the Los Gatos verifies all aspects of the Project (hardware, configuration, business processes, etc.) are functioning properly, and validates that all features and functions per the contract have been deployed for system use.

Objectives:

- Validate that the solution performs as indicated in the solution validation plan.
- Ensure the Los Gatos organization is ready to move forward with go-live and training (if applicable).

STAGE 4	Solution Validation																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Update Solution Validation plan			A	R	C						C	C		C			
Update test scripts (as applicable)			C	C	C						A	R		C			
Perform testing			C	C	C						A	R		C			
Document issues from testing			C	C	C						A	R		C			
Perform required follow-up on issues			A	R	C						C	C		C			

Inputs	Solution Validation plan
	Completed work product from prior stages (configuration, business process, etc.)

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables

	Solution Validation Report	Los Gatos updates report with testing results

Work package assumptions:

- Designated testing environment has been established.
- Testing includes current phase activities or deliverables only.

6.4.2 Go-Live Readiness

Tyler and the Los Gatos will ensure that all requirements defined in Project planning have been completed and the Go-Live event can occur, as planned. A go-live readiness assessment will be completed identifying risks or actions items to be addressed to ensure the Los Gatos has considered its ability to successfully Go-Live. Issues and concerns will be discussed, and mitigation options documented. Tyler and the Los Gatos will jointly agree to move forward with transition to production. Expectations for final preparation and critical dates for the weeks leading into and during the Go-Live week will be planned in detail and communicated to Project teams.

Objectives:

- Action plan for go-live established.
- Assess go-live readiness.
- Stakeholders informed of go-live activities.

STAGE 4	Go-Live Readiness																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Perform Readiness Assessment	I	A	R	C	C	I	C	I	I	I	I		I				I
Conduct Go-Live planning session		A	R	C							C	C	C	C	C		C
Order peripheral hardware (if applicable)			I							A	R						C
Confirm procedures for Go-Live issue reporting & resolution		A	R	I	I	I	I				C	C	I	I	I	I	I
Develop Go-Live checklist		A	R	C	C						C	C	I	C			C
Final system infrastructure review (where applicable)			A				R				C						C

Inputs	Future state decisions

	Go-live checklist

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Updated go-live checklist	Updated Action plan and Checklist for go-live delivered to the Los Gatos

Work package assumptions:

- None

6.4.3 End User Training

End User Training is a critical part of any successful software implementation. Using a training plan previously reviewed and approved, the Project team will organize and initiate the training activities.

Train the Trainer: Tyler provides one occurrence of each scheduled training or implementation topic. Los Gatos users who attended the Tyler sessions may train additional users. Additional Tyler led sessions may be contracted at the applicable rates for training.

Tyler will provide standard application documentation for the general use of the software. It is not Tyler's responsibility to develop Los Gatos specific business process documentation. Los Gatos-led training labs using Los Gatos specific business process documentation if created by the Los Gatos can be added to the regular training curriculum, enhancing the training experiences of the end users.

Objectives:

- End users are trained on how to use the software prior to go-live.
- The Los Gatos is prepared for on-going training and support of the application.

STAGE 4	End User Training																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Update training plan		A	R	C							C		I		C		
End User training (Tyler-led)		A	R	C							C	C	I	C	C	C	
Train-the-trainer		A	R	C							C	C	I	C			
End User training (Los Gatos-led)			C	C							A	R	I	C	C	C	

Inputs	Training Plan
	List of End Users and their Roles / Job Duties
	Configured Tyler System

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	End User Training	Los Gatos signoff that training was delivered

Work package assumptions:

- The Los Gatos project team will work with Tyler to jointly develop a training curriculum that identifies the size, makeup, and subject-area of each of the training classes.
- Tyler will work with the Los Gatos as much as possible to provide end-user training in a manner that minimizes the impact to the daily operations of Los Gatos departments.
- The Los Gatos will be responsible for training new users after go-live (exception—previously planned or regular training offerings by Tyler).

6.4.4 Control Point 4: Production Readiness Stage Acceptance

Acceptance criteria for this stage includes all criteria listed below. Advancement to the Production stage is dependent upon Tyler's receipt of the stage acceptance.

Production Readiness stage deliverables:

- Solution Validation Report.
- Update go-live action plan and checklist.
- End user training.

Production Readiness stage acceptance criteria:

- All stage deliverables accepted based on criteria previously defined.
- Go-Live planning session conducted.

6.5 Production

Following end user training the production system will be fully enabled and made ready for daily operational use as of the scheduled date. Tyler and the Los Gatos will follow the comprehensive action plan laid out during Go-Live Readiness to support go-live activities and minimize risk to the Project during go-live. Following go-live, Tyler will work with the Los Gatos to verify that implementation work is concluded, post go-live activities are scheduled, and the transition to Client Services is complete for long-term operations and maintenance of the Tyler software.

6.5.1 Go-Live

Following the action plan for Go-Live, defined in the Production Readiness stage, the Los Gatos and Tyler will complete work assigned to prepare for Go-Live.

The Los Gatos provides final data extract and Reports from the Legacy System for data conversion and Tyler executes final conversion iteration, if applicable. If defined in the action plan, the Los Gatos manually enters any data added to the Legacy System after final data extract into the Tyler system.

Tyler staff collaborates with the Los Gatos during Go-Live activities. The Los Gatos transitions to Tyler software for day-to day business processing.

Some training topics are better addressed following Go-Live when additional data is available in the system or based on timing of applicable business processes and will be scheduled following Go-Live per the Project Schedule.

Objectives:

- Execute day to day processing in Tyler software.
- Los Gatos data available in Production environment.

STAGE 5	Go-Live															
	Tyler								Los Gatos							
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Provide final source data extract, if applicable			C		C						A						R
Final source data pushed into production environment, if applicable			A	C	R						I	C		C			C
Proof final converted data, if applicable			C	C	C						A	R		C			
Complete Go-Live activities as defined in the Go-Live action plan			C	C	C					A	R	C	I	C			
Provide Go-Live assistance			A	R	C	C		I			C	C	I	C		I	C

Inputs	Comprehensive Action Plan for Go-Live
	Final source data (if applicable)

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Data is available in production environment	Los Gatos confirms data is available in production environment

Work package assumptions:

- The Los Gatos will complete activities documented in the action plan for Go-Live as scheduled.
- External stakeholders will be available to assist in supporting the interfaces associated with the Go-Live live process.
- The Los Gatos business processes required for Go-Live are fully documented and tested.

- The Los Gatos Project team and subject matter experts are the primary point of contact for the end users when reporting issues during Go-Live.
- The Los Gatos Project Team and Power User's provide business process context to the end users during Go-Live.
- The Tyler Go-Live support team is available to consult with the Los Gatos teams as necessary.
- The Tyler Go-Live support team provides standard functionality responses, which may not be tailored to the local business processes.

6.5.2 Transition to Client Services

This work package signals the conclusion of implementation activities for the Phase or Project with the exception of agreed-upon post Go-Live activities. The Tyler project manager(s) schedules a formal transition of the Los Gatos onto the Tyler Client Services team, who provides the Los Gatos with assistance following Go-Live, officially transitioning the Los Gatos to operations and maintenance.

Objectives:

- Ensure no critical issues remain for the project teams to resolve.
- Confirm proper knowledge transfer to the Los Gatos teams for key processes and subject areas.

STAGE 5	Transition to Client Services																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Transfer Los Gatos to Client Services and review issue reporting and resolution processes	I	I	A	I	I			R	I	I	C	C		C			
Review long term maintenance and continuous improvement			A					R			C	C		C			

Inputs	Open item/issues List

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Client Services Support Document	

Work package assumptions:

- No material project issues remain without assignment and plan.

6.5.3 Post Go-Live Activities

Some implementation activities are provided post-production due to the timing of business processes, the requirement of actual production data to complete the activities, or the requirement of the system being used in a live production state.

Objectives:

- Schedule activities that are planned for after Go-Live.
- Ensure issues have been resolved or are planned for resolution before phase or project close.

STAGE 5	Post Go-Live Activities															
	Tyler								Los Gatos							
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Schedule contracted activities that are planned for delivery after go-live		A	R	C	C	C	C	I			C	C	I	C			C
Determine resolution plan in preparation for phase or project close out		A	R	C	C	C		I			C	C	I	C			

Inputs	List of post Go-Live activities

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Updated issues log	

Work package assumptions:

- System is being used in a live production state.

6.5.4 Control Point 5: Production Stage Acceptance

Acceptance criteria for this Stage includes completion of all criteria listed below:

- Advancement to the Close stage is not dependent upon Tyler's receipt of this Stage Acceptance.
- Converted data is available in production environment.

Production Stage Acceptance Criteria:

- All stage deliverables accepted based on criteria previously defined.
- Go-Live activities defined in the Go-Live action plan completed.
- Client services support document is provided.

6.6 Close

The Close stage signifies full implementation of all products purchased and encompassed in the Phase or Project. The Los Gatos transitions to the next cycle of their relationship with Tyler (next Phase of implementation or long-term relationship with Tyler Client Services).

6.6.1 Phase Closeout

This work package represents Phase completion and signals the conclusion of implementation activities for the Phase. The Tyler Client Services team will assume ongoing support of the Los Gatos for systems implemented in the Phase.

Objectives:

- Agreement from Tyler and the Los Gatos teams that activities within this phase are complete.

STAGE 6	Phase Close Out																
	Tyler								Los Gatos								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Reconcile project budget and status of contract Deliverables	I	A	R						I	I	C						
Hold post phase review meeting		A	R	C	C	C	C				C	C	C	C			C
Release phase-dependent Tyler project resources	A	R	I								I						

Participants	Tyler	Los Gatos
	Project Leadership	Project Manager
	Project Manager	Project Sponsor(s)
	Implementation Consultants	Functional Leads, Power Users, Technical Leads
	Technical Consultants (Conversion, Deployment, Development)	
	Client Services	

Inputs	Contract
	Statement of Work
	Project artifacts

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Final action plan (for outstanding items)	
	Reconciliation Report	
	Post Phase Review	

Work package assumptions:

- Tyler deliverables for the phase have been completed.

6.6.2 Project Closeout

Completion of this work package signifies final acceptance and formal closing of the Project.

At this time the Los Gatos may choose to begin working with Client Services to look at continuous improvement Projects, building on the completed solution.

Objectives:

- Confirm no critical issues remain for the project teams to resolve.
- Determine proper knowledge transfer to the Los Gatos teams for key processes and subject areas has occurred.
- Verify all deliverables included in the Agreement are delivered.

STAGE 6	Project Close Out															
	Tyler								Los Gatos							
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Conduct post project review		A	R	C	C	C	C				C	C	C	C			C
Deliver post project report to Los Gatos and Tyler leadership	I	A	R						I	I	C						
Release Tyler project resources	A	R	I								I						

Inputs	Contract
	Statement of Work

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Post Project Report	Los Gatos acceptance; Completed report indicating all project Deliverables and milestones have been completed

Work package assumptions:

- All project implementation activities have been completed and approved.
- No critical project issues remain that have not been documented and assigned.
- Final project budget has been reconciled and invoiced.
- All Tyler deliverables have been completed.

6.6.3 Control Point 6: Close Stage Acceptance

Acceptance criteria for this Stage includes completion of all criteria listed below.

Close Stage Deliverables:

- Post Project Report.

Close Stage Acceptance Criteria:

- Completed report indicating all Project deliverables and milestones have been completed.

7. General Assumptions

Tyler and the Los Gatos will use this SOW as a guide for managing the implementation of the Tyler Project as provided and described in the Agreement. There are a few assumptions which, when acknowledged and adhered to, will support a successful implementation. Assumptions related to specific work packages are documented throughout the SOW. Included here are general assumptions which should be considered throughout the overall implementation process.

7.1 Project

- Project activities will begin after the Agreement has been fully executed.
- The Los Gatos Project Team will complete their necessary assignments in a mutually agreed upon timeframe to meet the scheduled go-live date, as outlined in the Project Schedule.
- Sessions will be scheduled and conducted at a mutually agreeable time.
- Additional services, software modules and modifications not described in the SOW or Agreement will be considered a change to this Project and will require a Change Request Form as previously referenced in the definition of the Change Control Process.
- Tyler will provide a written agenda and notice of any prerequisites to the Los Gatos project manager(s) ten (10) business days or as otherwise mutually agreed upon time frame prior to any scheduled on-site or remote sessions, as applicable.
- Tyler will provide guidance for configuration and processing options available within the Tyler software. If multiple options are presented by Tyler, the Los Gatos is responsible for making decisions based on the options available.

- Implementation of new software may require changes to existing processes, both business and technical, requiring the Los Gatos to make process changes.
- The Los Gatos is responsible for defining, documenting, and implementing their policies that result from any business process changes.

7.2 Organizational Change Management

Unless otherwise contracted by Tyler, Los Gatos is responsible for managing Organizational Change. Impacted Los Gatos resources will need consistent coaching and reassurance from their leadership team to embrace and accept the changes being imposed by the move to new software. An important part of change is ensuring that impacted Los Gatos resources understand the value of the change, and why they are being asked to change.

7.3 Resources and Scheduling

- Los Gatos resources will participate in scheduled activities as assigned in the Project Schedule.
- The Los Gatos team will complete prerequisites prior to applicable scheduled activities. Failure to do so may affect the schedule.
- Tyler and the Los Gatos will provide resources to support the efforts to complete the Project as scheduled and within the constraints of the Project budget.
- Abbreviated timelines and overlapped Phases require sufficient resources to complete all required work as scheduled.
- Changes to the Project Schedule, availability of resources or changes in Scope will be requested through a Change Request. Impacts to the triple constraints (scope, budget, and schedule) will be assessed and documented as part of the change control process.
- The Los Gatos will ensure assigned resources will follow the change control process and possess the required business knowledge to complete their assigned tasks successfully. Should there be a change in resources, the replacement resource should have a comparable level of availability, change control process buy-in, and knowledge.
- The Los Gatos makes timely Project related decisions to achieve scheduled due dates on tasks and prepare for subsequent training sessions. Failure to do so may affect the schedule, as each analysis and implementation session is dependent on the decisions made in prior sessions.
- The Los Gatos will respond to information requests in a comprehensive and timely manner, in accordance with the Project Schedule.
- The Los Gatos will provide adequate meeting space or facilities, including appropriate system connectivity, to the project teams including Tyler team members.
- For on-site visits, Tyler will identify a travel schedule that balances the needs of the project and the employee.

7.4 Data

- Data will be converted as provided and Tyler will not create data that does not exist.
- The Los Gatos is responsible for the quality of legacy data and for cleaning or scrubbing erroneous legacy data.
- Tyler will work closely with the Los Gatos representatives to identify business rules before writing the conversion. The Los Gatos must confirm that all known data mapping from source to target have been identified and documented before Tyler writes the conversion.
- All in-scope source data is in data extract(s).

- Each legacy system data file submitted for conversion includes all associated records in a single approved file layout.
- The Los Gatos will provide the legacy system data extract in the same format for each iteration unless changes are mutually agreed upon in advance. If not, negative impacts to the schedule, budget and resource availability may occur and/or data in the new system may be incorrect.
- The Los Gatos Project Team is responsible for reviewing the converted data and reporting issues during each iteration, with assistance from Tyler.
- The Los Gatos is responsible for providing or entering test data (e.g., data for training, testing interfaces, etc.)

7.5 Facilities

- The Los Gatos will provide dedicated space for Tyler staff to work with Los Gatos resources for both on-site and remote sessions. If Phases overlap, Los Gatos will provide multiple training facilities to allow for independent sessions scheduling without conflict.
- The Los Gatos will provide staff with a location to practice what they have learned without distraction.

8. Glossary

Word or Term	Definition
Acceptance	Confirming that the output or deliverable is suitable and conforms to the agreed upon criteria.
Accountable	The one who ultimately ensures a task or deliverable is completed; the one who ensures the prerequisites of the task are met and who delegates the work to those responsible. [Also see RACI]
Application	A computer program designed to perform a group of coordinated functions, tasks, or activities for the benefit of the user.
Application Programming Interface (API)	A defined set of tools/methods to pass data to and received data from Tyler software products
Agreement	This executed legal contract that defines the products and services to be implemented or performed.
Business Process	The practices, policy, procedure, guidelines, or functionality that the client uses to complete a specific job function.
Business Requirements Document	A specification document used to describe Client requirements for contracted software modifications.
Change Request	A form used as part of the Change Control process whereby changes in the scope of work, timeline, resources, and/or budget are documented and agreed upon by participating parties.
Change Management	Guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success & outcomes
Code Mapping [where applicable]	An activity that occurs during the data conversion process whereby users equate data (field level) values from the old system to the values available in the new system. These may be one to one or many to one. Example: Old System [Field = eye color] [values = BL, Blu, Blue] maps to New Tyler System [Field = Eye Color] [value = Blue].
Consulted	Those whose opinions are sought, typically subject matter experts, and with whom there is two-way communication. [Also see RACI]
Control Point	This activity occurs at the end of each stage and serves as a formal and intentional opportunity to review stage deliverables and required acceptance criteria for the stage have been met.
Data Mapping [where applicable]	The activity determining and documenting where data from the legacy system will be placed in the new system; this typically involves prior data analysis to understand how the data is currently used in the legacy system and how it will be used in the new system.
Deliverable	A verifiable document or service produced as part of the Project, as defined in the work packages.
Go-Live	The point in time when the Client is using the Tyler software to conduct daily operations in Production.
Informed	Those who are kept up-to-date on progress, often only on completion of the task or deliverable, and with whom there is just one-way communication. [Also see RACI]

Infrastructure	The composite hardware, network resources and services required for the existence, operation, and management of the Tyler software.
Interface	A connection to and potential exchange of data with an external system or application. Interfaces may be one way, with data leaving the Tyler system to another system or data entering Tyler from another system, or they may be bi-directional with data both leaving and entering Tyler and another system.
Integration	A standard exchange or sharing of common data within the Tyler system or between Tyler applications
Legacy System	The software from which a client is converting.
Modification	Custom enhancement of Tyler's existing software to provide features or functions to meet individual client requirements documented within the scope of the Agreement.
On-site	Indicates the work location is at one or more of the client's physical office or work environments.
Organizational Change	The process of changing an organization's strategies, processes, procedures, technologies, and culture, as well as the effect of such changes on the organization.
Output	A product, result or service generated by a process.
Peripheral devices	An auxiliary device that connects to and works with the computer in some way. Some examples: scanner, digital camera, printer.
Phase	A portion of the Project in which specific set of related applications are typically implemented. Phases each have an independent start, Go-Live and closure dates but use the same Implementation Plans as other Phases of the Project. Phases may overlap or be sequential and may have different Tyler resources assigned.
Project	The delivery of the software and services per the agreement and the Statement of Work. A Project may be broken down into multiple Phases.
RACI	A matrix describing the level of participation by various roles in completing tasks or Deliverables for a Project or process. Individuals or groups are assigned one and only one of the following roles for a given task: Responsible (R), Accountable (A), Consulted (C), or Informed (I).
Remote	Indicates the work location is at one or more of Tyler's physical offices or work environments.
Responsible	Those who ensure a task is completed, either by themselves or delegating to another resource. [Also see RACI]
Scope	Products and services that are included in the Agreement.

Solution	The implementation of the contracted software product(s) resulting in the connected system allowing users to meet Project goals and gain anticipated efficiencies.
Stage	The top-level components of the WBS. Each Stage is repeated for individual Phases of the Project.
Standard	Software functionality that is included in the base software (off-the-shelf) package; is not customized or modified.
Statement of Work (SOW)	Document which will provide supporting detail to the Agreement defining Project-specific activities, services, and Deliverables.
System	The collective group of software and hardware that is used by the organization to conduct business.
Test Scripts	The steps or sequence of steps that will be used to validate or confirm a piece of functionality, configuration, enhancement, or Use Case Scenario.
Training Plan	Document(s) that indicate how and when users of the system will be trained relevant to their role in the implementation or use of the system.
Validation (or to validate)	The process of testing and approving that a specific Deliverable, process, program, or product is working as expected.
Work Breakdown Structure (WBS)	A hierarchical representation of a Project or Phase broken down into smaller, more manageable components.
Work Package	A group of related tasks within a project.

Part 4: Appendices

9. Conversion

9.1 Munis Conversion Summary

9.1.1 Accounts Payable Master

- Vendor Master file including names, addresses, SSN/FID, contacts, phone numbers
- Multiple remittance addresses
- Year-to-date 1099 amounts

9.1.2 Accounts Payable - Checks

- Check header data including vendor, warrant, check number, check date, overall check amount, GL cash account and clearing information
- Check detail data including related document and invoice numbers for each check
- Up to 5 years

9.1.3 Accounts Payable - Invoices

- Invoice header data containing general information for the invoice
- Invoice detail data containing line-specific information for the invoice
- Up to 5 years

9.1.4 Capital Assets Master

- Asset description, status, acquisition quantity, date and amount, codes for asset class, subclass, department, custodian, flags for capitalization and depreciation, estimated life, serial number, model, model year, depreciation method, life-to-date depreciation amount, last depreciation date, disposal information (if any), purchase information, if any (vendor, PO, Invoice)

9.1.5 General Billing CID

- Customer information

9.1.6 Purchase Orders

- Open purchase orders header data including vendor, buyer, date, accounting information, etc.
- Open purchase orders detail data including line item descriptions, quantities, amounts, etc.

9.1.7 Payroll

- Payroll Employee Master data including data such as name, address, SSN, legacy employee ID, date of birth, hire date, activity status (such as active/inactive), leave/termination code and date, phone(s), e-address, marital status, gender, race, personnel status (such as full-time, part-time, etc.), highest degree, advice-delivery (print/email/both) and check location, plus primary group, job, location, and account information

9.1.8 Payroll – Accumulators

- YTD, QTD, MTD amounts for employee pay and deductions
- Needed for mid-calendar-year go-live
- May not be needed if converting earnings/deductions history
- Up to 5 years

9.1.9 Payroll – Check History

- Up to 5 years, additional years must be quoted. We convert amounts for earnings and deductions in employee check history, check number and date.

9.1.10 Payroll – Earning/Deduction Hist.

- Up to 5 years, additional years must be quoted. Earning and deduction history broken down my individual codes (earnings and deduction) and amounts per pay period, the detail of these lines, sums the check history in opt 4.

10. Additional Appendices

10.1 EnerGov Definitions

10.1.1 "Template Business Transactions"

- A pre-defined and pre-configured EnerGov business process from EnerGov's "Best Management Template".
- The following modifications to Template Business Transactions are considered within scope:
  - Any changes to required inspections within the workflow
  - Any changes to the required plan reviews within the workflow
  - Adding up to 2 additional actions to the workflow
  - Configuration of fees, allowing creation of up to 3 new fees to accommodate
  - Any changes to custom field layouts that are directly related to fees or included reports
- Customization/Configuration of any of these parameters beyond the scope listed above will require the respective business process to be considered a "Unique Business Transaction", as described below.

Note: All transaction counts are quantified in the comments of the Investment Summary.

10.1.2 "Unique Business Transactions"

- Unique configuration of workflow or business process steps & actions, including output actions
- Unique Fee configuration
- Unique Custom field configuration

10.1.3 "Geo-Rules"

- An automation event that references GIS data. Current geo-rule action types are:

Alert	Displays a pop-up with a custom message to the user, notifying them of certain spatial data (i.e., noise abatement zones; flood zones; etc.).
Block	Places a block on the case and prevents any progress or updates from occurring on the record (i.e., no status changes can be completed, no fees can be paid, the workflow cannot be managed, etc.)
Block with Override	Places a block on the case and prevents any progress or updates from occurring on the record (i.e., no status changes can be completed, no fees can be paid, the workflow cannot be managed, etc.) However, the block can be overridden by end-users who have been given the proper securities.
Fee Date	Populates the CPI vesting date on the record if vesting maps are used by the jurisdiction.
Field Mapping	A custom field or any field inherent in the EnerGov application can automatically populate with information based on spatial data.
Required Action	A workflow action can automatically populate in the workflow details for the particular record (i.e., plan, permit, code case, etc.) that requires the action based on certain spatial data related to the case.
Required Step	A workflow step can automatically populate in the workflow details for the particular record (i.e., plan, permit, code case, etc.) that requires the step based on certain spatial data related to the case.
Zone Mapping	The zone(s) automatically populate on the "Zones" tab of the record (i.e., plan, permit, code case, etc.).

10.1.4 "Automation Events"

10.1.4.1 "Intelligent Objects (IO)"

- Key components for automatically and reactively triggering geo-rules, computing fees, and generating emails, alerts, and other notifications.

10.1.4.2 "Intelligent Automation Agents (IAA)"

- A tool designed to automate task in a proactive manner by setting values and generating emails and other tasks. On a nightly basis, a Windows service sweeps the EnerGov system looking for IAA tasks that need to be run, then the associated actions are performed. The IAA does not generate alerts or errors. Custom SQL queries are not Tyler deliverables.

10.1.5 "EnerGov SDK/API (Toolkits)"

- APIs developed by Tyler Technologies for extending the EnerGov Framework and functionality to external agencies and systems. Full documentation is available for each toolkit upon request.

Note: The EnerGov toolkits and related documentation are simply tools that allow clients to create applications and integrations. The purchase of a toolkit/API does not imply any development related services from Tyler Technologies. The Los Gatos is responsible for working with their IT staff and VARs to develop any necessary applications and integrations except as otherwise noted in the Investment Summary or for any "in-scope" integrations.

10.2 Tyler and Client Work Split Assumptions

10.2.1 Increased Work Split Hours

Additional hours were purchased in this contract to increase the work split from the standard 30% Tyler work effort. Clients have different needs and there are different ways the allocation of these hours can benefit the project. We will work with the client project manager during the planning sessions and project plan development to determine the best use of these hours. Common areas additional hours are used are:

- Configuration
  - Setting and Code configuration
  - Security and Workflow Building
- Data Conversion
  - Conversion Mapping
  - Conversion Proofing
  - Conversion Testing
  - Imports in lieu of conversion
    - Formatting files
    - Building custom templates
    - Testing imports/Data validation
- Training/Documentation
  - Additional repeat process training
  - Post Live Assistance
    - Bank Reconciliation assistance for additional months
    - Month-end assistance for additional months

        - Year-end assistance for multiple years
        - W-2/1099 processing for multiple years
    - Job aides/quick reference guides
    - End user training documentation
- Testing
    - Additional parallel processing
    - Test script building
    - Integration Testing
        - Import/Export template building
        - Import testing
        - Process validation/documentation

All clients have unique needs on a project. By defining the use of these hours during project planning, we have the flexibility to determine the greatest needs of your organization and plan accordingly. At any point in the project, we can revisit the use of these hours and adjust content as needed to support the success of the project.

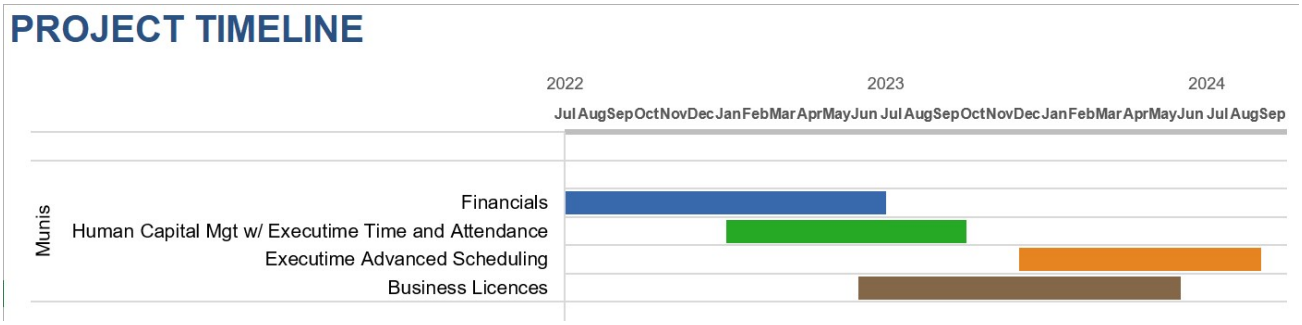
10.3 Intentionally left blank.

11. Project Timeline

11.1 ERP Project Timeline

The Project Timeline establishes a target start and end date for each Phase of the Project. The timeline needs to account for resource availability, business goals, size and complexity of the Project, and task duration requirements. These will be reviewed and adjusted, if needed, during the Initiate and Plan Stage. Refer to the Project Stages section of this SOW for information on work packages associated with each stage of the implementation.

The following dates may be revised based on the date the Agreement is signed and further refined during the course of the project. Tyler requires up to forty-five (45) days to move from Agreement signing to the Initiate & Plan Stage.



Phase	Functional Areas	Modules	Start Date	Go-Live Date
1	**Financials**	• Accounting General Ledger • Accounts Payable • Bid Management • Budgeting • Capital Assets • Cash Management • Contract Management • Project & Grant Accounting • Purchasing • eProcurement • Accounts Receivable • General Billing • Tyler Cashiering	July 2022	July 2023

	System Wide	• Munis Analytics & Reporting
		  ○ Tyler Reporting Services
		  ○ Munis Office
		  ○ HUB		

Phase	Functional Areas	Modules	Start Date	Go-Live Date
		• Tyler ReadyForms Processing • Tyler Content Manager SE		
2	**Human Capital Management**	• Payroll w/Employee Self Service • HR & Talent Management • Employee Expense Reimbursement • Executime Time and Attendance • Employee Expense Reimbursement	January 2023	October 2023
3	**Executime Advanced Scheduling**	• Executime Advanced Scheduling	December 2023	September 2024
4	**Business Licenses and Citizen Self Service**	• Business Licenses • Citizen Self-Service	June 2023	June 2024

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AMENDMENT

This amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the Town of Los Gatos, with offices at 110 East Main Street, Los Gatos, California 95030 ("Client").

WHEREAS, Tyler and the Client are parties to an agreement dated June 30, 2022 ("Agreement"); and

WHEREAS, Tyler and Client desire to amend the terms of the Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and the Client agree as follows:

1. Section G(6) ("Insurance") of the Agreement is amended to add:

   We agree that our insurance is primary for claims under our Commercial General Liability and Automobile Liability policies that arise out of or relate to this Agreement and are between us and you.

2. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.

3. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.

DocuSigned by:
By: Robert Kennedy-Jensen
F94D1C0F3E5A445...

Name: Robert Kennedy-Jensen

Title: Group General Counsel

Date: 8/15/2022

Town of Los Gatos, CA

DocuSigned by:
By: Laurel Prevetti
853FEEA2EB39470...

Name: Laurel Prevetti

Title: Town Manager

Date: 8/16/2022

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

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

ATTACHMENT 3

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AMENDMENT

This amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the Town of Los Gatos, California, with offices at 110 E. Main Street, Los Gatos, California 95030 ("Client").

WHEREAS, Tyler and Client are parties to an agreement dated June 30, 2022 ("Agreement"); and

WHEREAS, Tyler and Client desire to amend the terms of the Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and Client agree as follows:

1. The services set forth in the Investment Summary attached hereto as Exhibit 1 are hereby added to the Agreement. Fees for data conversion services shall be invoiced as follows: (i) 50% upon initial delivery of converted data, by conversion option, and (ii) 50% upon Client acceptance to load converted data into live environment, by conversion option.

2. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.

3. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.

DocuSigned by:
By: Robert Kennedy-Jensen
F94D1C0F3E5A445...

Name: Robert Kennedy-Jensen

Title: Group General Counsel

Date: 1/20/2023

Approved as to Form:

DocuSigned by:
Gabrielle Whelan
EFD6738A5534428...
Gabrielle Whelan

Town Attorney

Town of Los Gatos, California

DocuSigned by:
By: Laurel Prevetti
853FEEA2EB3947D...

Name: Laurel Prevetti

Title: Town Manager

Date: 1/24/2023

Attest:

DocuSigned by:
Wendy Wood
BF6EBCBE2C214F8...
Wendy Wood

Town Clerk

DocuSign Envelope ID: E789041E-F698-43EF-95A6-852BC7D074E8

Exhibit 1
Amendment Investment Summary

The following Investment Summary details the software, products, and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Effective Date, despite any expiration date in the Investment Summary that may have lapsed as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement. In the event of conflict between the Agreement and terms in the Comments section of this Investment Summary, the language in the Agreement will prevail.

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Quoted By:	Jennifer Wahlbrink
Quote Expiration:	04/26/23
Quote Name:	Town of Los Gatos-EERP-Detailed GL History Conversion
Quote Description:	11-17-22 Town of Los Gatos, CA v.3 5yr GL History Detail & BG Hist. Conv.

Sales Quotation For:

Town of Los Gatos
110 E Main St Lbby
Los Gatos CA 95030-6945
Phone: +1 (408) 354-6828

Professional Services

Description	Quantity	Unit Price	Ext Discount	Extended Price	Maintenance
Conversions – See Detailed Breakdown Below				$ 33,000.00	$ 0.00
	TOTAL			**$ 33,000.00**	**$ 0.00**

Summary	One Time Fees	Recurring Fees
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 0.00

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Total Tyler Services	$ 33,000.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 0.00	$ 0.00
Summary Total	**$ 33,000.00**	**$ 0.00**
Contract Total	**$ 33,000.00**	

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____

All Primary values quoted in US Dollars

Detailed Breakdown of Conversions (Included in Summary Total)

Description	Qty	Unit Price	Unit Discount	Extended Price
Accounting				
AC - Budgets up to 3 years	2	$ 1,500.00	$ 0.00	$ 3,000.00
Professional Services				
5yr Detailed GL History Conversion	1	$ 30,000.00	$ 0.00	$ 30,000.00
	TOTAL			**$ 33,000.00**

Comments

Client agrees that items in this sales quotation are, upon Client's signature or approval of same, hereby added to the existing agreement ("Agreement")

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between the parties and subject to its terms. Additionally, payment for said items, as applicable but subject to any listed assumptions herein, shall conform to the following terms:

- License fees for Tyler and third party software are invoiced upon the earlier of (i) deliver of the license key or (ii) when Tyler makes such software available for download by the Client;
- Fees for hardware are invoiced upon delivery;
- Fees for year one of hardware maintenance are invoiced upon delivery of the hardware;
- Annual Maintenance and Support fees, SaaS fees, Hosting fees, and Subscription fees are first payable when Tyler makes the software available for download by the Client (for Maintenance) or on the first day of the month following the date this quotation was signed (for SaaS, Hosting, and Subscription), and any such fees are prorated to align with the applicable term under the Agreement, with renewals invoiced annually thereafter in accord with the Agreement.
- Fees for services included in this sales quotation shall be invoiced as indicated below.
    - Implementation and other professional services fees shall be invoiced as delivered.
    - Fixed-fee Business Process Consulting services shall be invoiced 50% upon delivery of the Best Practice Recommendations, by module, and 50% upon delivery of custom desktop procedures, by module.
    - Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion option, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, Tyler will invoice Client the actual services delivered on a time and materials basis.
    - Except as otherwise provided, other fixed price services are invoiced upon complete delivery of the service. For the avoidance of doubt, where "Project Planning Services" are provided, payment shall be invoiced upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be invoiced monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.
    - If Client has purchased any change management services, those services will be invoiced in accordance with the Agreement.
    - Notwithstanding anything to the contrary stated above, the following payment terms shall apply to services fees specifically for migrations: Tyler will invoice Client 50% of any Migration Fees listed above upon Client approval of the product suite migration schedule. The remaining 50%, by line item, will be billed upon the go-live of the applicable product suite. Tyler will invoice Client for any Project Management Fees listed above upon the go-live of the first product suite. Unless otherwise indicated on this Sales quotation, annual services will be invoiced in advance, for annual terms commencing on the date this sales quotation is signed by the Client. If listed annual service(s) is an addition to the same service presently existing under the Agreement, the first term of the added annual service will be prorated to expire coterminous with the existing annual term for the service, with renewals to occur as indicated in the Agreement.
- Expenses associated with onsite services are invoiced as incurred.

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

Tyler's pricing is based on the scope of proposed products and services contracted from Tyler. Should portions of the scope of products or

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services be altered by the Client, Tyler reserves the right to adjust prices for the remaining scope accordingly.

Unless otherwise noted, prices submitted in the quote do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

Tyler's prices do not include applicable local, city or federal sales, use excise, personal property or other similar taxes or duties, which you are responsible for determining and remitting. Installations are completed remotely but can be done onsite upon request at an additional cost.

In the event Client cancels services less than two (2) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

AMENDMENT

This amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the Town of Los Gatos, California, with offices at 110 E. Main Street, Los Gatos, California 95030 ("Client").

WHEREAS, Tyler and Client are parties to an agreement dated June 30, 2022 ("Agreement"); and

WHEREAS, Tyler and Client desire to amend the terms of the Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and Client agree as follows:

1. Bid Management, Contract Management, Business Licenses.
    a. The following Tyler Software as a Service (SaaS) are hereby removed from the Agreement as of July 1, 2024:

        Bid Management ($2,242/year)
        Contract Management ($2,226/year)
        Business Licenses ($4,401/year)

    b. As of such date, Client's right to access the above-listed software is terminated, as are Tyler's obligations to maintain, support, host and update such software.

    c. Additionally, Client's SaaS fees payment obligation for the above-listed software ends on the same date.

2. Project Timeline. Exhibit E (Statement of Work), Section 11.1, is hereby amended as follows:

    Phase 1, Financials
        Start Date – July 2022
        Go-Live Date – February 2025

    Phase 2, Human Capital Management
        Start Date – January 2023
        Go-Live Date – February 2025

3. The items set forth in the sales quotations attached as Exhibit 1 to this Amendment are hereby added to the Agreement as of the first day of the first month following the Amendment Effective Date and, notwithstanding anything to the contrary in Exhibit 1, ending coterminous with the SaaS Term as defined in the Agreement. Payment of fees and costs for such items shall conform to the following terms:

a. SaaS Fees. As of the first day of the first month following the Amendment Effective Date, the annual SaaS fees payable under the Agreement shall be increased by $7,599, with a quarterly payment increase of $1,899.75. Subsequent SaaS Fees shall be invoiced in accordance with the terms of the Agreement.
b. Transaction Fees. Unless paid directly by an end user at the time of transaction, per transaction (call, message, etc.) fees are invoiced on a quarterly basis. Fees are indicated in the Investment Summary and may be increased by Tyler upon notice of no less than thirty (30) days.
c. Services Fees & Expenses. Services added to the Agreement pursuant to this Amendment, along with applicable expenses, shall be invoiced as provided and/or incurred.
d. Hardware Fees. Fees for Hardware are due on delivery of the respective Hardware.
e. Hardware Maintenance Fees. The first year maintenance fee for Hardware is invoiced upon delivery of the hardware. Subsequent annual maintenance fees for hardware are invoiced annually, in advance, at then-current rates, upon each anniversary thereof.

4. The cost for the "5yr Detailed GL History Conversion" is hereby changed from $30,000 to $25,000.

5. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.

6. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.	Town of Los Gatos, California
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

Exhibit 1
Amendment Investment Summary

The following Investment Summary details the software, products, and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Effective Date, despite any expiration date in the Investment Summary that may have lapsed as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement. In the event of conflict between the Agreement and terms in the Comments section of this Investment Summary, the language in the Agreement will prevail.

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Quoted By:	Jennifer Wahlbrink
Quote Expiration:	10/28/24
Quote Name:	Town of Los Gatos - ERP - Tyler Payments
Quote Description:	Passing model
Saas Term	1.00

Sales Quotation For:

Town of Los Gatos
110 E Main St Lbby
Los Gatos CA 95030-6945

Shipping Address:

Tyler SaaS and Related Services

Description	Qty	Imp. Hours	Annual Fee
Integrations			
Cashiering API	1	40	$ 3,599.00
SnapLogic - Up to 5 Integrations	1	0	$ 4,000.00
TOTAL		**40**	**$ 7,599.00**

Professional Services

Description	Quantity	Unit Price	Ext Discount	Extended Price	Maintenance
Project Management	8	$ 185.00	$ 0.00	$ 1,480.00	$ 0.00
Remote Implementation	40	$ 185.00	$ 0.00	$ 7,400.00	$ 0.00
TOTAL				**$ 8,880.00**	**$ 0.00**

Payments

	Use Case	List Price	Service %	Min	Basis Points	Rate	Cap	POS	Online	IVR
Payments - Payer Card Cost - Service Fees										
Enterprise ERP										
Enterprise ERP Payments	General Billing		3.95%	$ 2.50				X	X	
Tyler Enterprise Payments	Code Enforcement		3.95%	$ 2.50				X	X	
Tyler Enterprise Payments	Licenses		3.95%	$ 2.50				X	X	
Tyler Enterprise Payments	Planning		3.95%	$ 2.50				X	X	
Tyler Enterprise Payments	Permits		3.95%	$ 2.50				X	X	
Payments - Other Fees										
Enterprise ERP										
Payer eCheck Cost		$ 1.95								
eCheck Rejects		$ 5.00								
Credit Card Chargebacks		$ 15.00								

Payer Card Cost Per card transaction with Visa, MasterCard, Discover, and American Express.
Payer eCheck Cost Per electronic check transaction.
eCheck Rejects When an eCheck transaction comes back as declined (e.g bounced check)
Credit Card Chargebacks If a card payer disputes a transaction at the card issuing bank (e.g. stolen card)

3rd Party Hardware, Software and Services

Description	Qty	Unit Price	Unit Discount	Total Price	Unit Maint/SaaS	Unit Maint/SaaS Discount	Total Maint/SaaS
Payments Lane 7000 Terminal Purchase	1	$ 529.00	$ 0.00	$ 529.00	$ 0.00	$ 0.00	$ 0.00
Payments PCI Service Fee (Per Device)	1	$ 0.00	$ 0.00	$ 0.00	$ 180.00	$ 0.00	$ 180.00
TOTAL				**$ 529.00**			**$ 180.00**

Summary	**One Time Fees**	**Recurring Fees**
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 7,599.00

Total Tyler Services	$ 8,880.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 529.00	$ 180.00
Summary Total	**$ 9,409.00**	**$ 7,779.00**
Contract Total	**$ 17,188.00**	

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____

All Primary values quoted in US Dollars

Comments

Client agrees that items in this sales quotation are, upon Client's signature or approval of same, hereby added to the existing agreement ("Agreement") between the parties and subject to its terms. Additionally, payment for said items, as applicable but subject to any listed assumptions herein, shall conform to the following terms:

- License fees for Tyler and third party software are invoiced upon the earlier of (i) deliver of the license key or (ii) when Tyler makes such software available for download by the Client;
- Fees for hardware are invoiced upon delivery;
- Fees for year one of hardware maintenance are invoiced upon delivery of the hardware;
- Annual Maintenance and Support fees, SaaS fees, Hosting fees, and Subscription fees are first payable when Tyler makes the software available for download by the Client (for Maintenance) or on the first day of the month following the date this quotation was signed (for SaaS, Hosting, and Subscription), and any such fees are prorated to align with the applicable term under the Agreement, with renewals invoiced annually thereafter in accord with the Agreement.

- Fees for services included in this sales quotation shall be invoiced as indicated below.
  - Implementation and other professional services fees shall be invoiced as delivered.
  - Fixed-fee Business Process Consulting services shall be invoiced 50% upon delivery of the Best Practice Recommendations, by module, and 50% upon delivery of custom desktop procedures, by module.
  - Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion module, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion module.
  - Except as otherwise provided, other fixed price services are invoiced upon complete delivery of the service. For the avoidance of doubt, where "Project Planning Services" are provided, payment shall be invoiced upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be invoiced monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.
  - If Client has purchased any change management services, those services will be invoiced in accordance with the Agreement.
  - Notwithstanding anything to the contrary stated above, the following payment terms shall apply to services fees specifically for migrations: Tyler will invoice Client 50% of any Migration Fees listed above upon Client approval of the product suite migration schedule. The remaining 50%, by line item, will be billed upon the go-live of the applicable product suite. Tyler will invoice Client for any Project Management Fees listed above upon the go-live of the first product suite. Unless otherwise indicated on this Sales quotation, annual services will be invoiced in advance, for annual terms commencing on the date this sales quotation is signed by the Client. If listed annual service(s) is an addition to the same service presently existing under the Agreement, the first term of the added annual service will be prorated to expire coterminous with the existing annual term for the service, with renewals to occur as indicated in the Agreement.
- Expenses associated with onsite services are invoiced as incurred.

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

Tyler's pricing is based on the scope of proposed products and services contracted from Tyler. Should portions of the scope of products or services be altered by the Client, Tyler reserves the right to adjust prices for the remaining scope accordingly.

Unless otherwise noted, prices submitted in the quote do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

Tyler's prices do not include applicable local, city or federal sales, use excise, personal property or other similar taxes or duties, which you are responsible for determining and remitting. Installations are completed remotely but can be done onsite upon request at an additional cost.

In the event Client cancels services less than four (4) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Fees for year one of hardware maintenance will be invoiced as of the first day of the calendar month following the date the hardware is delivered and may be prorated to end coterminous with the Annual Support Maintenance term. Subsequent annual hardware maintenance fees shall be invoiced together with the Annual Support Maintenance term in accordance with the terms of the Agreement.

Your use of Payments and any related items included on this order is subject to the terms found at: https://www.tylertech.com/terms/payment-card-processing-agreement. By signing this order or the agreement in which it is included, you agree you have read, understand, and agree to such terms. Please see attached Payments fee schedule.

Standard Project Management responsibilities include project plan creation, initial stakeholder presentation, bi-weekly status calls, updating of project plan task statuses, and go-live planning activities.

Quoted By:	Jennifer Wahlbrink
Quote Expiration:	12/01/24
Quote Name:	Town of Los Gatos-EERP-Additional PM Days
Quote Description:	8-6-24 Town of Los Gatos, CA - Additional PM Hours

Sales Quotation For:

Town of Los Gatos
110 E Main St Lbby
Los Gatos CA 95030-6945

Shipping Address:

Professional Services

Description	Quantity	Unit Price	Ext Discount	Extended Price	Maintenance
Non-Billable PM Hours	16	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Project Management	60	$ 185.00	$ 0.00	$ 11,100.00	$ 0.00
TOTAL				**$ 11,100.00**	**$ 0.00**

Summary	**One Time Fees**	**Recurring Fees**
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 0.00
Total Tyler Services	$ 11,100.00	$ 0.00

Total Third-Party Hardware, Software, Services	$ 0.00	$ 0.00
Summary Total	**$ 11,100.00**	**$ 0.00**
Contract Total	**$ 11,100.00**	

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____

All Primary values quoted in US Dollars

Comments

Client agrees that items in this sales quotation are, upon Client's signature or approval of same, hereby added to the existing agreement ("Agreement") between the parties and subject to its terms. Additionally, payment for said items, as applicable but subject to any listed assumptions herein, shall conform to the following terms:

- License fees for Tyler and third party software are invoiced upon the earlier of (i) deliver of the license key or (ii) when Tyler makes such software available for download by the Client;
- Fees for hardware are invoiced upon delivery;
- Fees for year one of hardware maintenance are invoiced upon delivery of the hardware;
- Annual Maintenance and Support fees, SaaS fees, Hosting fees, and Subscription fees are first payable when Tyler makes the software available for download by the Client (for Maintenance) or on the first day of the month following the date this quotation was signed (for SaaS, Hosting, and Subscription), and any such fees are prorated to align with the applicable term under the Agreement, with renewals invoiced annually thereafter in accord with the Agreement.
- Fees for services included in this sales quotation shall be invoiced as indicated below.
    - Implementation and other professional services fees shall be invoiced as delivered.

- Fixed-fee Business Process Consulting services shall be invoiced 50% upon delivery of the Best Practice Recommendations, by module, and 50% upon delivery of custom desktop procedures, by module.
- Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion module, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion module.
- Except as otherwise provided, other fixed price services are invoiced upon complete delivery of the service. For the avoidance of doubt, where "Project Planning Services" are provided, payment shall be invoiced upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be invoiced monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.
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- Expenses associated with onsite services are invoiced as incurred.

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

Tyler's pricing is based on the scope of proposed products and services contracted from Tyler. Should portions of the scope of products or services be altered by the Client, Tyler reserves the right to adjust prices for the remaining scope accordingly.

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In the event Client cancels services less than four (4) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Standard Project Management responsibilities include project plan creation, initial stakeholder presentation, bi-weekly status calls, updating of project plan task statuses, and go-live planning activities.

AMENDMENT

This amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the Town of Los Gatos, California, with offices at 110 E. Main Street, Los Gatos, California 95030 ("Client").

WHEREAS, Tyler and Client are parties to an agreement dated June 30, 2022 ("Agreement");

WHEREAS, Tyler and Client have previously entered into an amendment to the Agreement dated January 24, 2023, adding certain conversion services to the Agreement;

WHEREAS, Tyler and Client further amended the Agreement on September 16. 2024, to revise the scope of services, revise the timeline provided in Exhibit E of the Agreement, and to revise certain fees; and

WHEREAS, Tyler and Client desire to amend the terms of the Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and Client agree to incorporate the above Recitals hereto, and agree as follows:

1. Exhibit A of the Agreement is hereby amended to remove the following unused services totaling $75,310.00 from the Agreement:

    a. Sixty-two (62) 40/60 Work Split hours ($185/hour), at a contract price of: $11,470; and

    b. Three hundred four (304) Onsite Implementation hours ($210/hour), at a contract price of: $63,840.

2. Exhibit A of the Agreement is further amended to add the services set forth in Exhibit 1, Schedule A, as further described in the Project Change Request attached hereto as Exhibit 2, and the services set forth in Exhibit 1, Schedule B. The exhibits and schedules are incorporated herein. The added services indicated in Exhibit 1, Schedule A, hereby replace the services removed from the Agreement pursuant to Article 1 of this Amendment, and funds previously allocated to the removed services shall be allocated to those added services. All services fees are invoiced as performed.

2. Remote implementation hours previously allocated to the implementation of the Business License module (152 hours) are hereby reallocated for use in any other areas of the project as may be required.

3. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.

4. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

5. The enforceability, invalidity, or illegality of any provision of this Amendment shall not render the other provisions unenforceable, invalid, or illegal.

6. The signatories to this Amendment warrant and represent that each is authorized to execute this Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors, and assigns to comply with the provisions of this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.	Town of Los Gatos, California
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

Exhibit 1
Amendment Investment Summary

The following Investment Summary consists of two (2) sales quotations, which detail the software, products, and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Amendment Effective Date.

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Exhibit 1, Schedule A

Quoted By:	Karen Grosset
Quote Expiration:	05/12/25
Quote Name:	Town of Los Gatos - ERP - Remote Implementation
Quote Description:	Remote Implementation

Sales Quotation For:

Town of Los Gatos
110 E Main St Lbby
Los Gatos CA 95030-6945

Shipping Address:

Professional Services

Description	Quantity	Unit Price	Ext Discount	Extended Price	Maintenance
Implementation - Remote	260	$ 185.00	$ 0.00	$ 48,100.00	$ 0.00
Project Management	144	$ 185.00	$ 0.00	$ 26,640.00	$ 0.00
TOTAL				**$ 74,740.00**	**$ 0.00**

Summary	One Time Fees	Recurring Fees
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 0.00
Total Tyler Services	$ 74,740.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 0.00	$ 0.00

Summary Total	**$ 74,740.00**	**$ 0.00**
Contract Total	**$ 74,740.00**	

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____

All Primary values quoted in US Dollars

Comments

Client agrees that items in this sales quotation are, upon Client's signature or approval of same, hereby added to the existing agreement ("Agreement") between the parties and subject to its terms. Additionally, payment for said items, as applicable but subject to any listed assumptions herein, shall conform to the following terms:

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- Fees for hardware are invoiced upon delivery;
- Fees for year one of hardware maintenance are invoiced upon delivery of the hardware;
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- Fees for services included in this sales quotation shall be invoiced as indicated below.
  - Implementation and other professional services fees shall be invoiced as delivered.
  - Fixed-fee Business Process Consulting services shall be invoiced 50% upon delivery of the Best Practice Recommendations, by module,

and 50% upon delivery of custom desktop procedures, by module.

- Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion module, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion module.
- Except as otherwise provided, other fixed price services are invoiced upon complete delivery of the service. For the avoidance of doubt, where "Project Planning Services" are provided, payment shall be invoiced upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be invoiced monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.
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Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

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The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Standard Project Management responsibilities include project plan creation, initial stakeholder presentation, bi-weekly status calls, updating of project plan task statuses, and go-live planning activities.

Exhibit 1, Schedule B

Quoted By:	Karen Grosset
Quote Expiration:	08/05/25
Quote Name:	Town of Los Gatos - ERP - Additional Hours
Quote Description:	Implementation Hours

Sales Quotation For:

Town of Los Gatos
110 E Main St Lbby
Los Gatos CA 95030-6945

Shipping Address:

Professional Services

Description	Quantity	Unit Price	Ext Discount	Extended Price	Maintenance
Implementation - Remote	320	$ 185.00	$ 0.00	$ 59,200.00	$ 0.00
TOTAL				**$ 59,200.00**	**$ 0.00**

Summary	One Time Fees	Recurring Fees
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 0.00
Total Tyler Services	$ 59,200.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 0.00	$ 0.00
Summary Total	**$ 59,200.00**	**$ 0.00**

Contract Total	**$ 59,200.00**

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____

All Primary values quoted in US Dollars

Comments

Client agrees that items in this sales quotation are, upon Client's signature or approval of same, hereby added to the existing agreement ("Agreement") between the parties and subject to its terms. Additionally, payment for said items, as applicable but subject to any listed assumptions herein, shall conform to the following terms:

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- Fees for hardware are invoiced upon delivery;
- Fees for year one of hardware maintenance are invoiced upon delivery of the hardware;
- Annual Maintenance and Support fees, SaaS fees, Hosting fees, and Subscription fees are first payable when Tyler makes the software available for download by the Client (for Maintenance) or on the first day of the month following the date this quotation was signed (for SaaS, Hosting, and Subscription), and any such fees are prorated to align with the applicable term under the Agreement, with renewals invoiced annually thereafter in accord with the Agreement.
- Fees for services included in this sales quotation shall be invoiced as indicated below.
    - Implementation and other professional services fees shall be invoiced as delivered.
    - Fixed-fee Business Process Consulting services shall be invoiced 50% upon delivery of the Best Practice Recommendations, by module, and 50% upon delivery of custom desktop procedures, by module.

- Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion module, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion module.
- Except as otherwise provided, other fixed price services are invoiced upon complete delivery of the service. For the avoidance of doubt, where "Project Planning Services" are provided, payment shall be invoiced upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be invoiced monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.
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The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or

more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Exhibit 2
Change Order

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Project Change Request

Client Name:	Town of Los Gatos, CA	Contract Number:	2021-312326-M4W7L6
Client Project Manager:	Sai Kim	Requested By (Name):	Steve Sharer
Tyler Project Manager:	Steve Sharer	Change Req. Number:	

The purpose of this form is to assess the impact of a proposed change to the project. This form is not a legal contract change order or amendment. If the change is approved, a change order or amendment will be drafted and will go through the formal approval process for the client and Tyler to execute the change.

The signatures at the end of this document acknowledge the desire to move forward with a change order or amendment after a full assessment of the impacts of the change.

Description of Proposed Change

Reallocate all Business Licenses hours to be used for Remote Implementation and Project Management. See breakdown below:
Remote ($185/hr) – Onsite ($210/hr)
40/60 Work Split – 62 hours at $185/hr = $11,470
IMP-ONSITE – 64 hours at $210/hr = $13,440
IMP-REMOTE – 152 hours at $185/hr = $28,120
Total for Business Licenses hours = $53,030/185 = 286 hours

Reallocate FIN-HCM-ET Onsite hours to be used for Remote Implementation and Project Management. See breakdown below:
IMP ONSITE – FIN – move 154 hours
IMP ONSITE – HCM – move 70 hours
IMP ONSITE – ET – move 16 hours
Total onsite hours moving = 240
240*210 = $50,400/185 = 272 hours

Total of 556 hours to be split between Remote Implementation hours and Project Management hours – see below

- 412 Remote Implementation hours
- 144 Project Management hours

Impact on Project Scope

None

Impact on Project Schedule

Phase/Task	Original Start Date	Original Finish Date	Proposed Start Date	Proposed Finish Date

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Impact on Resources
Allows for additional Remote Implementation and Project Management hours

Impact on Project Budget					
Budget Impact					
None – All changes being made are using hours in the original contract.					
Milestones Impact					
NA					
Hours Impact					
Phase Name	Training/Impl	Conversion	Forms	Development	Testing
FIN and HCM					
Dollars Impact					
Phase Name	Training/Impl	Conversion	Forms	Development	Testing
FIN and HCM					

Client Project Manager: _____ **Date:** 2/5/2025

Signature Required

Client Project Manager Comments

Tyler Project Manager: _____ **Date:** _____

Signature Required

Tyler Project Manager Comments
Business Licenses was cancelled. Moving those hours to make available for general remote implementation and project management use. Client has run out of remote implementation hours and needs to transfer some onsite hours to remote.

Sponsorship Acceptance

NOTE: No changes may be made to this project without the agreement of the Client Project Sponsor and/or Steering Committee. Submit endorsed Change Request to the Tyler Technologies Project Manager.

Date	Title	Approved By	Signature

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 4

DATE: June 11, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Five-Year Agreement for Software Services with TruePoint Solutions - DigEplan (LCT Software) DBA GovPath for Electronic Plan Review Services in an Amount Not to Exceed $155,183.28 Over the Life of the Agreement**

RECOMMENDATION: Authorize the Town Manager to execute an Agreement for Software Services TruePoint Solutions - DigEplan (LCT Software) DBA GovPath for electronic plan review services in an amount not to exceed $155,183.28 over the five-year term of the Agreement, with the first year not to exceed $29,229.48.

FISCAL IMPACT:

The total cost of the five-year license agreement with TruePoint Solutions – DigEplan (DigEplan) electronic plan review services is not to exceed $155,183.28. The agreement is structured as an annual subscription over the five-year term. Funding for these services is included in the proposed FY 2026–27 Budget. Funding for subsequent fiscal years will be requested through the annual Operating Budget process and is subject to Town Council approval.

BACKGROUND:

The Town has worked with TruePoint Solutions since 2011 and with TruePoint Solutions – DigEplan (LCT Software) since May 2020, when the Community Development Department expanded its use of electronic plan review services during the Covid-19 pandemic.

The Department has fully transitioned to electronic permitting and plan review processes, and continued use of this software is necessary to maintain these electronic services.

PREPARED BY: Alexa Nolder
Administrative Technician

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

DISCUSSION:

The current Agreement, which expires June 30, 2026, was for a 5-year term, totaling $89,474.00 and based on 20 user subscriptions. The proposed agreement increases the Town's subscription capacity to 25 users through the addition of five user licenses. As a result, the annual subscription fee for 2026 will be $29,229.48. The agreement includes a 3% annual increase in subscription fees over its five-year term.

Subscription Term:
1-year, from July 1, 2026 to June 30, 2027 - $29,229.48
2-year, from July 1, 2027 to June 30, 2028 - $30,106.36
3-year, from July 1, 2028 to June 30, 2029 - $31,009.56
4-year, from July 1, 2029 to June 30, 2030 - $31,939.84
5-year, from July 1, 2030 to June 30, 2031 - $32,898.04

The subscription fees outlined above represent the annual cost of the agreement for each year of the five-year term.

CONCLUSION:

TruePoint's consulting services assist the Town in serving the land use needs of the community. Based on TruePoint's extensive knowledge of the Town's Accela implementation, excellent support history with the Town, and competitive pricing, staff recommends that the Town Council authorize the Town Manager to enter into an Agreement for the software licensing and related services not to exceed $155,183.28 for a five-year term.

COORDINATION:

This report was coordinated with the Community Development Department, Information Technology Department, Town Manager's Office, Finance Department, and Town Attorney.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:
1. TruePoint Solutions (LCT Software) DigEplan Contract

Terms and Conditions

Between

TruePoint Solutions, LLC, LCT Software
(an Avolve Software Company)

and

Town of Los Gatos, CA

These Terms and Conditions (these "**Terms**"), together with the Order to which these Terms are attached and any additional exhibits or attachments to the Order or these Terms (collectively, this "**Agreement**") are entered into as of the date of last signature (the "**Effective Date**") by and between TruePoint Solutions (DigEplan reseller and service provider) located at 950 East State Highway 114, Suite 105, Southlake, TX 76092 and **Lifecycle Technologies, LLC, d/b/a LCT Software**, a Florida limited liability company principally located at 4500, 140th Avenue North Suite, 101 Clearwater, FL 33762 (the "**Supplier"**), and the Town of Los Gatos, CA, 110 E. Main Street, Los Gatos CA 95030 (the "**Customer"**.)

Background

a) The Supplier has developed certain software applications and platforms which it makes available to subscribers via the internet for the purpose of subscribers.
b) The Customer wishes to use the Supplier's service in its business operations.
c) The Supplier has agreed to provide, and the Customer has agreed to take and pay for, the Supplier's service subject to the terms and conditions of this Agreement, including these Terms.
d) The Customer will receive professional services from TruePoint Solutions, LLC (the "**Partner"**) in order to implement the software application and platform.

Agreed terms

1. Definitions. Unless otherwise defined in these Terms, capitalized terms used herein have the same meanings as set out in the Exhibits to this Agreement (including any supplements or attachments thereto).

1.1. "**Optional Services**" refers to certain optional add-ons to the Subscription Service as may be offered by the Supplier from time to time.

1.2. ""**Professional Services**" refers to the implementation Partner's training, configuration and related services as set out in the Professional Services Terms.

1.3. "**Professional Services Terms**" refers to those additional Professional Services Terms and Conditions by the Partner to the Customer, outlined in a separate agreement.

1.4. **"Subscription Service"** refers to DigEplan's cloud-based service designed to provide government entities with Integrated Electronic Plan Review.

1.5. **"Subscription Terms of Service**" refers to the Subscription Terms of Service attached hereto at Exhibit C.

2. Procurement of Services

Customer may purchase the Subscription Services by submitting orders in a form designated or approved by the Supplier (each, an "**Order**"); accepted forms of Order submission may also involve procuring the Subscription Services from the Partner, at the discretion of the Partner and Customer.

Upon Order acceptance and subject to Customer's payment of the corresponding Subscription Services Fees, the Supplier will make the Subscription Services available to Customer.

2.1. **Governing Terms**. The Subscription Service will be subject to this Agreement, including the Subscription Terms of Service, for the Subscription Period and for the number of End Users as

specified in each Order. Any Optional Services will also be subject to this Agreement or such other documentation as designated by the Supplier.

2.2. **Order Acceptance**. No Order for Services will be deemed accepted by the Supplier unless and until the Supplier accepts such Order in writing. Any terms and conditions contained in any quote, invoice, purchase order or Order that are inconsistent with the terms and conditions of this Agreement will be deemed stricken, unless expressly agreed to in writing by the Supplier with explicit reference to the accepted terms and conditions. All Orders will reference these Terms. Upon acceptance of an Order as provided above, it will become part of this Agreement.

2.3. **Adding End Users**. If Customer desires to increase the number of End Users that are permitted to use the Subscription Service, a new Order must be issued for the additional End Users. The Supplier may, in its discretion, allow or require the initial Subscription Period of newly-purchased subscriptions to be adjusted to expire or renew simultaneously with Customer's pre-existing subscription(s).

2.4. **Optional Services**. Purchase of Optional Services from the Supplier will be subject to any price quote the Supplier provides to Customer and the Order procedure described above. As designated by the Supplier at the time of Customer's purchase, use of the Optional Services may be subject to additional terms and conditions beyond or in lieu of those in Exhibit C.

3. Fees and Payment for Services

3.1. **Fees**. Customer will pay all fees for the Services per the prices quoted to Customer by the Supplier and finalized via an Order, Unless expressly set out in an Order, price increases will not apply to any Order that has already been accepted by the Supplier. Except as otherwise agreed by the parties in writing, Services Fees are quoted and payable in United States dollars, and Customer's payment obligations are non-cancelable, and Fees paid are non-refundable.

3.2. **Invoicing and Payment**. The Supplier will invoice Customer in advance for the Services unless otherwise expressly agreed by the parties.

3.3. **Subscription Service fees** are due upon invoice and payable within thirty (30) days of the invoice date. Subscription Service fees will be due no later than the first day of each Subscription Period to which the payment relates. If Customer orders additional End User quantities part-way through an existing Subscription Period, and the initial Subscription Period for the additional quantity is adjusted as described in Section 2.3, then the Subscription fee for such additional quantity will be pro-rated accordingly. Optional Services will be due at the same time as payment for the corresponding Subscription Service, or (if applicable) as otherwise specified in the applicable Order or governing terms. Subscription Service fees will be subject to an automatic annual increase by the percentage of the prior year's Subscription Service fees (the "**Uplift**") listed in the Order.

3.5. **Billing Info & Overdue Charges**. Customer is responsible for keeping the Supplier accurately and fully informed of Customer's billing and contact information, including providing any purchase order numbers in advance of invoice issuance. If any Fees are not received from Customer by the due date, they will accrue interest at the rate of one and a half percent (1.5%) of the outstanding balance per month, or the maximum rate permitted by law, whichever is lower.

3.6. **Overdue Payments**. If any amount owing by Customer under this Agreement for any of the Services is thirty (30) or more days overdue, the Supplier may, without limiting the Supplier's other rights and remedies, accelerate Customer's unpaid fee obligations under this Agreement (including any Order) so that all such obligations become immediately due and payable, suspend the

Subscription Service and/or stop performance of the Professional Services until such amounts are paid in full.

3.7. **Taxes**. The Supplier's Services fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including but not limited to value-added, sales, use or withholding taxes, assessable by any local, state, provincial, federal or foreign jurisdiction (collectively, "**Taxes**"). Customer is responsible for paying all Taxes associated with Customer's purchases hereunder. If Supplier has the legal obligation to pay or collect Taxes for which Customer is responsible under this paragraph, the appropriate amount will be invoiced to and paid by Customer, unless Customer provides the Supplier with a valid tax exemption certificate authorized by the appropriate taxing authority prior to invoice issuance. For clarity, the Supplier is solely responsible for taxes assessable against it based on the Supplier income, property and employees.

3.8. **Piggyback procurement**. Customer reserves the right to extend the terms and conditions of this solicitation to any and all other agencies be it federal, state, municipal, county, or local governmental agency under the jurisdiction of the United States and its territories. This shall include but not be limited to private schools, parochial schools, non-public schools such as charter schools, special districts, intermediate units, non- profit agencies providing services on behalf of government, and/or state.

4. Term and Termination

4.1. **Term of Agreement**. Unless terminated earlier in accordance with Section 4.2, this Agreement commences on the Effective Date and will continue until terminated as set forth below:

4.1.1. **Subscription Service Term**. The Subscription Terms of Service at **Exhibit C** will commence on the date listed under Subscription Term in the Order or, if provisioning of software takes place more than two (2) weeks after such subscription date, the subscription start date will be updated to the provisioning date and communicated to the Customer via email. The initial subscription period will last for five (5) years (the "**Initial Subscription Period**"). Thereafter, the Subscription Term will automatically renew for additional one-year periods (each a "**Renewal Subscription Period**") unless and until either party gives written notice of non-renewal at least sixty (60) days in advance of the end of the then-current subscription period. Customer must send written notice of non-renewal to **Accounts@lctsoftware.com**. Should Customer not provide written notice of non-renewal at least sixty (60) days in advance, then Customer is obligated to pay for the subsequent Renewal Subscription Period in full.

4.2. **Termination.** Either party may terminate this Agreement upon written notice if the other party materially breaches this Agreement and fails to correct the breach within thirty (30) days following written notice specifying the breach. The Services will be subject to additional termination provisions if and as designated in the respective Exhibits to these Terms.

4.3. **Effect of Termination**. Termination or expiration of this Agreement will not terminate any then-current Customer Subscriptions to the Subscription Service (which will continue to be governed by the terms of **Exhibit C**, including the termination provisions set forth therein); provided, however, that in the case of termination of this Agreement by the Supplier for Customer's uncured breach of this Agreement, the Supplier may simultaneously terminate any such Subscriptions. Subject to the Professional Services Terms, termination of this Agreement will terminate all on-going and planned Professional Services.

5. Additional Customer Terms.

This Agreement shall not be construed as creating any debt by or on behalf of the Customer and all obligations of the Customer are specifically contingent upon continued appropriations for payment hereunder. Accordingly, and in addition to any other authority to terminate this Agreement, if the governing body of Customer does not appropriate funds to continue paying for the goods and services to be provided under this Agreement, Customer may then terminate this Agreement as of the last day for which funds were appropriated. Unless provided otherwise by law or by this Agreement, Customer shall be obligated to pay all charges incurred before such a termination of this Agreement.

General

6.1 The parties acknowledge that the terms of each of the Exhibits to these Terms (inclusive of any supplements or attachments thereto), including, but not limited to, the disclaimers, limitations of liability, and other general provisions thereof, are incorporated into and form a part of this Agreement.

6.2 In the event of a direct conflict between the body of these Terms and the terms of the Exhibits hereto, the terms in the body of these Terms will govern. Each party specifies its address set forth above for receipt of notices under this Agreement. This Agreement may be signed in one or more identical counterparts, each of which will be an original, but all of which together will constitute one instrument.

Subscription Fees and Term

1. Subscription Fees

The yearly Subscription Fees **for 2026** shall amount to a total of $**23,383.58**. This is based for 20 user subscriptions. Each additional yearly subscription renewal will be subject to a 3% uplift.

2. Additional User Subscription Fees

The Town of Los Gatos, CA is adding 5 additional users to their existing account. This will change the yearly Subscription Fees **for 2026** to a total of $**29,229.48**. This is based for 25 user subscriptions.

Additional users can by purchased at the current user rate at the time of the request.

3. Subscription Term:

1-year, from July 1st, 2026 to June 30th, 2027 - $29,229.48
2-year, from July 1st, 2027 to June 30th, 2028 - $30,106.36
3-year, from July 1st, 2028 to June 30th, 2029 - $31,009.56
4-year, from July 1st, 2029 to June 30th, 2030 - $31,939.84
5-year, from July 1st, 2030 to June 30th, 2031 - $32,898.04

Exhibits List:

Exhibit A - Standard Support Policy

Exhibit B – Service Level Commitment

Exhibit C – Subscription Terms of Service

Signed on behalf of the Town of Los Gatos, CA	Signed ..... Print Name ..... Position ..... Date .....
Signed on behalf of the Town of Los Gatos, CA	Signed ..... Print Name ..... Position ..... Date .....
Signed on behalf of TruePoint Solutions, LLC	Signed ..... Print Name ..... Position ..... Date .....
Signed by on behalf of LCT SOFTWARE, an Avolve Company	Signed ..... Print Name ..... Position

.....

Date

.....

Exhibit – A

Standard Support Policy

This LCT Software SaaS Support Policy ("**Support Policy**") is a policy governing the use of DigEplan's software-as-a-service products (the "**Service(s)**") under the terms of the Agreement between LCT Software, LLC and its affiliates ("**LCT Software**", "**us**" or "**we**") and the purchaser of DigEplan's Service ("Customer"). This Support Policy may be updated from time to time by LCT Software at its sole discretion.

General Requirements and Hours of Operation

Ticketing Support: LCT Software will provide access to a ticketing system, which will be available twenty-four (24) hours per day, seven (7) days per week. A qualified support specialist shall use commercially reasonably efforts to answer questions and resolve problems regarding the Subscription Service during normal business hours of Monday-Friday, 8:00 A.M. until 5:00 P.M Pacific Time.

Telephone and E-mail Support: DigEplan's Customer Support Department, a live technical support facility, will be available to Customer from 8:00 A.M. until 5:00 P.M. Pacific time Monday through Friday, excluding LCT Software's observed holidays.

Online Support Material: Available twenty-four (24) hours, seven (7) days a week, LCT Software will make available to Customer certain technical information in DigEplan's online support database.

Updates

Updates may address security fixes, critical patches, general maintenance functionality, and documentation and shall be made available at LCT Software's discretion. LCT Software is under no obligation to develop any future functionality or enhancements unless otherwise specified in the Agreement. If an update for the Service is made available to Customer pursuant to this Support Policy, it will automatically replace the previous version of the applicable Service.

Where practical, LCT Software will schedule Updates during non-business hours and will provide Customers with advance notice of all Updates.

Upgrade/Downgrade of Severity Level

If, during the Support Request process, the issue either warrants assignment of a higher severity level than currently assigned or no longer warrants the severity level currently assigned based on its current impact on the production operation of the SaaS offering, then the severity level will be upgraded or downgraded accordingly to the severity level that most appropriately reflects its current impact.

Third Party Product Support

If any third-party software is not supplied by LCT Software, LCT Software disclaims all support obligations for such third-party software, unless expressly specified by LCT Software in Customer's Agreement.

Exclusions

The following Support Exclusions are not covered by this Support Policy: (a) Support required due to Customer's or any End User's or third party's misuse of the Services; (b) Support during times outside of LCT Software regular business hours stated above; (c) Support necessitated by external factors outside of LCT Software's reasonable control, including any force majeure event or Internet access or related problems beyond the Service demarcation point; (d) Support of or caused by customizations (if outside of LCT Software's best practice recommendations), configuration changes, scripting, or data loss caused by or on behalf of Customer or any End User; (e) Support of or caused by Customer's or any End User's or third party's equipment, software or other technology (other than third party equipment within LCT Software's direct control); (f) Support to resolve or work-around conditions which cannot be reproduced in LCT Software's support environment and (g) Support of any software add-ons supplied together with the Service (except where specified in the Agreement). Any support services falling within these Support Exclusions may be provided by LCT Software at its discretion and, if so provided, may be subject to additional pricing and support terms as specified by LCT Software.

Support Classifications

Error Classification	Criteria
Critical Severity Issue (Priority 1)	The Service is down or there is a major malfunction (deeming Service non-functional or severely affected), resulting in a business revenue loss and impacting the Service functionality for a majority of users. No reasonable workaround exists.
High Severity Issue (Priority 2)	High loss of Service functionality or performance, impacting the Service functionality for a high number of users (e.g. Service response is very slow, day to day operations continue, but are impacted by the issue). No reasonable workaround available or the workaround is impractical.
Medium Severity Issue (Priority 3)	Moderate loss of Service functionality or performance, impacting multiple users. A convenient workaround exists (e.g. non-critical feature is unavailable or requires additional user intervention).
Low Severity Issue (Priority 4)	Minor loss of Service functionality or feature in question.

Functional Definitions: For the purposes of error classification, essential or major functions include: data capture features, SLA and alarming features, performance management features and application performance problem resolution features.

Response Time: LCT Software shall use commercially reasonable efforts to respond to error reports in accordance with the table set forth below. LCT Software will use reasonable means to repair the error and keep Customer informed of progress. LCT Software makes no representations as to when a full resolution of the error may be made.

Error Classification	Initial Response and Acknowledgement	Updates	Resolution Goal
Critical	1 Business Hour	Daily	LCT Software will put forth our best effort to provide a workaround, fix, or estimated completion date within seventy-two (**72**) hours after the problem has been diagnosed and/or replicated.
High	4 Business Hours	Weekly	LCT Software will put forth our best effort to provide a workaround or fix or estimated completion date within four (**4**) business days after the problem has been diagnosed and/or replicated.
Medium	8 Business Hours	As available	LCT Software will put forth our best effort to provide a workaround or fix or estimated completion date within seven (**7**) business days after the problem has been diagnosed and/or replicated.
Low	24 Business Hours	None	Resolution for the Issue may be released as a patch set or be incorporated into a future schedule release of the product.

Exhibit B

SERVICE LEVEL COMMITMENT

This SaaS Service Level Commitment ("SLC") is a policy governing the use of LCT software-as-service products (individually or collectively, the "Service" or "DigEplan") under the terms of the LCT Software Master Services Agreement (the "Agreement") between LCT Software and its affiliates ("LCT Software", "us" or "we") and the purchaser of LCT Software's Subscription Service ("Customer").

Unless otherwise provided herein, this SLC is subject to the terms of the Agreement and capitalized terms will have the meaning specified in the Agreement. LCT Software reserves the right to change the terms of this SLC in accordance with the Agreement.

Definitions

"Monthly Uptime Percentage" is calculated by subtracting from 100% the percentage of minutes during the month in which the Service was Unavailable. Measurement of the Monthly Uptime Percentage excludes downtime resulting directly or indirectly from any SLC Exclusion.

"Service Credit" is a dollar credit, calculated as set forth below, that LCT Software may credit back to an eligible Customer account.

"Unavailable" means, as applicable: (i) Customer is repeatedly unable to log into the Service; (ii) Customer experiences repeated connection request failures; (iii) Customer experiences lack of connectivity of external, public instances or sites lasting for more than ten (10) minutes;

The foregoing events must be verifiable or replicable by LCT Software or its designee. Availability of Accela APIs which are used by DigEplan to connect, is expressly excluded from this SLC.

Service Commitment

LCT Software will use commercially reasonable efforts to make the Service available with a Monthly Uptime Percentage of at least 99.9%, in each calendar month of the Subscription Period (the "Commitment"). In the event the Service does not meet this Commitment, Customer will be eligible to receive a Service Credit as described below.

Scheduled & Emergency Maintenance

LCT Software will maintain certain scheduled maintenance windows during which regular, planned maintenance of the Service may be performed. LCT Software will use commercially reasonable efforts to provide Customer with no less than twenty-four (24) hours' notice prior to Services unavailability due to planned maintenance. LCT Software's standard maintenance window will generally fall between the hours of 12:00 AM (00:00) and 5:00 AM [05:00] on a day of our choosing, local time.

In exceptional circumstances where updates may take more time than the weekly time slot, it may be necessary to run updates over w-ends.

LCT Software will endeavour to provide as much notice as is practicable under the circumstances for patches, updates, fixes and other emergency maintenance activities which may be applied on an urgent basis.

LCT Software will provide three (3) business days' notice prior to any planned network, server hardware, operating environment, or database modifications of a material nature.

Service Credits Monthly Uptime Percentage	Service Credit Percentage
Less than 99.9% but equal to or greater than 99.0%	2%
Less than 99.0%	5%

LCT Software will apply any Service Credits only against future Service payments otherwise due from Customer. Service Credits will not entitle Customer to any refund or other payment from LCT Software.

Service Credits may not be transferred or applied to any other account.

Unless otherwise provided in the Agreement, Customer's sole and exclusive remedy for any unavailability, non-performance, or other failure by LCT Software to provide the Service is the receipt of a Service Credit (if eligible) in accordance with the terms of this SLC.

Service Credit Requests

To receive a Service Credit, Customer must submit a claim in writing to accounts@lctsoftware.com

To be eligible for a Service Credit, the claim must be received by LCT Software in the calendar quarter in which the incident occurred and must include:

- the words "SLC Credit Request" in the subject line;
- the dates and times of each Unavailability incident that Customer is claiming; and
- the quantity or scope of affected Users (as indicated by User ID, number of departments or similar metric);
- Supporting evidence from the support service desk

If the Monthly Uptime Percentage of such Service Credit request is confirmed by us and is less than the Service Commitment, LCT Software will issue the Service Credit to Customer within one billing cycle following the month in which Customer's request is confirmed by LCT Software. Customer's failure to provide the request and other information as required above will disqualify Customer from receiving a Service Credit.

SLC Exclusions

The Service Commitment does not apply to any unavailability, suspension or termination of the Service or any Service performance issues: (i) caused by factors outside of LCT Software's reasonable control, including any force majeure event or Internet access or related problems beyond the Service demarcation point; (ii) that result from customizations (if outside of LCT Software's best practice recommendations), configuration changes by or on behalf of Customer or any End User; (iii) that result from Customer's or any End User's or third party's equipment, software or other technology or integrations (other than third party equipment within LCT Software's direct control); (iv) that result from any maintenance as provided for pursuant to the above terms; or (vii) arising from our suspension or termination of Customer's right to use the Service in accordance with the Agreement (collectively, the "SLC Exclusions"). If availability is impacted by factors other than those used in the Monthly Uptime Percentage calculation, LCT Software may issue a Service Credit with consideration to pertinent factors as assessed by LCT Software in its sole discretion.

EXHIBIT C

Subscription Terms of Service

Purchase or use of the Service (defined below) is subject to these Subscription Terms and Conditions (these "**Terms**").

1. DEFINITIONS

"**Agreement**" means these Terms and, if applicable, the written master service agreement or other written agreement between Customer and LCT Software that incorporates these Terms by reference.

"**Communication Data**" means any and all information transmitted, shared, or exchanged between Customer and any End User, or between End User and any third party (including any third-party network or website), using the Service, with respect to any transaction or other communication enabled by the Service, but excluding Security Data.

"**Customer**" means the entity that purchases a subscription to the Service, directly from LCT Software or through an authorized reseller, distributor, or other channel partner of LCT Software.

"**End Users**" means individuals who are authorized by Customer to use the Service and for whom Customer has purchased a subscription to the Service. End Users may include but are not limited to Customer's employees, contractors and agents. Each End User will be associated with a single, unique email address for purposes of accessing (and being identified within) the Service.

"**Intellectual Property Rights**" means patent rights (including, without limitation, patent applications and disclosures), copyrights, trade secrets, know-how, and any other intellectual property rights recognized in any country or jurisdiction in the world.

"**Optional Services**" mean the optional add-ons to the Service that may be available for purchase either directly from LCT Software or through an authorized reseller or partner of LCT Software, as more particularly described or identified in the applicable Order.

"**Order**" means written orders to purchase subscriptions to use the Service (or, where applicable, to purchase Optional Services).

"**Security Data**" means any and all information provided by Customer or any End User to establish secure transmissions through use of the Service, including but not limited to personal information, information used to identify account names or numbers, routing information, usernames, passwords, access codes and prompts.

"**Service**" or "**Subscription Service**" means the cloud-based network security service(s) for which Customer has obtained a subscription either directly from LCT Software or through an authorized reseller or other partner of LCT Software, as more particularly described in the applicable agreement or order under which such subscription was obtained. If and as designated in the Specifications, the Service may be inclusive of application programming interfaces (APIs) developed by LCT Software to enable interaction and integration with the Service. Unless otherwise specified herein or other applicable contractual terms, all references to "Service" will be deemed to include any and all Optional Services.

"**Software**" means any software (including client software for End Users' devices) that LCT Software makes available for download or otherwise provides for use with the Service.

"**Specifications**" means the key features and functionality of the Service as described in the then-current user documentation for the Service or in this Agreement.

"**Subscription Period(s)**" means the duration of Customer's and End Users' active, paid access to the Service, as designated in the Order(s).

"Supported Modification" means a configuration of or modification to the Service requested by Customer that can be consistently supported by LCT Software via APIs, does not require direct database changes and is capable of being tested and maintained by LCT Software.

2. AUTHORIZED USERS. Only End Users may access or use the Service under Customer's account. Each End User may use any reasonable number of compatible devices for purposes of accessing the Service; provided that, LCT Software reserves the right to determine whether a number of devices is reasonable and, in its sole discretion, to place a corresponding cap on the number of devices. Unless expressly authorized by LCT Software, End User subscriptions cannot be shared or used by more than one individual but may be permanently reassigned to new End Users. The number of End User subscriptions purchased may be increased (under a new Order) but cannot be decreased during any Subscription Period.

3. USE OF THE SERVICE

3.1. **LCT Software's Responsibilities**. LCT Software will: (i) provide to Customer support related to the Service in accordance with the LCT Software Support Terms accessible at **https://zdrive.eu/gVe** (which URL location and content may be updated from time to time by LCT Software) and (ii) provide the Service only in accordance with applicable laws and government regulations.

3.2. **Customer's Responsibilities**. Customer will (i) be responsible for meeting LCT Software's applicable minimum system requirements for use of the Service; (ii) be responsible for End Users' compliance with these Terms and for any other activity (whether or not authorized by Customer) occurring under Customer's account, (iii) be solely responsible for the accuracy, quality, integrity and legality of Communication Data, (iv) use commercially reasonable efforts to prevent unauthorized access to or use of the Service under its account, and notify LCT Software promptly of any such unauthorized access or use, and (v) use the Service only in accordance with the applicable documentation, laws and government regulations, and any written instructions provided by LCT Software to Customer.

3.3. **Prohibitions.** Customer will not, and will ensure that its End Users do not, (i) make the Service available to anyone other than End Users; (ii) sell, resell, rent, lease or transfer the Service in whole or in part to any third party (including Customer affiliates) without the express permission of LCT Software and execution of designated transfer documentation; (iii) use the Service to store or transmit infringing, libelous, or otherwise unlawful or tortious material, or to store or transmit material in violation of third-party privacy or intellectual property rights; (iv) use the Service to store or transmit viruses, worms, time bombs, Trojan horses and other harmful or malicious code, files, scripts, agents or programs; (v) interfere with or disrupt the integrity or performance of the Service or third-party data contained therein; (vi) attempt to gain unauthorized access to the Service or any related systems or networks; or (vii) obtain intellectual property rights to the use of any component of the Services (inclusive of APIs).

3.4. **Software**. End Users may need to download and install client Software (as made available by LCT Software or other third party authorized by LCT Software) on each device through which they intend to use the Service. All use of such Software will be governed by terms of the applicable license agreement or terms of use that accompanies or is made available in connection with the Software. Customer acknowledges that each End User (or authorized Customer representative) must accept such license agreement, and have Service-compatible device(s), to download, install, and/or use the Software. Nothing in these Terms will be deemed to grant to Customer rights of any kind in the Software.

3.5**. Security Data and Privacy**. Customer understands that failure to protect Security Data may allow an unauthorized person or entity to access the Service. In addition, Customer acknowledges that LCT Software generally does not have access to and cannot retrieve lost Security Data. If Customer loses Security Data, Customer may no longer have access to the Service. Customer agrees that: (i) Customer (or its End User) is solely responsible for collecting, inputting and updating all Security Data; (ii) LCT Software assumes no responsibility for supervision, management or control of Customer's and End Users' Security Data; and (iii) LCT Software assumes no responsibility for any fraudulent or unauthorized use of the Software or any portion of the Service.

4. **PROPRIETARY RIGHTS**

4.1. **Reservation of Rights**. Subject to the limited rights expressly granted hereunder, LCT Software reserves all rights, title and interest in and to the Service and any associated Software and documentation, including all related Intellectual Property Rights. No rights are granted to Customer hereunder other than as expressly set forth herein.

4.2. **Restrictions**. In addition to the other prohibitions set forth in these Terms, Customer will not and will ensure that its agents do not (i) create derivate works based on the Service, (ii) copy, frame or mirror any part or content of the Service, other than copying or framing on Customer's own intranets or otherwise for Customer's internal business purposes in accordance with LCT Software's applicable documentation, (iii) reverse engineer the Service, or (iv) access the Service (inclusive of any APIs) in order to build or patent a competitive product or service or to copy any features, functions or graphics of the Service.

4.3. **Communication Data Ownership**. Customer reserves all its rights, title and interest in and to the Communication Data. No rights are granted to LCT Software hereunder with respect to the Communication Data, except that LCT Software may (i) store, copy, process, and transmit such Communication Data for purposes of providing the Service to Customer and (ii) otherwise utilize Communication Data if and as permitted by LCT Software's Privacy Policy.

4.4. **Customer Suggestions**. Customer grants LCT Software a royalty-free, worldwide, transferable, sublicensable, irrevocable, perpetual license to use or incorporate into the Service (or LCT's other software or services) any suggestions, enhancement requests, recommendations, or other feedback provided by Customer or End Users relating to the operation or features of the Service.

5. **CONFIDENTIALITY**

5.1. Definition. As used herein, "**Confidential Information**" means all confidential information disclosed by a party ("**Disclosing Party**") to the other party ("**Receiving Party**"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure. However, Confidential Information will not include any information that (i) is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party, (ii) was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party, (iii) is received from a third party without breach of any obligation owed to the Disclosing Party, (iv) was independently developed by the Receiving Party, or (v) is available to the public pursuant to applicable law.

5.2. **Protection**. Except as otherwise permitted in writing by the Disclosing Party and subject to the other terms of this Agreement and LCT Software's Privacy Policy, (i) the Receiving Party will use the same degree of care that it uses to protect the confidentiality of its own confidential information of like kind (but in no event less than reasonable care) not to disclose or use any Confidential Information of the Disclosing Party for any purpose outside the scope of these Terms, and

(ii) the Receiving Party will limit access to Confidential Information of the Disclosing Party to those of its employees, contractors and agents who need such access for purposes consistent with these Terms and who are legally bound to protect such Confidential Information consistent with these Terms.

5.3. **Compelled Disclosure**. The Receiving Party may disclose Confidential Information of the Disclosing Party if it is compelled by law to do so, provided the Receiving Party gives the Disclosing Party prior notice of such compelled disclosure (to the extent legally permitted) and reasonable assistance, at the Disclosing Party's cost, if the Disclosing Party wishes to contest, limit, or protect the disclosure.

6. **WARRANTIES AND DISCLAIMERS**

6.1. **Specifications.** Subject to the limitations set forth below, LCT Software warrants that the Service will operate in all material respects in accordance with the Specifications. As Customer's sole and exclusive remedy

and LCT Software's entire liability for any breach of the foregoing warranty, LCT Software will use commercially reasonable efforts to modify the Service so that it conforms to the foregoing warranty.

6.2. **Disclaimers**. EXCEPT AS EXPRESSLY PROVIDED HEREIN, LCT SOFTWARE DOES NOT MAKE ANY WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND LCT SOFTWARE SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTIES ARISING OUT OF THE COURSE OF DEALING OR USAGE OF TRADE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. LCT Software will not be responsible to the extent failure of the Service to operate as warranted is caused by or results from: (i) any modification to the Service other than a Supported Modification; (ii) combination, operation or use of the Service with Customer's or a third party's applications, software or systems; (iii) abuse, willful misconduct or negligence by anyone other than LCT Software or LCT Software's designee; (iv) use of the Service other than in accordance with the terms of this Agreement and/or the applicable Specifications and LCT Software's user documentation for the Service or (v) any of the SLC Exclusions (as defined in Exhibit B, the Service Level Commitment).

7. **MUTUAL INDEMNIFICATION**

7.1**. Indemnification by Customer**. To the extent permitted by applicable law, Customer will defend (or settle), indemnify and hold harmless LCT Software, its officers, directors, employees and subcontractors, from and against any liabilities, losses, damages and expenses, including court costs and reasonable attorneys' fees, arising out of or in connection with any third-party claim: (i) that a third party has suffered injury, damage or loss resulting from Customer's or any End User's use of the Service (other than any claim for which LCT Software is responsible under Section 7.2); or (ii) arising out of Customer's or any End User's use of the Service in a manner that violates these Terms or applicable law. Customer's obligations under this Section 7.1 are contingent upon: (a) LCT Software providing Customer with prompt written notice of such claim; (b) LCT Software providing reasonable cooperation to Customer, at Customer's expense, in defense and settlement of such claim; and (c) Customer having sole authority to defend or settle such claim.

7.2. **Indemnification by LCT Software**. LTC Software will defend (or settle) any suit or action brought against Customer to the extent that it is based upon a claim that the Service, as furnished by LCT Software hereunder, infringes or misappropriates the Intellectual Property Rights of any third party, and will pay any costs, damages and reasonable attorneys' fees attributable to such claim that are awarded against Customer. LCT Software's obligations under this Section 7.2 are contingent upon: (a) Customer providing LCT Software with prompt written notice of such claim; (b) Customer providing reasonable cooperation to LCT Software, at LCT Software's expense, in the defense and settlement of such claim; and (c) LCT Software having sole authority to defend or settle such claim. THIS SECTION 7.2 STATES THE ENTIRE OBLIGATION OF LCT SOFTWARE AND ITS LICENSORS WITH RESPECT TO ANY ALLEGED OR ACTUAL INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS BY THE SERVICE. LCT Software will have no liability under this Section 7.2 to the extent that any third-party claims described herein are based on any combination of the Service with products, services, methods, or other elements not furnished by LCT Software, or any use of the Service in a manner that violates this Agreement or the instructions given to Customer by LCT Software.

7.3. **Mitigation Measures**. In the event that (i) any claim or potential claim covered by Section 7.2 arises or (ii) LCT Software's right to provide the Service is enjoined or in LCT Software's reasonable opinion is likely to be enjoined, LCT Software may, in its discretion, seek to mitigate the impact of such claim or injunction by obtaining the right to continue providing the Service, by replacing or modifying the Service to make it non-infringing, and/or by suspending or terminating Customer's use of the Service with reasonable notice to Customer. In the case of a suspension or termination pursuant to this Section 7.3, LCT Software will refund to Customer a portion of fees prepaid by Customer for the then-current Subscription period, prorated to the portion of that Subscription period that is affected by the suspension or termination.

8. **LIMITATIONS OF LIABILITY.** EXCEPT THE PARTIES' INDEMNIFICATION OBLIGATIONS UNDER SECTIONS 7.1 AND 7.2, MISAPPROPRIATION OR VIOLATION OF LTC SOFTWARE'S INTELLECTUAL PROPERTY RIGHTS, OR CUSTOMER'S FAILURE TO PAY AMOUNTS OWED TO LTC SOFTWARE, IN NO EVENT WILL EITHER PARTY'S LIABILITY TO OTHER PARTY OR ANY THIRD PARTY ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT

OR FROM THE USE OF OR INABILITY TO USE THE SERVICE, WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY, EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER HEREUNDER OR, WITH RESPECT TO ANY SINGLE INCIDENT, THE AMOUNT PAID BY CUSTOMER HEREUNDER IN THE TWELVE (12) MONTH PERIOD PRECEDING THE INCIDENT.

8.1. **Exclusion of Damages**. EXCEPT IN THE CASE OF MISAPPROPRIATION OR VIOLATION OF LTC SOFTWARE'S INTELLECTUAL PROPERTY RIGHTS, NEITHER PARTY NOR ANY OTHER PERSON OR ENTITY INVOLVED IN CREATING, PRODUCING, OR DELIVERING THE SERVICE WILL BE LIABLE FOR ANY INCIDENTAL, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, LOSS OF DATA OR LOSS OF GOODWILL, SERVICE INTERRUPTION, COMPUTER DAMAGE OR SYSTEM FAILURE, OR THE COST OF SUBSTITUTE PRODUCTS OR SERVICES, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR FROM THE USE OF OR INABILITY TO USE THE SERVICE, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR ANY OTHER LEGAL THEORY. THE FOREGOING EXCLUSIONS APPLY WHETHER OR NOT PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGE, AND EVEN IF A LIMITED REMEDY SET FORTH HEREIN IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. NOTHING IN THESE TERMS EXCLUDES OR RESTRICTS THE LIABILITY OF EITHER PARTY FOR DEATH OR PERSONAL INJURY RESULTING FROM ITS NEGLIGENCE.

8.2. **Security and Other Risks**. Customer acknowledges that, notwithstanding security features of the Service, no product, hardware, software or service can provide a completely secure mechanism of electronic transmission or communication and that there are persons and entities, including enterprises, governments and quasi-governmental actors, as well as technologies, that may attempt to breach any electronic security measure.

Subject only to its limited warranty obligations set forth in Section 6, LCT Software will have no liability for any security breach caused by any such persons, entities, or technologies. Customer further acknowledges that the Service is not guaranteed to operate without interruptions, failures, or errors. If Customer or End Users use the Service in any application or environment where failure could cause personal injury, loss of life, or other substantial harm, Customer assumes any associated risks and will, to the extent permitted by applicable law, indemnify LCT Software and hold it harmless against those risks.

8.3. **Basis of Bargain**. THE LIMITATIONS OF LIABLITY AND EXCLUSIONS OF DAMAGES SET FORTH IN THIS SECTION 8 ARE FUNDAMENTAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN LCT SOFTWARE AND CUSTOMER AND WILL APPLY TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW.

9. **SUBSCRIPTION PERIOD AND TERMINATION**

9.1. **Term of End User Subscriptions.** End User Subscriptions purchased by Customer commence on the start date specified in the applicable Order and, unless terminated earlier in accordance with these Terms, continue for the term specified therein (the "**Subscription Period**"). A Subscription Period and/or pricing there on may be subject to prorating where LCT Software deems it appropriate to cause newly purchased Subscriptions to expire or renew simultaneously with Customer's pre-existing Subscription(s). Except as otherwise specified in the applicable Order, all Subscriptions will automatically renew for additional Subscription Periods equal to the expiring Subscription Period or one year (whichever is shorter), unless either party gives the other at least sixty (60) days' notice of non-renewal before the end of the relevant Subscription Period. The per-unit pricing during any such renewal Subscription Period may be subject to annual pricing increase as designated by LCT Software and notified to Customer. Pricing increases will be effective upon renewal of the Subscription Period and annually thereafter, unless otherwise agreed to by the parties. If either party provides notice of non-renewal as set forth above, Customer's right to use the Service will terminate at the end of the relevant Subscription Period.

9.2. **Termination or Suspension for Cause**. A party may terminate any Subscription for cause upon thirty (30) days' written notice to the other party of a material breach if such breach remains uncured at the expiration of such thirty (30) day period. In addition, LCT Software may, at its sole option, suspend or terminate Customer's or any End User's access to the Service, or any portion thereof, immediately if LCT Software, in its sole

discretion: (i) if suspects that any person other than Customer or an End User is using or attempting to use Security Data, (ii) suspects that Customer or an End User is using the Service in a way that violates these Terms and could expose LCT Software or any other entity to harm or legal liability, or (iii) is or reasonably believes it is required to do so by law or court order.

9.3. **Effect of Termination**. Within thirty (30) calendar days following the end of Customer's final Subscription Period, Customer may request in writing LCT Software to provide a copy of Customer's data and associated documents in a database dump file format. LCT Software will comply in a timely manner with such request, provided that Customer (a) pays all costs of and associated with such copying, as calculated at LCT Software's then-current time-and-materials rates; and (b) pays any and all unpaid amounts due to LCT Software.

9.4. **Surviving Provisions**. Sections 4 (Proprietary Rights), 5 (Confidentiality), 6.2 (Disclaimer), 7 (Mutual Indemnification), 8 (Limitation of Liability), 9.3 (Effect of Termination), 9.4 (Surviving Provisions) and 10 (General Provisions) of these Terms will survive any termination or expiration of this Agreement.

10. **GENERAL**

10.1. **Notice.** Except as otherwise specified in these Terms, all notices, permissions and approvals hereunder will be in writing and will be deemed to have been given upon: (i) personal delivery, (ii) the second business day after mailing, or (iii) sending by confirmed email if sent during the recipient's normal business hours (or, if not, then on the next business day). Notices will be sent to the address specified by the recipient in writing when entering into this Agreement or establishing Customer's account for the Service (or such other address as the recipient may thereafter specify by notice given in accordance with this Section 10.1).

10.2. **Governing Law and Jurisdiction**. This Agreement and any action related thereto will be governed by the laws of the State of California without regard to its conflict of law's provisions. The exclusive jurisdiction and venue of any action related to the Service or this Agreement will be the state and federal courts located in California and each of the parties hereto waives any objection to jurisdiction and venue in such courts.

10.3. **Compliance with Laws**. Each party will comply with all applicable laws and regulations with respect to its activities under this Agreement including, but not limited to, export laws and regulations of the United States and other applicable jurisdictions. Without limiting the foregoing, Customer will not permit End Users to access or use the Service in violation of any U.S. export embargo, prohibition or restriction.

10.4. **Relationship of the Parties**. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary or similar relationship between the parties.

10.5. **Waiver and Cumulative Remedies**. No failure or delay by either party in exercising any right under this Agreement will constitute a waiver of that right. Other than as expressly stated herein, the remedies provided herein are in addition to, and not exclusive of, any other remedies of a party at law or in equity.

10.6. **Severability**. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal or unenforceable, the provision will be modified by the court and interpreted so as best to accomplish the objectives of the original provision to the fullest extent permitted by law, or if it cannot be so modified, then severed, and the remaining provisions of this Agreement will remain in full force and effect.

10.7. **Assignment**. Customer may not assign or transfer this Agreement, whether by operation of law or otherwise, without the prior written consent of LCT Software. Any attempted assignment or transfer, without such consent, will be void. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their respective successors and permitted assigns.

10.8. **Publicity**. Subject to the provisions of Section 5, each party will have the right to publicly announce the existence of the business relationship between parties. In addition, during the Subscription Period of Customer's Service use, LCT Software may use Customer's name, trademarks, and logos (collectively, "**Customer's Marks**") on LCT Software's websites and marketing materials to identify Customer as LCT Software's customer, and for providing the Service to Customer; provided that, LCT Software will use

commercially reasonable efforts to adhere to any usage guidelines furnished by Customer with respect to Customer's Marks.

10.9. **Force Majeure**. The Parties will not be liable for any delay or failure to perform under this Agreement to the extent such delay or failure results from acts of God; flood, fire, earthquake or explosion; war or hostilities; terrorist threats or acts; cyberattacks; riot or other civil unrest; government order, law, or other acts of governmental authorities; embargoes or blockades; emergencies; epidemic or other illness outbreaks; or other circumstances or causes beyond the reasonable control of the Party. The impacted Party will promptly notify the other Party of such force majeure event and shall use reasonable efforts to reduce the consequences of the event and to resume performance of all relevant obligations as soon as possible.

10.10. **Entire Agreement.** These Terms, including any attachments hereto as mutually agreed upon by the Parties, constitute the entire agreement between the parties concerning its subject matter and supersedes all prior communications, agreements, proposals or representations, written or oral, concerning its subject matter. No modification, amendment, or waiver of any provision of these Terms will be effective unless in writing and signed by a duly authorized representative of each party against whom the modification, amendment or waiver is to be asserted. Notwithstanding any language to the contrary therein, no additional or conflicting terms or conditions stated in Customer's order documentation will be incorporated into or form any part of these Terms, and all such terms or conditions will be null.

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GovPath is a DBA of TruePoint Solutions, LLC

TruePoint Solutions, LLC
950 East State Highway 114, Suite 105
Southlake
Texas
United States 76092
accounting@truepointsolutions.com

Quote

Valid Until: Jun 30, 2026
Quote Number: 6401714000019074396

BILL TO:	**SHIP TO:**
Los Gatos, CA P.O. Box 655 Los Gatos CA 95031-0655	**Los Gatos, CA** 110 E. Main St. Los Gatos CA

Account Name:	**Los Gatos, CA**	Quote Stage:	**Delivered**
Contact Name:	**Tania Maheu**		

S.No.	Product Details	Quantity	List Price	Total
1	**DigEplan Software** Los Gatos, CA DigEplan RENEWAL, term 7/1/2026 thru 6/30/2027 for 25 seats	1	$ 29,229.48	$ 29,229.48
2	**DigEplan Software** Los Gatos, CA DigEplan RENEWAL, term 7/1/2027 thru 6/30/2028 for 25 seats	1	$ 30,106.36	$ 30,106.36
3	**DigEplan Software** Los Gatos, CA DigEplan RENEWAL, term 7/1/2028 thru 6/30/2029 for 25 seats	1	$ 31,009.56	$ 31,009.56
4	**DigEplan Software** Los Gatos, CA DigEplan RENEWAL, term 7/1/2029 thru 6/30/2030 for 25 seats	1	$ 31,939.84	$ 31,939.84
5	**DigEplan Software** Los Gatos, CA DigEplan RENEWAL, term 7/1/2030 thru 6/30/2031 for 25 seats	1	$ 32,898.04	$ 32,898.04

Sub Total	**$ 155,183.28**
Discount	**$ 0.00**
Tax	$ 0.00
Adjustment	$ 0.00
Grand Total	**$ 155,183.28**

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 5

DATE: June 4, 2026

TO: Mayor and Town Council

FROM: Gabrielle Whelan, Town Attorney

SUBJECT: **Authorize the Town Manager to Execute a Fourth Amendment to the Contract for Legal Services with the Law Firm of Atchison, Barisone & Condotti to Increase the Contract Amount by $40,000 in an Amount Not to Exceed $340,000 for Services Provided During the Contract Term of December 2022 through June 30, 2026**

RECOMMENDATION: Authorize the Town Manager to execute a fourth amendment to the contract for legal services with the law firm of Atchison, Barisone & Condotti to increase the contract amount by $40,000 from $300,000 to a cumulative contract amount not to exceed $340,000 for the entire contract term beginning in December 2022 and ending June 30, 2026.

FISCAL IMPACT:

Funds have been budgeted for these services in account 1111301-63215, and sufficient funds are available for this increase. The Town Attorney's office is not seeking a budget adjustment at this time. The proposed increase does not represent a one-year expenditure. The requested not-to-exceed amount of $340,000 is the cumulative contract authorization for the entire contract term from December 2022 through June 30, 2026.

STRATEGIC PRIORITY:

This item does not directly support a Strategic Priority but does align with the Core Goal of Good Governance.

PREPARED BY: Bridgette Falconio
Administrate Technician

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

BACKGROUND:

In December 2022, the Town Attorney's Office entered into an agreement with the law firm of Atchison, Barisone & Condotti to provide on-call legal services for a total contract not to exceed $10,000.

In March 2024, the Town Attorney's Office entered into a first amendment to the agreement with the law firm of Atchison, Barisone & Condotti for a total contract not to exceed $150,000.

In December 2024, the Town Attorney's Office entered into a second amendment to the agreement with the law firm of Atchison, Barisone & Condotti for a total contract not to exceed $250,000.

In January 2026, the Town Attorney's Office entered into a third amendment to the agreement with the law firm of Atchison, Barisone & Condotti for a total contract not to exceed $300,000.

The Town Attorney's Office is seeking Town Council approval of a fourth amendment to the existing contract in the amount of $40,000, increasing the cumulative contract authorization from $300,000 to a total amount not to exceed $340,000 through June 30, 2026, which covers three and one-half years of services. The proposed $340,000 amount is not an annual contract amount or annual expenditure authorization; rather, it represents the aggregate not-to-exceed amount authorized for all legal services provided under the agreement and its amendments during the period from December 2022 through June 30, 2026. This is a "single source" procurement because this firm specializes in municipal law issues, is based locally, and is familiar with current legal issues in Santa Clara County.

DISCUSSION:

The proposed contract amendment will fund additional legal services, which will include assistance to the Town with a pending planning application for a CUP modification.

CONCLUSION:

The Town Attorney's Office recommends approval of the contract amendment due to the firm's expertise in municipal law and the need for additional support.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Fourth Amendment to Agreement
2. First, Second, and Third Amendment to the Agreement and Original Agreement

FOURTH AMENDMENT TO CONSULTANT SERVICES AGREEMENT
BETWEEN TOWN OF LOS GATOS AND ATCHISON, BARISONE & CONDOTTI, LLP

THIS FOURTH AMENDMENT ("Fourth Amendment"), effective as of June 1, 2026, ("effective date") to the AGREEMENT FOR CONSULTANT SERVICES dated December 7, 2022, is made by and between the TOWN OF LOS GATOS ("Town") and ATCHISON, BARISONE, & CONDOTTI, LLP, formerly known as ATCHISON, BARISONE, & CONDOTTI, APC and is a successor-in-interest thereto ("Consultant"). Town and Consultant may be referred to individually as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Town and Consultant have previously entered into that certain Consultant Services Agreement ("Agreement") dated December 7, 2022 for on-call legal services with an expiration date of December 31, 2025, incorporated herein by this reference; and

WHEREAS, on March 1, 2024, Town and Consultant entered into a First Amendment to the Agreement to specify that services would not exceed the cost of $150,000 during the term of the Agreement, and to amend the conflict of interest clause.

WHEREAS, on December 10, 2024, Town and Consultant entered into a Second Amendment to the Agreement to revise the budget for legal services to add another $100,000 to the prior budget amount, for a total of $250,000.

WHEREAS, on January 1, 2026, Town and Consultant entered into a Third Amendment to the Agreement to revise the budget for legal services to add another $50,000 to the prior budget amount, for a total of $300,000 and extended the term of the Agreement to June 30, 2026.

WHEREAS, Town and Consultant agree to enter into this Fourth Amendment to the Agreement to revise the budget for legal services to add another $40,000 to the prior budget amount, for a total of $340,000 until June 30, 2026.

AGREEMENT

NOW, THEREFORE, it is agreed between the Parties to incorporate the above Recitals hereto, and the Parties agree to the following:

1. Section 2.6 "Compensation" of the Agreement is hereby amended to replace the last sentence in this section from the Third Amendment, with the following:

> "2.6. Compensation.
> "Payment for legal services shall not exceed an additional $40,000, totaling $340,000 for Consultant's on-call legal services until June 30, 2026."

2. Except as amended by this Fourth Amendment, all other applicable terms and conditions of the original and prior amendments shall remain in full force and effect, and shall apply to Consultant, as

successor-in-interest to Atchison, Barisone & Condotti, APC. The terms of this Fourth Amendment shall control if any conflict exists.

3. Each party acknowledges that it has reviewed this Fourth Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Third Amendment.

4. The unenforceability, invalidity or illegality of any provision(s) of this Fourth Amendment shall not render the other provisions unenforceable, invalid or illegal.

5. The Parties may execute this Fourth Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

6. The signatories to this Fourth Amendment warrant and represent that each is authorized to execute this Fourth Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Fourth Amendment.

IN WITNESS WHEREOF, the Town and the Consultant have executed this Fourth Amendment effective as of the date first written above.

Approved As To Form:

By: _____ Date: _____

Gabrielle Whelan, Town Attorney

CONSULTANT – ATCHISON, BARISONE & CONDOTTI, LLP

By: _____ Date: _____

Barbara H. Choi, Partner

TOWN OF LOS GATOS

By: _____ Date: _____

Chris Constantin, Town Manager

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THIRD AMENDMENT TO CONSULTANT SERVICES AGREEMENT
BETWEEN TOWN OF LOS GATOS AND ATCHISON, BARISONE & CONDOTTI, LLP

THIS THIRD AMENDMENT ("Second Amendment"), effective as of January 1, 2026, ("effective date") to the AGREEMENT FOR CONSULTANT SERVICES dated December 7, 2022, is made by and between the TOWN OF LOS GATOS ("Town") and ATCHISON, BARISONE, & CONDOTTI, LLP, formerly known as ATCHISON, BARISONE, & CONDOTTI, APC and is a successor-in-interest thereto ("Consultant"). Town and Consultant may be referred to individually as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Town and Consultant have previously entered into that certain Consultant Services Agreement ("Agreement") dated December 7, 2022 for on-call legal services with an expiration date of December 31, 2025, incorporated herein by this reference; and

WHEREAS, on March 1, 2024, Town and Consultant entered into a First Amendment to the Agreement to specify that services would not exceed the cost of $150,000 during the term of the Agreement, and to amend the conflict of interest clause.

WHEREAS, on December 10, 2024, Town and Consultant entered into this Second Amendment to the Agreement to revise the budget for legal services to add another $100,000 to the prior budget amount, for a total of $250,000.

WHEREAS, Town and Consultant agree to enter into this Third Amendment to the Agreement to extend the term of the Agreement to June 30, 2026, and to agree to an updated compensation rate schedule, as specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between the Parties to incorporate the above Recitals hereto, and the Parties agree to the following:

1. Section 2.2 "Term and Time of Performance" of the Agreement is hereby amended to extend the term to June 30, 2026.

2. Section 2.6 "Compensation" of the Agreement is hereby amended by replacing the prior language with the following:

> "2.6. Compensation.
> "Town will be responsible for payment to Consultant for on-call legal services at the rates set forth in Exhibit A.
>
> Payment for legal services shall not exceed an additional $50,000, totaling $300,000 for Consultant's on-call legal services until June 30, 2026."

ATTACHMENT 2

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3. Except as amended by this Third Amendment, all other applicable terms and conditions of the original and prior amendments shall remain in full force and effect, and shall apply to Consultant, as successor-in-interest to Atchison, Barisone & Condotti, APC. The terms of this Third Amendment shall control if any conflict exists.

4. Each party acknowledges that it has reviewed this Second Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Third Amendment.

5. The unenforceability, invalidity or illegality of any provision(s) of this Third Amendment shall not render the other provisions unenforceable, invalid or illegal.

6. The Parties may execute this Third Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

7. The signatories to this Third Amendment warrant and represent that each is authorized to execute this Third Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Third Amendment.

IN WITNESS WHEREOF, the Town and the Consultant have executed this Third Amendment effective as of the date first written above.

Approved As To Form:

Signed by:
By: Gabrielle Whelan
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

Date: 1/30/2026

CONSULTANT – ATCHISON, BARISONE & CONDOTTI, LLP

DocuSigned by:
By: Barbara Choi
4D749A214F7E427...
Barbara H. Choi, Partner

Date: 1/28/2026

TOWN OF LOS GATOS

Signed by:
By: Chris Constantin
3EF03F232F1B428...
Chris Constantin, Town Manager

Date: 2/2/2026

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EXHIBIT A

ITEM NO. 5.

ANTHONY P. CONDOTTI
BARBARA H. CHOI
CATHERINE M. BRONSON

OF COUNSEL
JOHN G. BARISONE

KAYLEN R. ANDERSON
ALEX V. AVAKIANTZ
STEPHANIE M. DUCK
ALEX C. GEISE
STEPHANIE Y. HALL
CLAIRE D. HARD
JENNEEN E. HILL
SAMUEL L. HUMY
KIRA J. PETERSEN
VICTORIA K. THOMPSON
ASHLEY B. WHEELOCK
LAUREN V. WILLS

ATCHISON, BARISONE & CONDOTTI
ESTABLISHED IN 1964

ATCHISON, BARISONE & CONDOTTI

PO BOX 481, SANTA CRUZ, CALIFORNIA 95061-0481
P:831-423-8383; F:831-576-2269

ABC LAW Rate Schedule (Effective Jan. 1, 2026)

Partners/Senior Associates	$400/hr
Junior Associates	$350/hr
Law Fellows	$300/hr
Paralegal/Law Clerk	$275/hr
Legal Administrative Staff	$150/hr

Legal Services will be charged in increments of one-tenth (1/10) of an hour.

Town agrees to pay Consultant annual increases to the above rates, which shall apply automatically annually on or after January 1st of the year following the effective date of this Agreement, and are in accordance with the change in the San Francisco Bay Area Consumer Price Index for All Urban Consumers (CPI-U) for the prior twelve (12) month period.

Other than the annual CPI increase, Consultant may increase the hourly rate or costs being charged to Town with prior written notice of the increase to Town.

In addition to paying legal fees, Town shall reimburse Attorney for all costs and expenses incurred relating to the legal services, including but not limited to fees fixed by law or assessed by public agencies, long distance telephone calls, messenger and other delivery fees, postage, in-office photocopying (noncolor at $0.50 per page; color at $1.00 per page), scans at $0.50 per page, fax services at $2.00 per page, investigation expenses, consultant fees, parking, mileage (IRS rates), and other similar items. Town authorizes Consultant to incur all reasonable costs and to hire any investigators or consultants, reasonably necessary in Consultant's judgment, except that Consultant shall obtain Town's consent before doing so, which will not be unreasonably withheld.

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SECOND AMENDMENT TO CONSULTANT SERVICES AGREEMENT
BETWEEN TOWN OF LOS GATOS AND ATCHISON, BARISONE & CONDOTTI, APC

THIS SECOND AMENDMENT ("Second Amendment"), effective as of December 10, 2024, ("effective date") to the AGREEMENT FOR CONSULTANT SERVICES dated December 7, 2022, is made by and between the TOWN OF LOS GATOS ("Town") and ATCHISON, BARISONE, & CONDOTTI, APC ("Consultant"). Town and Consultant may be referred to individually as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Town and Consultant have previously entered into that certain Consultant Services Agreement ("Agreement") dated December 7, 2022, incorporated herein by this reference; and

WHEREAS, on March 1, 2024, Town and Consultant entered into a First Amendment to the Agreement to specify that services would not exceed the cost of $150,000 during the term of the Agreement, which expires on December 31, 2025, and to amend the conflict of interest clause.

WHEREAS, Town and Consultant agree to enter into this Second Amendment to the Agreement to revise the budget for legal services to add another $100,000 to the prior budget amount, as specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between the Parties to incorporate the above Recitals hereto, and the Parties agree to the following:

1. Section 2.6 "Compensation" of the Agreement is hereby amended to replace the last sentence in this section from the First Amendment, with the following:

> "Payment for legal services shall not exceed an additional $100,000 for a total budget of $250,000 for Consultant's on-call legal services until December 31, 2025."

2. Except as amended by this Second Amendment, all other applicable terms and conditions of the original and First Amendment to the Agreement, and annual fee adjustments shall remain in full force and effect. The terms of this Second Amendment shall control if any conflict exists.

3. Each party acknowledges that it has reviewed this Second Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Second Amendment.

4. The unenforceability, invalidity or illegality of any provision(s) of this Second Amendment shall not render the other provisions unenforceable, invalid or illegal.

5. The Parties may execute this Second Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

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6. The signatories to this Second Amendment warrant and represent that each is authorized to execute this Second Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Second Amendment.

IN WITNESS WHEREOF, the Town and the Consultant have executed this Second Amendment effective as of the date first written above.

Approved As To Form:

Signed by:
By: Gabrielle Whelan Date: 12/16/2024
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

CONSULTANT – ATCHISON, BARISONE & CONDOTTI, APC

DocuSigned by:
By: Anthony Condotti Date: 12/12/2024
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Anthony P. Condotti, President

DocuSigned by:
By: Barbara H. Choi Date: 12/11/2024
4D749A214F7F427...
Barbara H. Choi, Treasurer

TOWN OF LOS GATOS

Signed by:
By: Chris Constantin Date: 12/16/2024
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Chris Constantin, Town Manager

Docusign Envelope ID: 0C671978-710D-40B3-8B70-C2CF9CDFB0C6

FIRST AMENDMENT TO CONSULTANT SERVICES AGREEMENT
BETWEEN TOWN OF LOS GATOS AND ATCHISON, BARISONE & CONDOTTI, APC

THIS FIRST AMENDMENT ("First Amendment"), effective as of March 1, 2024, ("effective date") to the AGREEMENT FOR CONSULTANT SERVICES dated December 7, 2022, is made by and between the TOWN OF LOS GATOS ("Town") and ATCHISON, BARISONE, & CONDOTTI, APC ("Consultant"). Town and Consultant may be referred to individually as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Town and Consultant have previously entered into that certain Consultant Services Agreement ("Agreement") dated December 7, 2022, incorporated herein by this reference; and

[WHEREAS, Town and Consultant agree to enter into this First Amendment to the Agreement, as specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between the Parties to incorporate the above Recitals hereto, and that the Agreement is hereby amended as follows:

1. Section 2.6 "Compensation" of the Agreement is hereby amended to add at the end of the this section, the following:

   "Payment for legal services shall not exceed $150,000 in total."

2. Section 2.11 of the Agreement is hereby deleted and replaced by the following:

"2.11 Conflict of Interest. 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 which may create conflicts of interest between Consultant and the Town. Should any such conflict develop, despite efforts to avoid conflicts between Town and any of Consultant's other clients, then Consultant and its attorneys will immediately notify the Town and appropriate measures will be agreed upon, consistent with Consultant's attorneys' professional ethical obligations. The Town acknowledges that in the event of a conflict of interest, the Town will agree to allow Consultant to withdraw from representing the Town in the matter which poses a conflict of interest, such that Consultant may continue its legal representation of Consultant's other clients, in accordance with applicable code of ethics rules."

Except as amended by this First Amendment, all other applicable terms and conditions of the original Agreement and annual fee adjustments shall remain in full force and effect. The terms of this First Amendment shall control if any conflict exists.

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Each party acknowledges that it has reviewed this First Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this First Amendment.

The unenforceability, invalidity or illegality of any provision(s) of this First Amendment shall not render the other provisions unenforceable, invalid or illegal.

The Parties may execute this First Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

The signatories to this First Amendment warrant and represent that each is authorized to execute this First Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this First Amendment.

IN WITNESS WHEREOF, the Town and the Consultant have executed this First Amendment effective as of the date first written above.

Approved As To Form:

DocuSigned by:

By: Gabrielle Whelan Date: 4/15/2024

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Gabrielle Whelan, Town Attorney

CONSULTANT – ATCHISON, BARISONE & CONDOTTI, APC

DocuSigned by:

By: Anthony Condotti Date: 4/9/2024

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Anthony P. Condotti, President

DocuSigned by:

By: Date: 4/9/2024

4D749A214F7F427...

Barbara H. Choi, Treasurer

TOWN OF LOS GATOS

DocuSigned by:

By: Laurel Prevetti Date: 4/15/2024

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Laurel Prevetti, Town Manager

Docusign Envelope ID: 0C671978-710D-40B3-8B70-C2CF9CDFB0C6

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on December 7, 2022 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Atchison, Barisone and Condotti , a Professional Corporation ("Consultant"), whose address is P.O Box 481, Santa Cruz, CA 95061. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desire to engage Consultant to review the Town's existing Independent Police Auditor Function Policy, recommend updates, and provide services to be performed for on-call municipal law services.

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

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

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide the services described as on-call municipal law services. All direction and approval of Consultant's work for Town shall be by the Office of the Town Attorney.

2.2 Term and Time of Performance. This Agreement will remain in effect from December 7, 2022 to December 31, 2025. Town also agrees to pay Consultant for services performed by Consultant at the request of the Town prior to the effective date 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.

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits

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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 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 $325/hr for shareholders/senior associates, $300/hr for midlevel associates, $275/hr for junior associates, $200/hr for paralegal/law clerk, $125/hr for admin staff, inclusive of all costs. Payment shall be based upon Town approval of each task.

Legal services shall be charged in increments of 1/10 of an hour (i.e., six-minute units).

On or after January 1 of each year commencing in 2024, Consultant may adjust the rates and fees specified herein in accordance with the change in the San Francisco Bay Area Consumer Price Index for All Urban Consumers (CPI-U) for the prior twelve month period provided, however, that Consultant shall provide Town with no less than thirty (30) days advance written notice prior to the effective date of such adjustment.

In addition to paying legal fees, Town shall reimburse Consultant for all costs and expenses incurred relating to the legal services, including but not limited to fees fixed by law or assessed by public agencies, long distance telephone calls, messenger and other delivery fees, postage, in-office photocopying (noncolor at $0.25 per page; color at $.50 per page), scans at $0.20 per page, fax services at $1.00 per page, investigation expenses, third-party consultant fees, parking, mileage (IRS rates), and other similar items. Town authorizes Consultant to incur all reasonable costs and to hire any investigators or third-party consultants, reasonably necessary in Consultant's judgment, except that Consultant shall obtain Town's consent before doing so, which will not be unreasonably withheld.

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:

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

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

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

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

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

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

2.13 Business License. Consultant agrees to have and maintain, for the duration of the Agreement, a valid, Town issued business license.

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the Agreement, 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 Agreement, 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 Agreement, professional liability insurance in amounts not less than $2,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

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

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

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

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

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

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

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.

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

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

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

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

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

Atchison, Barisone and Condotti APC
Attn: Jennifer Quek
P.O. Box 481
Santa Cruz, CA 95061

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.

4.9 Counterparts. The parties may execute this Agreement in counterparts, which, together, shall constitute one and the same instrument. Electronic, scanned pdf, and facsimile signatures shall be accepted as an original. A copy of this Agreement is valid as the original.

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

DocuSigned by:
Anthony Condotti
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Anthony P. Condotti, President
Atchison, Barisone & Condotti

12/9/2022
Date

DocuSigned by:
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Barbara H. Choi, Treasurer
Atchison, Barisone & Condotti

12/9/2022
Date

Approved:
TOWN OF LOS GATOS

DocuSigned by:
Laurel Prevetti
863FEEA2EB39470...

Laurel Prevetti, Town Manager

Approved as to Form:

DocuSigned by:
Gabrielle Whelan
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Gabrielle Whelan, Town Attorney

Attest:

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 6

DATE: June 4, 2026

TO: Mayor and Town Council

FROM: Gabrielle Whelan, Town Attorney

SUBJECT: **Authorize the Town Manager or Designee to Enter into a Litigation Legal Services Agreement for FY 2026-27 with Goldfarb and Lipman in an Amount Not to Exceed $200,000**

RECOMMENDATION: Authorize the Town Manager or designee to enter into a Litigation Legal Services Agreement for FY 2026-27 with Goldfarb and Lipman in an amount not to exceed $200,000.

FISCAL IMPACT:

The proposed action will authorize a contract in the amount of $200,000 for Land Use Litigation services in Fiscal Year 2026-27. Funds have been budgeted for these services in account 1111301-63215, and sufficient funds are available.

STRATEGIC PRIORITY:

The item supports a top priority of providing a range of housing opportunities while diligently maintaining and implementing the Housing Element.

BACKGROUND:

In July 2022, the Town Attorney's Office entered into an agreement with Goldfarb & Lipman LLP to provide specialized housing law legal services. Over the past four years, the firm has assisted the Town with Housing Element issues, SB 330 projects, and land use litigation. Continued representation remains necessary for two existing cases.

PREPARED BY: Bridgette Falconio
Administrative Technician

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

For FY 2026-27, the Town Attorney's Office recommends entering into a new agreement that provides legal services for land use litigation. The Town Attorney's Office retains Goldfarb and Lipman as a single source vendor as allowed under Town Code section 2.50.130(b)(2).

DISCUSSION:

The proposed Legal Services Agreement will cover legal representation and advice on land use litigation, including two existing cases. Goldfarb & Lipman is recognized statewide as an expert in Housing Element law and is uniquely qualified to represent the Town in these matters.

A new contract for FY 2026-27, with a not-to-exceed amount of $200,000, ensures the Town has the necessary resources to address pending litigation matters.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager or designee to enter into a Litigation Legal Services Agreement with Goldfarb & Lipman for FY 2026-27 for an amount not to exceed $200,000.

COORDINATION:

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

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Land Use Litigation Agreement

goldfarb lipman attorneys

1300 Clay Street, Eleventh Floor
Oakland, California 94612
510 836-6336

M David Kroot
Lynn Hutchins
Karen M. Tiedemann
Dianne Jackson McLean
Isabel L. Brown
Margaret F. Jung
Heather J. Gould
William F. DiCamillo
Amy DeVaudreuil
Barbara E. Kautz
Rafael Yaquián
Celia W. Lee
Dolores Bastian Dalton
Joshua J. Mason
Jeffrey A. Streiffer
Elizabeth R. Klueck
Jhaila R. Brown
Gabrielle B. Janssens
Benjamin Funk
Matthew S. Heaton
Rebecca V. Hlebasko
Melissa H. Keyes
Aileen T. Nguyen
Katie Dahlinghaus
Brandon V. Stracener
Dori Kojima
Nazanin Salehi
Erin C. Lapeyrolerie
Annie K. Osborn
Minda Bautista Hickey
Colleen A. Wisel
Thomas J. Levendosky
Estrella M. Lucero
Vasudha Purohit

Los Angeles
213 627-6336
San Diego
619 239-6336
Hawai'i
808 854-6213
Goldfarb & Lipman LLP

June 16, 2026

via electronic mail

Gabrielle Whelan, Town Attorney
Town of Los Gatos
110 East Main Street
Los Gatos, CA 95030
GWhelan@losgatosca.gov

Re: Legal Services – Town of Los Gatos– Land Use Litigation

Dear Gabrielle:

Goldfarb & Lipman LLP would be pleased to provide legal services to the Town of Los Gatos (the Town) in connection with the following land use litigation matters as authorized in writing by the Town for the period from July 1, 2026 to June 30, 2027:

a) *The Town of Los Gatos, a California municipal corporation vs Arya Properties, LLC et al* Case Number: 25CV462276 (Arya Matter)

b) *Los Gatos LLC vs The Town of Los Gatos*, Case Number: 25CV467536 (Capri Matter)

Dolores Bastian Dalton will have primary responsibility for our work on the Arya matter and Celia W. Lee will have primary responsibility on the Capri matter. Barbara E. Kautz, Brandon V. Stracener and Nazanin Salehi will provide assistance in both matters. Our goal is to provide you with quality legal services, on schedule and at a reasonable cost. To that end, we may also draw on the services of other colleagues as needed to provide the most cost-effective services.

Our fees will be billed on an hourly basis at the rates set forth in the attached Rate Schedule, and payable monthly based on the number of hours expended on the matter with a maximum of $200,000 for the period from July 1, 2026 to June 30, 2027. Our billing rates for this matter reflect our discounted rates for legal advice and representation for public entity clients and are subject to the increases described in attached Goldfarb & Lipman's Legal Representation Policies and Procedures. Our hourly rates are adjusted from time to time and may change during the course of our engagement upon sixty (60) days prior written notice to you. If you choose not to consent to the increased rates, you may terminate our services by written notice effective when received by us. The time charged will include, but is not limited to, the time spent on telephone calls, emails and other electronic communications relating to the transaction, including calls and emails with Town staff and other parties and attorneys.

The legal personnel assigned to this transaction may confer among themselves about the matter, as required and appropriate. When they do confer, each person will charge for the time expended, as long as the work done is reasonably necessary and not duplicative. If more than one of the legal personnel participates in a call or attends a meeting, each may charge for the time spent as appropriate. We do not anticipate the need for any travel during this engagement.

Goldfarb & Lipman may withdraw with your consent or for good cause or if permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law. Among the circumstances under which we may withdraw are: (a) with your consent; (b) if your conduct renders it unreasonably difficult for the firm to carry out the legal services effectively; and/or (c) if you fail to pay fees or costs as required by this Agreement. Notwithstanding the withdrawal, you will remain obligated to pay Goldfarb & Lipman at the agreed rates for all services provided and to reimburse for all costs advanced during the term of our engagement.

Nothing in this Agreement and nothing in our statements to you will be construed as a promise or guarantee about the outcome of the representation. Goldfarb & Lipman makes no such promises or guarantees. Goldfarb & Lipman's comments about the outcome of the representation are expressions of opinion only, are neither promises nor guarantees, and will not be construed as promises or guarantees. Any estimate of fees given by Goldfarb & Lipman is not a representation of a flat fee and will not be a limitation on fees or a guarantee that fees and costs will not exceed the amount of any deposit or estimate. Actual fees may vary from estimates given.

When signed by an authorized agent on behalf of the Town, this letter constitutes the written fee agreement with Goldfarb & Lipman LLP in connection with the work described above.

Please call us if you have any questions or concerns about this proposal. If the arrangement described in this letter is satisfactory, then please sign the letter in the space provided on the following page and email an electronic copy to us at: ddalton@goldfarblipman.com and clee@goldfarblipman.com and keep a copy for your files.

We appreciate the opportunity to work with you and Town staff members and look forward to representing the Town of Los Gatos on this matter.

Very truly yours,

_____

DOLORES BASTIAN DALTON

CELIA W. LEE

Enclosures: Rate Schedule; Billing Policies and Procedures

ACCEPTED AND AGREED:

TOWN OF LOS GATOS

By: _____

Its: _____

Date: _____

Goldfarb & Lipman LLP
Billing Rates Per Hour

Partner	$390-$410
Senior Counsel	$385-$410
Associate	$295-$385
Senior Law Clerk	$275
Law Clerk	$225
Project Coordinator	$225

GOLDFARB & LIPMAN LLP
LEGAL REPRESENTATION POLICIES AND PROCEDURES

Dear Client:

Experience has shown that the attorney-client relationship works best when there is a mutual understanding about fees and payment terms. Accordingly, this letter is intended to briefly explain our billing policies and procedures. We encourage you to discuss with us any questions you may have concerning these policies and procedures.

To determine the value of our services, we require each of our lawyers and legal assistants to maintain time records for each client and matter. The time records are reviewed monthly by the responsible billing attorney. Our billing rates for services rendered for partners, associates, and for paralegals are attached. Our hourly rates are adjusted from time-to-time (generally once a year) and may change during the course of our engagement upon 60 days prior written notice to you.

It is our policy to serve you with the most effective support systems available. Therefore, in addition to our fees for legal services, we may also charge the actual costs for messengers, delivery other than by US postal service, court costs, and other costs and expenses incurred on your behalf that are reasonably necessary for our representation of you.

Our billing statements are due and payable upon receipt. Clients whose statements are not paid within 30 days of the statement date may be assessed a late charge on the unpaid balance at the rate of one-and-a-half percent per month.

We carry professional liability insurance above the limits required by law.

It is our policy to retain and ultimately destroy all files, documents, records, and writings relating to each engagement for which we have been retained without notifying clients or former clients of the destruction of these items. At the termination of services and conclusion of a matter covered by this agreement, we will release promptly upon your request all of your client papers and property, subject to any protective order, state statute, or nondisclosure agreement. After seven years have passed since the conclusion of such matter, we may dispose of your client papers and property. If you wish to have us retain your papers and property beyond seven years after the conclusion of such matter, you must make separate written arrangements with us. Client papers and property include: electronic and hard copy versions of any correspondence, pleadings, deposition transcripts, exhibits, experts' reports, legal documents, physical evidence, and other items reasonably necessary to the client's representation, whether the client has paid for them or not.

In closing, let us assure you that it has always been and will continue to be our goal to provide legal services to you on the most efficient and cost effective bases possible. If you have any questions or comments regarding our billing policies, please feel free to contact us. Thank you for your continued cooperation.

Very truly yours,

GOLDFARB & LIPMAN LLP

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 7

DATE: May 29, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Second Amendment to an Agreement with NHA Advisors, LLC for Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset Liability Management Studies to Extend the Contract to December 31, 2026**

RECOMMENDATION: Authorize the Town Manager to execute a second amendment to an agreement with NHA Advisors, LLC for fiscal condition analysis, fiscal impact analysis, and asset liability management studies to extend the contract to December 31, 2026.

FISCAL IMPACT:

There is no fiscal impact associated with executing this second amendment, as it solely extends the contract term to December 31, 2026. The amendment does not change the original contract amount, and sufficient funds for the remaining services are included in the FY 2026-27 budget.

STRATEGIC PRIORITY:

The proposed project aligns with the Strategic Priority to ensure prudent financial management to result in structurally balanced five-year forecasts and fully funded five-year Capital Improvement Plans, managing liabilities such as pension costs and leveraging the Town's assets, efficiencies, partnerships, and revenue streams. Define and implement a cohesive deferred capital improvement program for Town facilities and lifecycle assets.

BACKGROUND:

On October 21, 2025, the Town Council authorized the Town Manager to execute an agreement with NHA Advisors, LLC for fiscal condition analysis, fiscal impact analysis, and asset liability management studies.

PREPARED BY: Kristina Alfaro
Administrative Services Director

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

On April 7, 2026, the Town Council authorized the Town Manager to execute a first amendment with NHA Advisors, LLC for fiscal condition analysis, fiscal impact analysis, and asset liability management studies to extend the term and time of performance to June 30, 2026.

DISCUSSION:

Staff is requesting that we extend NHA's current contract to December 31, 2026, to ensure there is an active contract on file through the completion of all services. An updated timeline to complete all services is included below:

8/10/26 Present all 3 final studies to the Finance Commission
8/17 or 9/1 Present all 3 final studies to the Town Council

CONCLUSION:

Staff recommend that the Town Council authorize the Town Manager to execute a second amendment to an agreement with NHA Advisors, LLC for fiscal condition analysis, fiscal impact analysis, and asset liability management studies.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Draft NHA Advisors LLC Second Amendment to Agreement
2. NHA Advisors LLC First Amendment to Agreement
3. NHA Advisors LLC Original Agreement

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT amends that certain agreement titled NHA Advisors LLC - Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management Studies dated 11/10/2025, made by and between the Town of Los Gatos, ("Town,") and NHA Advisors, LLC (“Contractor”), a Limited Liability Company and whose address is 4040 Civic Center Drive, Suite 200, San Rafael CA 94903.

RECITALS

A. Town and Consultant entered into an Agreement for Consultant Services on 11/10/2025, (“Agreement”).

B. Town and Consultant entered into a First Amendment for Consultant Services on 06/01/2026, ("Amendment").

C. The parties desire to amend the Agreement in order to extend term and time of performance.

AMENDMENT

A. Section 2.2 Term and Time of Performance: This contract will remain in effect until December 31, 2026.

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

TOWN OF LOS GATOS	NHA Advisors, LLC
SIGNATURE	**SIGNATURE**
Chris Constantin	Mark Northcross
FULL NAME	**CONTRACTOR SIGNATORY'S FULL NAME**
Town Manager	Principal
TITLE	**CONTRACTOR SIGNATORY'S TITLE**
DATE SIGNED	**DATE SIGNED**

Approved as to form:

SIGNATURE
Gabrielle Whelan
FULL NAME
Town Attorney
TITLE
DATE SIGNED

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

Attachments:

A - NHA Executed Agreement

Docusign Envelope ID: BAE5011A-FB45-81DF-83E7-DE4CE71ECD30

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT amends that certain agreement titled Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management Studies dated 11/10/2025, made by and between the Town of Los Gatos, ("Town,") and NHA Advisors, LLC (“Contractor”), a Limited Liability Company and whose address is 4040 Civic Center Drive, Suite 200, San Rafael CA 94903.

A. Town and Contractor entered into an Agreement for Services on 11/10/2025 (“Agreement”).

B. The parties desire to amend the Agreement in order to extend term and time of performance.

AMENDMENT

A. Section 2.2 Term and Time of Performance: This contract will remain in effect until June 30, 2026.

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

Attachments:

A - NHA Executed Agreement

Docusign Envelope ID: BAE5011A-FB45-81DF-83E7-DE4CE71ECD30

TOWN OF LOS GATOS

Signed by:
Chris Constantin
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SIGNATURE

Chris Constantin
FULL NAME

Town Manager
TITLE

6/1/2026
DATE SIGNED

NHA Advisors LLC

DocuSigned by:
7142F3127D05468...
SIGNATURE

Mark Northcross
CONTRACTOR SIGNATORY'S FULL NAME

Principal
CONTRACTOR SIGNATORY'S TITLE

6/1/2026
DATE SIGNED

Approved as to form:

Signed by:
Gabrielle Whelan
EFD6738A5534428...
SIGNATURE

Gabrielle Whelan
FULL NAME

Town Attorney
TITLE

6/1/2026
DATE SIGNED

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

Docusign Envelope ID: BAE5011A-FB45-81DF-83E7-DE4CE71ECD30

Exhibits List

A - NHA Executed Agreement

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on 10/28/2025 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and NHA Advisors, LLC, ("Consultant"), whose address is 4040 Civic Cener Drive, Suite 200, San Rafael CA 94903. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desire to engage Consultant to provide fiscal condition analysis, fiscal impact analysis, and asset liability management studies.

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

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

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain proposal sent to the Town on 09/22/2025 and as required under the Town of Los Gatos Request for Proposal issued (08/20/2025), which are both hereby incorporated by reference and attached as Exhibit A.

2.2 Term and Time of Performance. This contract will remain in effect for six months after execution date.

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

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

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and

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

2.6 Compensation. Compensation for Consultant's professional services **shall not exceed $191,000**, inclusive of all costs. Payment shall be based upon Town approval of each task. See breakdown below. Any change of scope to include optional items not currently approved by this agreement will require a written amendment.

Study/Task	**Cost**
Study 1: Fiscal Conditional Analysis	$105,500
Study 2: Fiscal Impact Analysis	$18,000
Study 3: Asset Liability Management	$50,000
Team Management for Studies 1 & 2	$17,500
Total Cost:	$191,000

2.7 Billing. Billing shall be monthly by invoice within forty-five (45) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

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

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email preferred: ap@losgatosca.gov

2.8 Availability of Records. 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 & Housing Act.

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

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i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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

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

General Liability:

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

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

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

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

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

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

3.4 Indemnification. The Consultant indemnify the Town its elected and appointed officials, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant. Consultant shall defend the Town against any such claims.

IV. GENERAL TERMS

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

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

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

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

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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

NHA Advisors, LLC
4040 Civic Center Drive Suite 200
San Rafael, CA 94903

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 with respect to the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

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

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

Town of Los Gatos by:

Signed by:
Chris Constantin 11/10/2025
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Chris Constantin, Town Manager

Consultant, by:

DocuSigned by:
11/5/2025
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Mark Northcross, Principal, NHA Advisors LLC

Recommended by:

Signed by:
Gitta Ungvari 2 11/5/2025
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Gitta Ungvari, Finance Director

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Approved as to Form:

Signed by:
Gabrielle Whelan 11/10/2025
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

Attest:

Signed by:
Wendy Wood 11/10/2025
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Wendy Wood, CMC, Town Clerk

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SEPTEMBER 22, 2025

TOWN OF LOS GATOS

PROPOSAL FOR STUDIES 1 AND 2: FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST AND FISCAL IMPACT ANALYSIS

PROVIDED IN RESPONSE TO:

REQUEST FOR PROPOSALS DATED AUGUST 20, 2025:

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

SUBMITTED BY

NHA | ADVISORS
Financial & Policy Strategies. Delivered.

RAFTELIS

WILLDAN

EXHIBIT A

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1. COVER LETTER

September 22, 2025

Attn: Gitta Ungvari, Finance Director
Finance@losgatosca.gov
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

RE: Proposal to Provide Study 1 (Fiscal Condition Analysis) and Study 2 (Fiscal Impact Analysis)

Dear Ms. Ungvari,

NHA Advisors, LLC ("NHA") is very pleased to submit this proposal to deliver Study 1 Fiscal Condition Analysis and Study 2 Fiscal Impact Analysis to the Town of Los Gatos (the "Town"). Our proposal represents a collaborative effort among three very well-qualified firms:

Proposing Firm	Proposed Role
NHA Advisors LLC	Lead Advisor: Overall Project Management for Studies 1 and 2 *Independent Proposal for Study 3 Submitted Separately*
Raftelis Financial Consultants Inc	Subconsultant: Study 1
Willdan	Subconsultant: Study 2

NHA Advisors has worked with both Raftelis and Willdan Finance before in other California cities and special districts. As a municipal advisor, the NHA team has coordinated many complex teams of both consultants and multiple stakeholders to deliver funding for major projects. Raftelis is a management consulting firm for local and regional governments with a national practice. Willdan is a civil engineering firm whose practice includes the delivery of key financial information, including fiscal impact analysis, for both local governments and land developers. Their practice is also national.

Collaboration is key to our approach: The fiscal condition analysis and forecast model will both inform and be informed by the fiscal impact analysis and the asset liability management work. A truly responsive multi-year forecasting model needs to address variables such as recessions, changes in the real estate market, major new real estate developments, and the ups and downs of CalPERS. "Black swan" events are also key to a good forecast model. For example, how does the Town respond to a black swan such as a major wildfire?

A Practical Sustainable Tool: We recognize that a financial model only has lasting value if it becomes part of the Town's management tool kit. Our team commits to delivering a model that is both detailed and user-friendly, enabling Town staff to update and apply it independently - without the need for consultants.

Real World Scenario Design: The partnership of all three firms enables us to design scenarios reflecting real-world assumptions about development patterns, service demands, long-term liabilities and "Black Swan" events. This ensures the Town can evaluate the fiscal and service-level implications of multiple scenarios, as well as understand the trade-offs between different policies and investment choices.

Communication Skills: Our team members have extensive and long-term experience in the public sector. We know how to translate technical analysis into decision support packages that are clear, actionable and

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accessible to governing bodies and the public. Just as important, we have extensive experience facilitating the tough conversations that local governments face when aligning resources with community priorities.

The stand-alone NHA proposal for Study 3 also includes an optional module for a "Task 4" – a long-term funding plan for wildfire risk reduction for the Los Gatos community.

As requested in the RFP, NHA provides the following statements as part of this cover letter:

- Mark Northcross is the primary contact authorized to bind the firm.
- NHA Advisors confirms acceptance of the Town's Sample Consultant Services Agreement

While we emphasize our team commitment to collaboration, we also will accommodate the Town individually selecting one of our team members for a particular task but not selecting other team members for their assigned tasks.

We are again very pleased to deliver this proposal for the kind of integrated financial management work that we see as integral and pivotal for the future of Los Gatos, as well as so many other local governments in our team's collective client base.

Please feel free to contact us directly with any questions regarding this proposal.

Thank you for your consideration,

Mark Northcross
Principal
NHA Advisors LLC
Mark@NHAadvisors.com
(415) 785-2025 x2002

Jonathan Ingram
Vice President
Raftelis
jingram@raftelis.com
(513) 221-0500

Mike Medve
Principal Consultant
Willdan
mmedve@willdan.com
(949) 392-0678

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2. COMPLETED CERTIFICATION FORMS

Conflict of Interest Statement (NHA Advisors)

ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

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

No other relationships may have an impact on this contract or Project.

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

To our knowledge, no other clients have a financial interest with an impact on this contract or Project.

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

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is

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interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on September 22, 2025 [date], at San Rafael [city], California [state].

NHA Advisors LLC	Principal
Proposer Name (Person, Firm, Corp.)	Title of Authorized Representative
4040 Civic Center Drive, Suite 200	Mark Northcross
Address	Name of Authorized Representative
San Rafael, CA 94903	
City, State, Zip	
9/22/2025	
(Date)	(Signed)

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Conflict of Interest Statement (Raftelis)

ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

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

No other relationships have an impact on the contract or Project.

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

No other clients have a financial interest with an impact on this contract or Project.

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

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is

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interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on September 22, 2025 [date], at Cincinnati [city], Ohio [state].

Raftelis Financial Consultants, Inc.	Vice President
Proposer Name (Person, Firm, Corp.)	Title of Authorized Representative
19 Garfield Place, Suite 500	Jonathan Ingram
Address	Name of Authorized Representative
Cincinnati, OH 45202	
City, State, Zip	
09/22/2025	
(Date)	(Signed)

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Conflict of Interest Statement (Willdan)

ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

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

Willdan Financial Services has no financial, business, or other relationships with the Town of Los Gatos that may have an impact on the outcome of this contract or project.

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

Willdan Financial Services has no current clients with a financial interest that may impact or influence the outcome of this contract or project.

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

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is

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interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 09-22-2025 [date], at Temecula [city], CA [state].

Willdan Financial Services Proposer Name (Person, Firm, Corp.)	Vice President/Director Title of Authorized Representative
27368 Via Industria, Suite 200 Address	Chris Fisher Name of Authorized Representative
Temecula, CA 92590 City, State, Zip	
09/22/2025 (Date)	(Signed)

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Non-Collusion Declaration (NHA Advisors)

ATTACHMENT 2 – NON-COLLUSION DECLARATION

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FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

I am the Principal [Insert Title] of NHA Advisors LLC ,[Insert name of company, corporation, LLC, partnership or joint venture] the party making the foregoing proposal.

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

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 9/22/2025[date], at San Rafael [city], CA[state].

By: _____

Name: Mark Northcros

Title: Principal

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Non-Collusion Declaration (Raftelis)

ATTACHMENT 2 – NON-COLLUSION DECLARATION

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FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

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

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

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 9/22/25 [date], at CINCINNATI [city], OH [state].

By: _____

Name: JONATHAN INGRAM

Title: VICE-PRESIDENT

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

Non-Collusion Declaration (Willdan)

ATTACHMENT 2 – NON-COLLUSION DECLARATION

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FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

I am the Vice President/Director [Insert Title] of Willdan Financial Services ,[Insert name of company, corporation, LLC, partnership or joint venture] the party making the foregoing proposal.

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

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 09-22-2025 [date], at Temecula [city], CA [state].

By: 

Name: Chris Fisher

Title: Vice President/Director

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

References

Please refer to Section 9 of this Proposal for more detail; the following contains an excerpt for each proposing firm.

ATTACHMENT 3 - REFERENCES

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

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

1. Tahoe Douglas Visitors Authority — 4114 Lake Tahoe Blvd. South Lake Tahoe, CA 96150
Name of Agency — Agency Address

Carol Chaplin — President & CEO
Contact Name — Contact Title

(775) 589 - 2055 — carol@visitlaketahoe.com
Contact Telephone — Contact Email Address

2017 - Present (most work was completed in 2020) — $309,788 (2+ year engagement)
Contract Period — Contract Amount

NHA Advisors Reference: Coordination between multiple consulting teams, legal counsel, and public agency staff to finance a $100 million events center in Stateline Nevada.

Description of services performed including costs.

2. Commerce City — 7887 E. 60th Ave. Commerce City, CO 80022
Name of Agency — Agency Address

Theresa Wilson — CFO
Contact Name — Contact Title

(303) 289 - 3627 — twilson@c3gov.com
Contact Telephone — Contact Email Address

— $153,610
Contract Period — Contract Amount

Raftelis Reference: a thorough assessment of the City's financial condition, analysis of historical and projected revenues and expenditures, evaluation of debt capacity and reserve policies, and review of the City's CIP.

Description of services performed including costs.

3. City of Alameda
Name of Agency — Agency Address

Jennifer Ott — City Manager
Contact Name — Contact Title

(510) 747 - 4700 — manager@alamedaca.gov
Contact Telephone — Contact Email Address

— $75,800
Contract Period — Contract Amount

Willdan Reference: preparing a fiscal impact analysis of the planned development, a facilities financing plan, and a feasibility analysis to evaluate whether projected development could sustain the infrastructure needed to rehabilitate the base.

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Please see the previous page; See also Section 9 of our Proposal for more detail

Description of services performed including costs.

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

Signature of Proposer	Name	Date
	Mark Northcross, Principal, NHA Advisors	9/22/2025

Statement Regarding Insurance Coverage and Worker's Compensation Insurance Acknowledgement Certificate (NHA Advisors)

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

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

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

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

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

Mark Northcross, NHA Advisors LLC
Name of Proposer (Person, Firm, or Corporation)

Signature of Proposer's Authorized Representative

Mark Northcross, Principal
Name & Title of Authorized Representative

September 22, 2025
Date of Signing

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

Statement Regarding Insurance Coverage and Worker's Compensation Insurance Acknowledgement Certificate (Raftelis)

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

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

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

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

Raftelis Financial Consultants, Inc.
Name of Proposer (Person, Firm, or Corporation)

Signature of Proposer's Authorized Representative

Jonathan Ingram, Vice President
Name & Title of Authorized Representative

09/22/2025
Date of Signing

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

Statement Regarding Insurance Coverage and Worker's Compensation Insurance Acknowledgement Certificate (Willdan)

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

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

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

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

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

Willdan Financial Services
Name of Proposer (Person, Firm, or Corporation)

Signature of Proposer's Authorized Representative

Chris Fisher, Vice President/Director
Name & Title of Authorized Representative

09-22-2025
Date of Signing

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

3. SCOPE COMMENTS AND METHODOLOGY

Introduction: How This Proposal is Organized

This proposal, in response to the requirements of the Town's RFP, is organized as two separate proposal documents. The first proposal document (this document) contains the material required by the RFP for Study 1 and Study 2. The second proposal document (submitted separately from this document) contains the material for Study 3, and our proposed optional Study 4 for Wildfire Risk Mitigation.

Raftelis, a public sector management consulting firm with a national practice, is responsible for Study 1. Willdan, a public sector focused civil engineering and financial consulting firm, also with a national practice, is responsible for Task 2. NHA Advisors, a municipal advisor with a statewide practice, is responsible for Study 3. We believe that all three (and potentially four) studies are integrated and inform each other. The outputs from both Study 2 and the Study 3 will inform Study 1. Furthermore, we see the best way of delivering Study 3, Task 3 ("Reserves Guidance") is through careful scenario design for outputs of the Study 1 fiscal condition analysis model.

Consequently, we have added to this Study 1 and Study 2 proposal document an additional task, "Task 0: Team Management." We see this as key to delivering the outcomes that the Town wants from this work. This also means that the bulk of the background information and certifications required for NHA Advisors is in the second proposal document for Study 3, not in this Study 1 and Study 2 proposal document.

We acknowledge that our team's combined cost for all three studies is large. The Town is asking for a lot. We believe our team is capable of delivering everything the Town is requesting. With respect to cost, please consider this: public agencies pay amounts greater than our combined proposal cost for engineering/design for major public works projects. The Town's RFP is analogous to the Town retaining a team to engineer and design a major project. In this case, the major project is a financial management structure designed to work for years into the future. That is the ultimate deliverable for our combined proposals for Studies 1, 2 and 3. We commit to delivering this financial management tool and structure within the proposed costs for both the Study 1 and Study 2 proposal, and the Study 3 proposal.

Task 0: NHA's Role as Team Manager

We see team management as crucial to delivering the outcomes that the Town wants from this effort. As explained in "Scope and Methodology", we see two key elements for team management:

- Communication amongst all team members, Town staff and other stakeholders
- Careful scenario design for the outputs of the Study 1 Fiscal Condition Analysis

NHA's qualifications to take the role of Team Manager for this assignment are robust:

- As a municipal advisor to multiple public agencies bringing large projects out of the ground we have learned how to coordinate and collaborate with multiple consultants and stakeholders to deliver funding for these projects. We know how to manage complex and disparate teams to deliver money. We believe this experience is very analogous to what the Town needs through their RFP.

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- NHA staff has comparable experience to what both Raftelis and Willdan are responsible for. NHA does a much lighter version of the Study 1 fiscal condition analysis for our client base. While we do not typically do the granular, comprehensive modeling that Raftelis will deliver, we understand how such models work. With respect to Willdan's analysis for Study 2, Mark Northcross, our proposed team manager, spent 5 years at the beginning of his career preparing fiscal impact analysis for Environmental Impact Reports on new development. He has a fundamental understanding of Willdan's deliverable for Study 2.

- NHA's core expertise is in delivering funding for public projects, including operational needs. We understand the constraints and opportunities available to local government in California for raising new funding - whether grants, taxes through ballot measures, impact fees or public/private partnerships. We believe that Mark Northcross' expertise is important in outlining potential long-term financial management practices and strategies for the Town.

Scope and Methodology: We see two core functions for NHA's role in Team Management, as described below:

1. **Facilitating Good Communication.** Based on long experience, we believe that the best way of facilitating good communication for the team is to have pre-scheduled standing Teams/Zoom calls on a regular basis. It does not matter whether the call is very short, or goes on for an hour. Regular calls ensure that we keep momentum going and keep everyone fully informed on what other team members are doing. In that spirit, we suggest the following protocol for standing calls:
    - Town staff and NHA Advisors - once per week
    - Town staff, NHA Advisors, Raftelis and Willdan - biweekly
    - Town staff, NHA Advisors, Raftelis, Willdan and other potential stakeholders - once per month.

2. **Scenario Design.** Once both Raftelis and Willdan have completed their work, we see Scenario Design as the key next step in delivering what the Town wants. Scenario Design is a key component for Activity 3 in the Raftelis Study 1 proposal. We also see the Task 3 deliverables of both Funding Needs & Risk Reduction and Reserve Guidance as being integral to Scenario Design. As Team Manager, NHA will facilitate the dialogue between Town staff, team members and other stakeholders to develop multiple scenarios for the fiscal condition model.

Cost: NHA's incremental cost for serving as Team Manager is not-to-exceed $17,500, whether or not NHA is selected for the Task 3 work. This will be billed on a time and materials basis, providing the Town control over this expense.

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Study 1: Fiscal Condition Analysis – Raftelis

The following material is provided by Raftelis for Study 1. As required by the RFP, this material can be considered as a stand-along proposal for Raftelis to prepare Study 1, should the Town choose to retain Raftelis, but not Willdan and/or NHA.

Fiscal Condition Assessment Methodology

The Town of Los Gatos is seeking a consultant to conduct a Fiscal Condition Analysis with Five-Year and Long-Term Forecast. This effort will provide a transparent assessment of the Town's current fiscal health, develop projections of future revenues and expenditures, and identify risks and opportunities that could impact long-term financial sustainability. The resulting forecast will serve as a living tool for Town staff, elected officials, and the Finance Commission to evaluate fiscal strategies, plan for uncertainty, and communicate clearly with the public.



Our team brings extensive experience working with local governments in California and across the country to develop long-term financial forecasts and plans. We understand that the most effective solutions are those that are practical, implementable, and aligned with the culture and capacity of the organization. Innovative recommendations only add value if they can be put into practice and embraced by both staff and the community.

We pride ourselves on our ability to listen, analyze, and collaborate with our clients to develop actionable solutions. Our prior engagements have resulted in the adoption of recommendations that were not only technically sound but also politically and operationally feasible. We do not bring a pre-packaged approach; instead, we tailor our methodology to the specific needs and priorities of each client.

Los Gatos, like many California communities, faces a challenging fiscal outlook. Rising costs of public services, increasing pension and OPEB obligations, and infrastructure demands place ongoing pressure on limited resources. At the same time, State housing mandates and the broader economic environment introduce uncertainty in both revenues and expenditures. The Town has long demonstrated sound fiscal management, but to maintain that strength in the years ahead requires careful planning, transparent forecasting, and proactive risk assessment.

Our approach builds on the Town's existing capacity, while providing the tools, analysis, and training necessary for staff to sustain the forecasting model into the future. By combining rigorous financial analysis with stakeholder engagement and scenario testing, we will deliver a forecast that is not only technically robust but also aligned with the Town's decision-making needs.

We are excited about the opportunity to assist Los Gatos in strengthening its fiscal planning capacity. Our intentional approach — grounded in respect for the staff who serve the community and focused on collaboration — ensures that the results of this project will be meaningful, actionable, and sustainable.

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Activity 1: Project Initiation

We will begin this engagement by facilitating a virtual kick-off meeting with the Town's project team to review the details and expectations of this effort and to finalize the project schedule. During this session, we will confirm deliverables, establish communication protocols, and identify milestones for internal staff review, Finance Commission briefings, and Town Council presentations. We will also discuss the Town's objectives for the long-term financial planning process, the anticipated uses of the model, and any initial concerns or issues that may shape the work.

We will conduct one-on-one meetings with the Town Manager and Finance Director to understand their perspectives on fiscal priorities, risks, and the intended role of the forecasting model in the Town's planning and policy discussions. To ensure elected leadership perspectives are fully incorporated, we will also meet individually with the Mayor and Town Council members. These conversations will provide valuable insights into fiscal priorities, service expectations, and community needs, helping to shape assumptions and test scenarios later in the process.

We will request and review all relevant background information, such as budgets, audited financial statements, financial policies, actuarial reports, capital improvement plans, previous studies, and other supporting documentation. Early review of these materials will provide a foundation for the Fiscal Condition Assessment and help ensure the forecasting model is built on accurate and comprehensive information.

Throughout the project, we will provide the Town with regular status reports designed to maintain project progress and budget, identify and resolve emerging issues, and review interim work products. In addition to formal reporting, we anticipate numerous informal opportunities for Town staff to raise questions, share updates, or clarify assumptions with our project team. We welcome this open communication, as it will contribute to a more effective and successful project.

Meetings:	**Deliverables:**
Kick-off meeting with Town's project team	Kick-off meeting agenda Draft and final project schedule Data/document request

Activity 2: Assess Fiscal Condition

Following the kick-off, we will conduct a comprehensive assessment of the Town's current fiscal condition to establish the baseline for the long-term financial forecast. This activity begins with a detailed review of financial data to identify historical trends and current pressures, followed by structured engagement with Town staff and external partners to validate assumptions and incorporate operational and capital planning needs. The result will be a complete and transparent understanding of Los Gatos' fiscal health that can serve as the foundation for modeling and scenario analysis.

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- **Financial Data Review** – Examine audited financial statements, budgets, interim financial reports, reserve policies, actuarial valuations, and cash flow records to identify revenue and expenditure trends, assess structural balance, and capture major fiscal pressures.
- **Finance & Budget Staff Sessions** – Conduct **two full days of virtual meetings** with Finance and Budget staff to validate our interpretation of trends, confirm assumptions, and understand the Town's forecasting methodologies and internal budget processes.
- **Department Director Discussions** – Facilitate **two full days of virtual meetings** with department directors to gather insights on operational pressures, long-term service delivery needs, capital planning requirements, and other anticipated budget drivers.
- **External Agency Interviews** – Meet with agencies such as the Fire District and Sewer District to incorporate intergovernmental obligations and cost-sharing arrangements into the fiscal assessment.
- **Capital Improvement Program Review** – Analyze the Town's CIP to evaluate funded and anticipated projects, align infrastructure investment needs with available resources, and identify future fiscal pressures.
- **Debt and Reserve Assessment** – Evaluate the Town's debt structure, repayment schedules, debt ratios, and reserve adequacy to determine capacity and resilience.
- **Unfunded Liability Analysis** – Identify long-term obligations such as pensions, OPEB, and labor costs, along with structural cost drivers that could impact sustainability.
- **Environmental Scan** – Review regional economic conditions, demographic trends, and State mandates (e.g., housing requirements, revenue shifts) that may influence future fiscal outlook.
- **Benchmarking Against Peers** – Compare Los Gatos' fiscal condition to comparable California municipalities using State Controller and GFOA data to highlight areas of strength and vulnerability.

We will prepare a draft Fiscal Condition Assessment memorandum that synthesizes these analyses into a clear picture of the Town's current fiscal position. This draft will be reviewed virtually with the Town's project team, allowing staff to validate assumptions, suggest refinements, and ensure accuracy. Following these discussions, we will make necessary adjustments and finalize the memorandum. This finalized assessment will serve as the **baseline understanding** of Los Gatos' fiscal position — the foundation for the long-term financial forecasting model and a reference point for evaluating future policy scenarios.

Meetings:	**Deliverables:**
Two days of virtual meetings with Finance and Budget staff Two days of virtual meetings with department directors Interviews with external partners (e.g., Fire District, Sewer District) Virtual review session with the Town's project team on draft Fiscal Condition Assessment	Draft and Final Financial Condition Assessment memoranda

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Activity 3: Develop Forecasting Model

In this Activity, the project team will develop a robust but user-friendly financial model that projects revenues and expenditures across a ten-year horizon for the Town's General Fund, while also accounting for interrelationships with other funds and external obligations. The model will build directly on the Fiscal Condition Assessment and will serve as both a technical forecasting tool and a decision-support resource for Town leadership. It will be detailed enough to capture the complexity of Los Gatos' fiscal structure, yet designed to be intuitive and easy to use for staff and policymakers.

The baseline projections will assume continuation of existing policies, programs, and obligations, and will then test how the projections may change under alternative conditions. As appropriate, the analyses will integrate socio-economic and demographic factors that shape revenue capacity and service demands. The model will be dynamic, allowing for flexible consideration of changing conditions and providing the Town with a range of projection scenarios.



This activity will accomplish the following goals:

- **Financial Model Goal 1 – Baseline Projections:** Identify reasonable baseline assumptions based on historical revenue and expenditure trends, validated with Finance and Budget staff. This ensures the model accurately forecasts the Town's fiscal trajectory and provides a reliable foundation for comparison.
- **Financial Model Goal 2 – Projection Scenarios:** Develop alternative scenarios that reflect a range of revenue growth and expenditure pressures. These will allow the Town to compare impacts across varying conditions and evaluate the implications of policy and investment choices. Initial scenarios will include:
    - *Probable Scenario:* Reflecting historical trends adjusted for known economic and demographic factors.
    - *Policy Scenario:* Based on assumptions in the Town's existing Financial Plan and adopted budgets.
    - *Constrained Scenario:* Illustrating conservative revenue conditions to stress-test sustainability.
- **Financial Model Goal 3 – Sensitivity Analysis:** Create a functional and dynamic tool that can be used to test the fiscal impact of policy alternatives and external conditions in real time. The model will visually illustrate the impact of service, capital, or revenue decisions, enabling informed choices by Town leadership and the governing body.
- **Financial Model Goal 4 – Integration with Related Studies:** Work closely with Wildan and NHA Advisors, our proposed partners on Studies 2 and 3, to incorporate their concurrent findings into

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the model. This collaboration ensures that long-term forecasts reflect both fiscal impact analyses and asset/liability considerations.

- **Financial Model Goal 5 – Usability and Staff Training:** Ensure the model produces clear, usable dashboards and outputs that support Finance Commission discussions, Town Council deliberations, and public communication. We will train Finance staff on the model, tailor its functionality to staff preferences, and provide documentation so that the tool can be maintained as a living resource into the future.

Our team will prepare a draft model and review its structure, presentation, and functionality with Finance staff and the Town's project team. We will then develop and vet recommended assumptions under each scenario with staff before incorporating them into the model. Once validated, we will project the Town's fiscal condition and review results with staff.

The finalized model will be shared in a presentation that highlights the key dashboards, findings, and implications for long-term fiscal sustainability. This will not only meet internal forecasting needs but also provide elected officials and the public with a clear, transparent tool for understanding the Town's fiscal future.

Meetings:	**Deliverables:**
Workshops with Finance and Budget staff to review draft model and assumptions	Draft 10-year financial forecasting model
Coordination meetings with Wildan and NHA Advisors	Final 10-year financial forecasting model with scenario dashboards
Review sessions with the Town's project team	Validated scenario assumptions and outputs
	Training sessions and documentation for Finance staff

Activity 4: Final Reporting and Knowledge Transfer

As the culmination of the Fiscal Condition Assessment and financial modeling process, the project team will prepare a comprehensive Long-Term Financial Plan (LTFP) Report. This report will synthesize the findings of the condition assessment, incorporate the validated assumptions and scenarios from the forecasting model, and present a clear roadmap for sustaining the Town's financial health over the next decade.

The report will not only document the technical analyses completed during the project, but also translate them into actionable strategies that Town staff, elected officials, and community stakeholders can use to guide decision-making. The document will emphasize clarity, accessibility, and alignment with Los Gatos' fiscal priorities and policy objectives.

This activity will accomplish the following goals:

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- **Report Integration:** Summarize the findings of the Fiscal Condition Assessment, baseline projections, and scenario analysis into a single, cohesive document that provides context and direction for the Town's financial future.
- **Policy Implications:** Highlight the long-term implications of current fiscal trends and alternative scenarios, clearly identifying where risks may emerge and where opportunities exist to strengthen sustainability.
- **Strategies and Recommendations:** Present recommended fiscal strategies, including reserve policies, debt management approaches, and expenditure prioritization, that support sustainable long-term planning.
- **Alignment with Related Studies:** Integrate findings from Wildan's Fiscal Impact Analysis and NHA Advisors' Asset Liability Study to ensure consistency across all three efforts and provide Town leadership with a unified financial planning framework.
- **Accessibility and Communication:** Develop a report that includes clear charts, tables, and dashboards drawn from the model, designed for use by both internal staff and external audiences such as the Finance Commission, Town Council, and the public.
- **Leadership Work Session:** Facilitate a dedicated work session with the Town Council to review long-term fiscal trends, discuss key decision points identified in the model, and explore the policy trade-offs that will shape the Town's financial future. This session will provide elected leaders with the opportunity to engage directly with the analysis and consider how best to align fiscal strategies with community priorities.

The draft Long-Term Financial Plan will be reviewed with Town staff to confirm accuracy and relevance. Following revisions based on staff feedback, the final report will be produced and presented to Town leadership. A summary presentation will also be provided for the Town Council to ensure findings are communicated effectively and transparently.

Meetings:	**Deliverables:**
Virtual review session of the draft Long-Term Financial Plan with Town staff Work session with the Town Council on trends and decision points Presentation and discussion with the Town Council on the final report	Draft Long-Term Financial Plan Report Final Long-Term Financial Plan Report Presentation materials summarizing findings, trends, and strategies

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Optional Activity 5: Develop Gap Closure Strategies

This optional activity is designed to connect long-term financial planning directly to the operating and capital realities of each department. Its core value is enabling department directors to develop long-term budget adjustment strategies that are explicitly tied to **service levels, workload growth, and capital needs** emerging from the development patterns identified in **Study 2**.

Department-Level Strategy Sessions

Before convening the broader workshop, Raftelis will conduct **individual strategy sessions with each department director and their key staff**. These sessions will:

- **Identify Development-Driven Impacts:** Discuss how the land use and growth assumptions in Study 2 will translate into service demand increases and operational pressures.
- **Preliminary Costing:** Work with each department to outline anticipated operating and staffing needs, as well as capital investment requirements, that may emerge over the 10-year planning horizon.
- **Service-Level Implications:** Pair anticipated investments and budget needs with expected impacts on service levels, customer outcomes, and workload capacity.
- **Scenario Development:** Begin to frame potential strategies (cost containment, service delivery adjustments, or new revenue sources) that can be tested in the financial model.

Cross-Department Gap Closure Workshop

Following these department-level sessions, Raftelis will facilitate a **one-day in-person workshop** with Town leadership, division managers, and program managers to:

- **Synthesize Department Input:** Integrate operating and capital estimates across departments into a shared view of Townwide financial needs.
- **Develop Coordinated Strategies:** Refine cost and revenue strategies to address identified structural gaps, ensuring they reflect service-level tradeoffs and cross-department interdependencies.

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- **Link to Financial Model:** Incorporate these strategies into the Town's financial model, testing feasibility under multiple projection scenarios.
- **Assign Ownership:** Confirm departmental ownership of strategies for continued refinement and validation, supported by Raftelis' technical expertise.

Value for Leadership and Council

The outcome of this activity is not just a set of abstract fiscal strategies, but a **grounded, department-driven understanding** of how to align operating and capital budgets with development-driven service demands. These strategies will be presented to the Town Council in a structured format during the financial model review, enabling Councilmembers to make informed decisions about fiscal sustainability in the context of community growth and service expectations.

Meetings:	**Deliverables:**
Department strategy sessions (virtual, with each director)	Department-level service impact and cost estimate memos
One-day Gap Closure Strategies Workshop	Workshop facilitation and support materials
Presentation of refined strategies to the Town Council	Gap closure strategies linked to service levels and workload expansions
	Refined scenarios integrated into the financial model

Optional Activity 6: Facilitated Decision-support for Town Council

The Town may also find it prudent to engage with a broader group than Town staff and the governing body by forming a stakeholder review committee. A critical step in ensuring the long-term usefulness of the financial plan is helping the Town Council directly connect technical analysis with actionable policy decisions. This optional activity is designed to guide the governing body through a structured decision-making process that translates financial trends, gap-closure strategies, and cross-study findings into clear and publicly digestible choices.

Facilitated Council Workshop

Raftelis will facilitate a **dedicated decision-making workshop with the Town Council** that will:

- **Integrate Cross-Study Findings:** Bring together the results of the financial model (Study 1), fiscal impact analysis (Study 2), and asset/liability review (Study 3) to ensure Councilmembers are considering the full picture of the Town's long-term fiscal outlook.
- **Present Gap-Closure Strategies:** Summarize the department-driven strategies developed in Optional Activity 5, highlighting associated service-level tradeoffs, capital requirements, and fiscal outcomes.

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- **Decision Support Tools:** Provide structured "decision packages" that synthesize technical analysis into accessible formats, ensuring elected officials and the public understand the trade-offs, risks, and opportunities associated with each option.
- **Prioritization Process:** Facilitate discussions that allow the Council to evaluate and prioritize options, ensuring clear alignment between fiscal capacity, policy goals, and community expectations.
- **Direction Setting:** Capture Council decisions and provide Town staff with clear, documented guidance to support long-term planning, budgeting, and implementation efforts.

Value for Leadership and the Community

This workshop represents an opportunity to bridge detailed technical analysis with strategic decision-making. By translating the results of Studies 1, 2, and 3 into actionable choices and providing facilitation expertise, Raftelis will ensure that the Town Council is empowered to set a clear direction for staff and communicate trade-offs effectively to the community.

Meetings:	**Deliverables:**
Governing Body Decision-Making Workshop	Council workshop agenda and facilitation materials Decision-support packages synthesizing financial, service level, and workload trade-offs Summary of Council decisions and direction for staff Budget Task Force recommendations

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Study 2: Fiscal Impact Analysis - Willdan

The following material is provided by Willdan for Study 2. As required by the RFP, this material can be considered as a stand-along proposal for Willdan to prepare Study 2, should the Town choose to retain Willdan, but not Raftelis and/or NHA.

Project Understanding

The Town of Los Gatos ("Town") is seeking a Fiscal Impact Analysis (FIA) to evaluate the potential fiscal effects of multiple large development proposals on the Town's General Fund. The analysis will estimate recurring revenues and costs under best-case, baseline and worst-case scenarios through 2040.

The team members assembled for this engagement have extensive experience with financial modeling in Excel for a broad range of financial analyses. Stemming from the team's experience managing long-term financial models of all types for cities, counties, school districts, toll road agencies, port authorities and other public entities, Willdan uses a modified version of the F1F9 financial modeling style to allow for the analysis of just about any type of cost or revenue, from the simplest to the most complex. Using the principles of structured design, transparency, robust annotation and adherence to sound financial modeling principles, our models are built to be flexible, auditable and easy to maintain and adjust to match the needs of the client.

Quality Control/Quality Assurance (QA/QC) is integrated into our team's process. However, when dealing with large, complex financial models, the importance of adhering to time-tested financial modeling principles cannot be underestimated. This makes the initial modeling process less likely to result in errors and also makes errors easier to identify and fix during the QA/QC process.

The core of the financial model is a "back-end" simply formatted horizontal cash flow worksheet that contains all necessary calculations, assumptions and formulas. The formula-based back-end model can be easily audited and reviewed for assumptions and consistency. From there, we transpose the data into a more readable vertical format so that it can be presented in the report and/or the presentation. These tables will be robustly annotated and formatted for visual appeal and readability.

The draft report will be provided to the City in MS Word format. For each round of comments/edits, clean and redline versions will be distributed. When the report is finalized, a final Word file and PDF will be provided so that text and tables can be added to staff reports and/or other City documents, as needed.

Willdan uses Enterprise Artificial Intelligence (AI) occasionally and sparingly when developing work products. Examples may include the following:

- To accelerate the process of finding a specific law or industry best practice.
- To receive suggestions for word choice, formatting and/or visual presentation of results.
- Discovering lesser-used functions in Excel or save time developing regular expressions, conditional formatting formulas or similarly complex tasks.

Willdan does not use AI output directly in reports or use any suggestion provided by AI without first verifying, validating and/or auditing the results. Furthermore, the Enterprise AI software that we use does not share, store, or train on our data, ensuring complete confidentiality and compliance with client privacy requirements.

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Work Plan

If selected, Willdan will provide fiscal impact analysis consulting services for the Town of Los Gatos. This scope of services is designed to directly respond to the Town's request and will remain flexible in collaboration with Town staff as the project evolves.

Willdan's scope of services and project approach incorporates the following:

- Regular meetings, email communication, and telephone conversations with Town staff as needed during the course of the engagement.
- Review and synthesis of all available financial, entitlement, and planning documentation.
- Development of fiscal impact scenarios, including baseline, optimistic, and conservative cases, projecting through 2040.
- Inclusion of both recurring and specified one-time revenues, operating and capital costs, and net fiscal results.
- Preparation of a clear, accessible final report and presentation materials for Town staff, elected officials, and the community.

Task 1: Data Collection and Review

Description: Obtain the following data associated with the proposed fiscal impact analysis, as well as review the documentation.

- Town budget, CAFRs, and other relevant financial data.
- Current and planned land uses, zoning, and development schedules.
- Demographic and employment data related to residential and commercial growth.
- Assessor parcel data and tax rate area information.
- Service level data, departmental cost information, and historical capital investment records.
- Selected project plans, entitlement documents, and construction timelines.
- Anticipated construction schedules and occupancy timelines related to the selected projects.

Meeting: Kick-off meeting with Town staff to confirm assumptions, communication protocols, and project deliverables.

Deliverables: Initial data request and meeting summary.

Task 2: Develop Fiscal Revenue and Cost Inputs

Description: Develop fiscal model inputs using a per capita and/or case study approach based on the Town's revenue and service structure.

- Calculate recurring revenue assumptions (property tax, sales tax, TOT, utility users tax, franchise fees, licenses, permits, fines, and other sources). Revenue modeling will generally be calculated using project-specific assumptions in a case study format.
- Estimate service costs for major departments, including police, fire, parks, public works, and general government. Cost models will generally be growth-based.
- Incorporate service population assumptions, using weighted employment equivalents where appropriate.

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- Incorporate other locally controlled revenues (e.g. from third-party partners) at City's request.

Deliverables: Revenue and cost input, formatted in summary tables.

Task 3: Fiscal Modeling and 20-Year Impact Analysis

Description: Produce a fiscal impact model using the assumptions and revenue/cost inputs. The model will analyze the fiscal impacts of growth through 2040 using three scenarios.

- Best-case, baseline, and conservative scenarios will be produced.
- Capital cost estimates based on discussions with Public Works staff and review of historical investments. Willdan will discuss assumptions incorporated into capital cost estimates and confirm with City staff to arrive at preferred methodology.
- Sensitivity testing will consider range of possibilities for service-population growth, property values, cost escalation and revenue volatility to highlight fiscal risks and ranges of potential outcomes.

Deliverables: Tables and visualizations showing net fiscal impacts, breakdowns of revenue and cost categories, and scenario results through 2040.

Task 4: Report Preparation and Presentation

Description: Prepare administrative draft report that updates and explains the results, description of approach and assumptions. Based on discussions with project team and City staff, a final report and presentation will be produced. The report will contain the following elements:

- Annual fiscal impact model that estimates revenues, costs and net impacts for each year through 2040 for each scenario.
- Charts and tables that present the data and assumptions clearly and in a visually appealing manner.
- Qualitative analysis of the fiscal impacts of each type of development and level of density.

Meeting: Presentation of results to Town staff, Council, or designated commissions, as needed.

Deliverables: Fiscal Impact Analysis Report and presentation materials (PowerPoint or similar).

Willdan will rely on the validity and accuracy of Town and developer data and documentation to complete the analysis. The capital cost analysis will be based on discussions with staff and past investment levels, not an engineering or infrastructure capacity analysis.

Willdan will not independently verify the accuracy of data provided by the Town or third parties and will not be responsible for errors that result from inaccurate data.

Client Responsibilities

To complete our tasks on schedule, we will need the cooperation of Town staff. We suggest that the Town assign a key individual as project manager. We will expect the Town's project manager to:

- Help resolve policy issues;
- Coordinate responses to requests for information; and

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- Coordinate review of work products.

Project Disclaimer

Willdan is a registered municipal advisory firm with the U.S. Securities and Exchange Commission ("SEC"), as such the Town of Los Gatos represents, acknowledges, and agrees that Willdan is not acting as a "municipal advisor" (as defined by the SEC), to the Town, in any capacity as it relates to the project proposed in this Fiscal Analysis proposal.

(i) The Town uses, or may use, the services of one or more municipal advisors registered with the SEC to advise it in connection with municipal financial products and the issuance of municipal securities;

(ii) The Town is not looking to Willdan to provide, and the Town shall not otherwise request or require Willdan to provide any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues);

(iii) The provisions of this proposal and the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations adopted thereunder;

(iv) For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the Town with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the Town , (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the Town , in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and

(v) Notwithstanding all of the foregoing, the Town recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, the Town will work with Willdan throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by Willdan hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that the Town is not asking Willdan to provide, and Willdan is not in fact providing or required to provide, any municipal advisory services.

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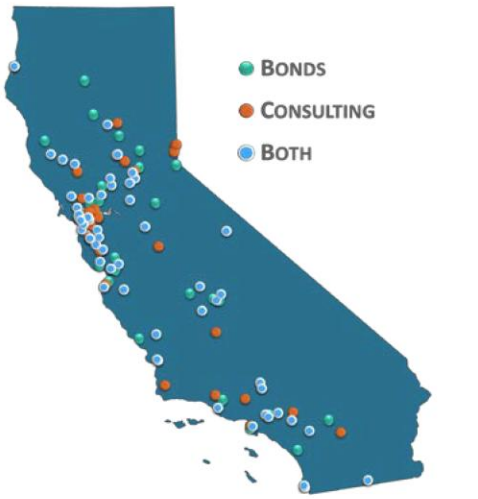
4. EXPERIENCE AND EXPERTISE

Firm Qualifications – NHA Advisors

https://nhaadvisors.com/

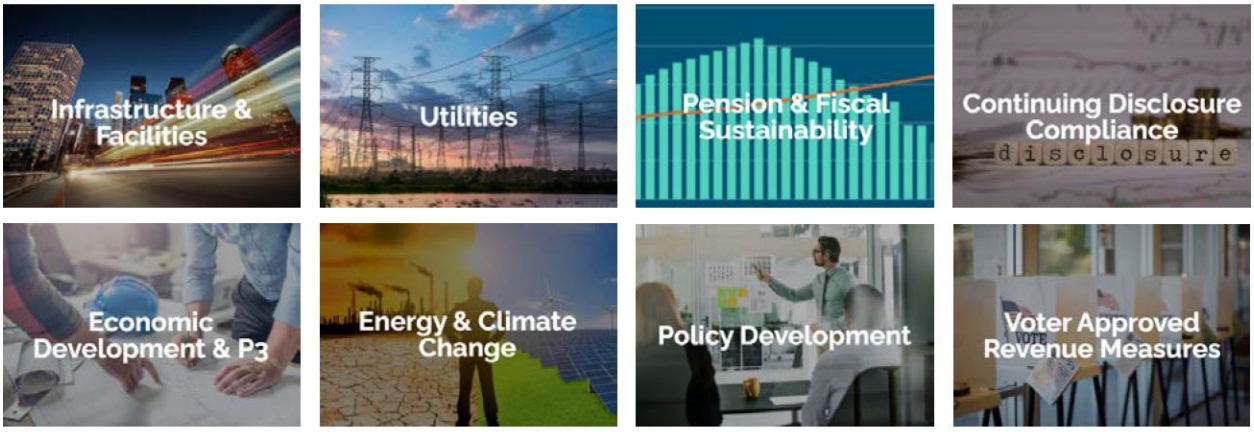
NHA Advisors, LLC is an Independent Registered Municipal Advisor registered with the SEC and MSRB and headquartered in San Rafael, California. NHA has been providing municipal advisory services (like the size and scope requested by the Town's RFP) to California cities, special districts, and other public agencies since 2000 (formerly known as Northcross Hill & Ach, Inc. from 2000-2011). NHA has provided comprehensive financial and consulting services to over 170 public agencies throughout California, with a primary focus on California cities and special districts.

NHA Clients Served*



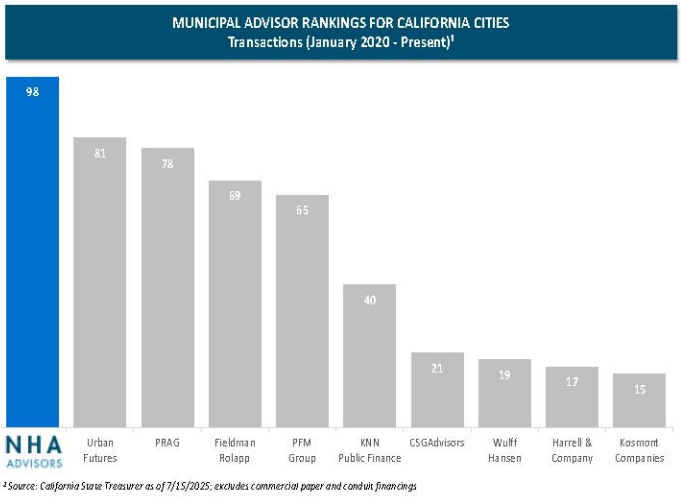
*Dots represent client engagements from 2012 - Present

NHA's experience with California cities spans from rural, small cities to major metropolitan agencies, which informs NHA of the problems facing public agencies across the State and *allows NHA to bring creative examples and solutions to our clients.* We understand the time and staff resource constraints required to develop funding strategies and financing plans and believe our holistic approach allows us to be an "extension of staff" that will integrate with Town staff to provide the best solution and process for projects.



With an eye toward providing un-matched service levels, NHA has developed eight specialized practice groups that focus on key areas within municipal finance. These groups enable us to provide guidance on a wide range of municipal finance issues.

Since 2020, NHA has been the top municipal advisor, by number of bond transactions for **California cities** *(Source: California State Treasurer as of July 15, 2025; excludes commercial paper and conduit financings; January 2020-present).*



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Firm Qualifications – Raftelis

https://www.raftelis.com/

Since our founding in 1993, local government and utility leaders have partnered with Raftelis to transform their organizations by enhancing performance, planning for the future, identifying top talent, improving their financial condition, and telling their story. At Raftelis, we know that the people who lead local governments and utilities are constantly seeking ways to provide better service to the communities that rely on them. That's why we provide the best insights and expertise, exceptional talent, and trusted advice and experience—so your organization and your community can thrive. Local government leaders partner with Raftelis to transform their organizations by improving their financial condition, enhancing performance, planning for the future, identifying top talent, and telling their story. With more than 190 consultants, we've worked with more than 1,700 local governments and utilities across the country.

Raftelis: HELPING LOCAL GOVERNMENTS AND UTILITIES THRIVE.

Raftelis is a subchapter S-Corporation incorporated in the state of North Carolina on April 23, 2004. The predecessor to Raftelis, Raftelis Environmental Consulting Group, Inc., was established by George A. Raftelis to provide financial and management consulting services of the highest quality to public-sector clients. In 1999, the firm's name was changed to Raftelis Financial Consulting, PA. Following the sale of a portion of the firm to a group of employees on April 22, 2004, the firm's name changed to Raftelis Financial Consultants, Inc., which remains the firm's legal name. We currently do business as Raftelis and are headquartered in Charlotte, NC, with 15 offices nationwide. This project will be managed from our Los Angeles office.

We believe that Raftelis is the *right fit* for this project. We provide several key factors that will benefit Town and help to make this project a success.

RESOURCES AND EXPERTISE: This project will require the resources necessary to effectively staff the project and the skillsets to complete all required components. With more than 190 consultants, Raftelis has one of the largest local government management and financial consulting practices in the nation. Our depth of resources will allow us to provide the Town with the technical expertise necessary to meet your objectives. In addition to having many of the industry's leading management and financial consultants, we also have experts in key related areas, like stakeholder engagement and data analytics, to provide additional insights as needed.

DECADES OF COLLECTIVE EXPERIENCE: Our associates and subject matter experts have decades of experience strengthening local municipalities and nonprofit organizations. They've served in a wide range of positions, from city manager to budget manager to fire chief.

PERSONAL SERVICE FROM SENIOR-LEVEL CONSULTANTS: You appreciate it when deadlines are met, phone calls are returned, and your challenges are given in-depth, out-of-the-box thinking. While other firms may assign your business to junior-level people, our approach provides exceptional service from senior-level consultants.

NICHE EXPERTISE: Our expertise lies in strengthening public-sector organizations. We're consulting specialists rather than generalists, focusing our strengths to do a highly effective job for a specific group of clients.

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RAFTELIS FIRM CAPABILITIES

FINANCE: Promote financial integrity and the equitable recovery of costs to achieve your objectives

- Rate, charge, and fee studies
- Financial and capital planning
- Cost of service and cost allocation
- Customer assistance programs
- Affordability analysis
- Utility valuation
- Budget development
- Financial condition assessments
- Debt issuance support
- Economic feasibility and analysis
- Regulated utility support

COMMUNICATION: Inform and engage with your stakeholders to build understanding and support

- Strategic communication planning
- Public involvement and community outreach
- Public meeting facilitation
- Graphic design and marketing materials
- Media and spokesperson training
- Risk and crisis communication
- Social media strategy
- Visual facilitation
- Virtual engagement
- Technical writing and content development

STRATEGIC PLANNING/FACILITATION: Plan for the future to guide your organization to success

- Organization, department, and community-based strategic planning
- Climate action planning
- Effective Board / Commission / Council governance
- Retreat planning and facilitation

STORMWATER UTILITY SERVICES: Implement sustainable financial practices to equitably fund your stormwater program

- Stormwater utility development and implementation support

ORGANIZATIONAL ASSESSMENT: Identify needs, plan for the future, and implement positive changes

- Organizational and operational assessments
- Performance measurement
- Staffing analysis
- Sustainability
- Organizational climate and culture
- Asset management and operations
- Regional collaboration and service sharing

TECHNOLOGY: Gain insights from your data and develop tools to increase effectiveness and engagement

- Cybersecurity services
- Strategic technology planning services
- Financial management technology services
- Customer management technology services
- Maintenance and asset management technology services
- Data management, analytics, and visualization
- Custom software solutions

EXECUTIVE SERVICES: Identify and develop top talent to lead local governments and utilities

- Executive recruitment
- Executive coaching
- Executive performance evaluations

SOLID WASTE SERVICES: Deliver effective solid waste services while ensuring financial sustainability and customer engagement

- Solid waste plans & sustainable materials management planning & implementation
- Grant application assistance
- Billing technology planning and implementation
- Collection/routing and disposal/processing planning, procurement, and implementation
- Rates and financial modeling
- Benchmarking and best practices
- Regulation and compliance
- Communications and public engagement

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Firm Qualifications – Willdan

https://www.willdan.com/index

Fiscal Impact Analysis Project Experience

Willdan has completed fiscal and economic impact analyses for a variety of projects and public agencies across California. The team proposed for this engagement has prepared dozens of such studies to support planning efforts, development reviews, incorporations, and annexations. A representative selection of project examples is provided below.

- ***Gilead, Chess-Hatch, Mirabella, and Pilgrim-Triton Fiscal Impact Studies, City of Foster City –*** evaluated the fiscal impact of three specific plans in the City, analyzing the effect of these plans on services, anticipated new revenues and expenditures, and the necessity for new public facilities to serve each proposed project.
- **Hayward Highway 238 Sites Analysis, City of Hayward –** analyzed parcels available to the City for purchase from CalTrans under a number of development assumptions (such as housing or a commercial center) to determine residual land values and the possible use of public finance mechanisms for infrastructure.
- **Monterey Downs Fiscal and Economic Impact Analysis, County of Monterey –** prepared an analysis of the fiscal and economic impacts of the Monterey Downs project on the City of Seaside and the County of Monterey. Project included residential, retail, hotel and an equestrian facility that includes an event arena.
- **Imperial Valley Solar Economic Impact Analyses, County of Imperial –** evaluated the fiscal and economic impacts of a series of proposed solar voltaic facilities (or "solar farms") on land near the City of Calipatria. Calculated the tax revenues and service expenditures accruing to the County from development of the project, and estimated the economic impacts, including the impact of the construction and ongoing operation of the solar farm, along with the negative impact of the removal of the project site from agricultural production.
- **Alameda Point Conceptual Plan Fiscal Impact Analysis, City of Alameda –** prepared an estimate of the fiscal impact of the development to provide guidance specific to the range of negotiation of incentives for development. Examined expected project revenues and expenditures required to provide municipal services.
- **Napa Pipe Specific Plan Analysis, County of Napa –** analyzed the fiscal and economic impact of the project on Napa County, as well the City of Napa, and prepared an urban decay analysis.
- **Loma Rica Specific Plan, City of Grass Valley –** prepared a market study, fiscal impact study, and implementation plan for the Loma Rica Specific Plan.
- **Newark Dumbarton Station Area Plan, City of Newark (CA) –** prepared a market study, economic impact analysis, fiscal impact analysis, and infrastructure implementation plan.
- **Revenue Enhancement Options Study, City of Duarte –** examined options to seek additional revenue as well as realize savings on City services. Analyzed the feasibility and approximate revenue from several sources, including parcel taxes, special taxes, utility user fees, sales tax measures, and others.
- **Downtown Revitalization Plan, City of Salinas –** prepared a market study for the downtown area to identify opportunities for development. Provided advice on fiscal impact issues and financing tools available to assist with construction and rehabilitation of infrastructure in the downtown area.

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5. KEY PERSONNEL AND RESUMES

NHA Advisors (Team Manager)

NHA's Mark Northcross will serve as Team Manager to coordinate the efforts on Studies 1 and 2, facilitate good communication among the teams, and provide oversight on scenario design for the studies. A summary of Mark's bio is provided below and full **resume is provided in Appendix A**.

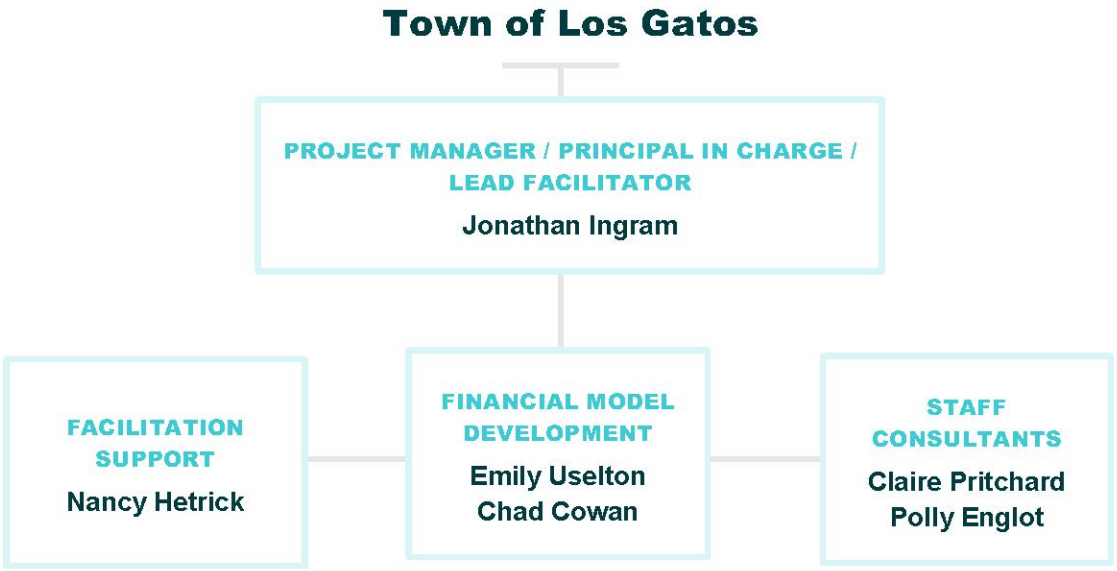


Mark Northcross, Principal. *Role: Team Manager*

Mr. Northcross has more than 40 years of public finance experience in California. He is a leading advisor on climate change infrastructure and leads NHA's alternative financing practice that focuses on "holistic" funding solutions, with special emphasis on SRF, WIFIA, Federal and State grants. Mr. Northcross has also managed the formation of CFDs for P3's throughout the State since 1987 and is a leader in California in negotiating both public-private partnerships for both land-secured debt and redevelopment. He holds a B.A. in Social Sciences from the University of California, Irvine. He maintains his MSRB Series 50 License.

Raftelis (Study 1)

A summary of the Raftelis Team assigned to perform the scope of work for study 1 is provided in the organizational chart below. **Full resumes for the assigned Raftelis team are provided in Appendix B.**



Willdan (Study 2)

In order to perform the scope of services for Study 2 (Fiscal Impact Study), Willdan proposes to assign the following team to the Town:

Name	Title
James Edison	Managing Principal
Mike Medve	Principal Consultant
Jasper Andrade	Lead Analyst

Complete resumes for the Willdan team assigned to the Study 2 project are included in Appendix C.

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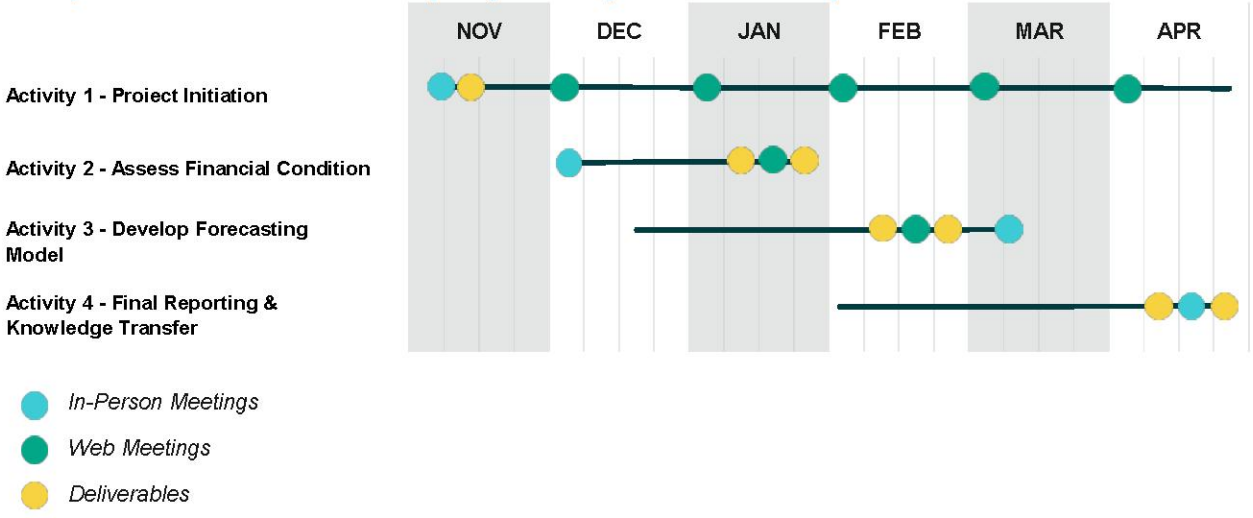
6. TIMELINE AND WORK PLAN

Based on the scope of services discussed under Section 3 of this combined Study 1 and Study 2 proposal, our team proposes the timeline in the table below. Based on the schedule in the RFP, we understand that the Town intends to begin the contracting process with its selected consultants the week of September 2029.

Months After Contract Execution	Study 1: Fiscal Condition Analysis and Five-Year Forecast	Study 2: Fiscal Impact Analysis	Study 3: Asset Liability Management *(NHA Proposal Provided Under A Separate Cover)*
1	Project Initiation	Project Initiation	Project Initiation
2		Data Collection and Review	Inventory and Evaluate Liabilities
3	Assess Financial Condition		
4	Develop Forecasting Model	Develop fiscal revenue and cost inputs	Funding Needs and Risk Reduction Analysis
5		Complete 20-Year Fiscal Impact Analysis	ALM Modeling
6	Final Reporting and Knowledge Transfer	Finalize Fiscal Impact Model	Reserves Guidance
7			

Study 1: Fiscal Condition Analysis (Raftelis) Additional Project Schedule Details



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7. SAMPLES OF COMPARABLE PROJECTS

Study 1: Fiscal Condition Analysis (Raftelis)

Waukesha County Wisconsin

Waukesha County (County) contracted with Raftelis in early 2024 to conduct analyses related to County budget forecasting, gap identification and closure, and facilitation of a Budget Task Force comprised of community leaders to advise on gap closure recommendations. The goal of this engagement was to develop the information and understanding necessary to identify opportunities for improved efficiency and effectiveness of operations, staffing, structure, technology, processes, and policies necessary to provide desired services while operating within the County's financial constraints. Raftelis completed detailed financial modeling and analysis and facilitated four budget task force meetings comprised of over 30 community members, stakeholders, and municipal and public safety leaders. The Budget Task Force Report for Waukesha County is included in Appendix D to this proposal.

Study 2: Fiscal Impact Study (Willdan)

Richards Ranch Fiscal Impact Study

The City of Santa Maria and the County of Santa Barbara engaged Willdan in 2025 to perform a fiscal impact study for a mixed-use Richards Ranch Project on the border of the City of Santa Maria in the unincorporated community of Orcutt. The analysis reviewed potential impacts of the Richards Ranch project on the city of Santa Maria General Fund and the County of Santa Barbara general fund. The fiscal impact analysis report is included in Appendix E to this proposal.

8. DISCLOSURE OF ABSENCE OF LITIGATION OR DISCIPLINE OVER LAST FIVE YEARS

NHA Advisors (Team Manager)

There have been no instances in the last five years where NHA Advisors has been terminated in providing advisory services. There are no pending legal actions alleging violations of law against the firm, any partner of the firm, or any employee of the firm by any Federal or State regulatory agency.

Additionally, NHA does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Town may electronically access NHA' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

www.sec.gov/edgar/searchedgar/companysearch.html

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Raftelis (Study 1)

Description: Raftelis has been joined as a third-party defendant in a lawsuit filed by local developers against the Town of Fuquay-Varina, North Carolina. The subject of this currently pending litigation is development impact fees assessed by the town and developed by Raftelis. This is the only legal case in which Raftelis has been joined as a party in the history of our firm. Raftelis intends to vigorously defend the allegations and claim.

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Willdan (Study 2)

Willdan Financial Services has not been involved in any litigation, arbitration, regulatory proceeding, or disciplinary action within the past five (5) years that would affect its ability to perform the services described in this proposal. Willdan is not subject to any conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that would impede completion of this engagement.

9. REFERENCES

NHA Advisors References (Team Manager)

Reference For Team Manager Services: Tahoe Douglas Visitors Authority	
Contact:	Carol Chaplin, President & CEO
Contact Address:	4114 Lake Tahoe Blvd. South Lake Tahoe, CA 96150
Contact Phone & Email Address:	(775) 589 - 2055 | carol@visitlaketahoe.com
Start & End Date of Services:	2017 - Present
Description of Services:	Coordination between multiple consulting teams, legal counsel, and public agency staff to finance a $100 million events center in Stateline Nevada. NHA's role in this project was Municipal Advisor to the Tahoe Douglas Visitors Authority. However, that role included a project/team manager component to coordinate efforts from consultants (preparation of multiple studies to support the financing), legal counsel (efforts among TDVA's general counsel, bond counsel, and disclosure counsel firms), construction contractors and engineers, and public agency staff at multiple public agencies. **Fee Charged:** $309,788 (total fee charged over 2+ year engagement)

Raftelis References (Study 1)

Commerce City CO
Reference: Theresa Wilson, CFO
P: 303.289.3627 / E: twilson@c3gov.com
Cost: $153,610

Raftelis was engaged by the City of Commerce City, Colorado, to develop a comprehensive 10-year Long-Term Financial Plan. Our work included a thorough assessment of the City's financial condition, analysis

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of historical and projected revenues and expenditures, evaluation of debt capacity and reserve policies, and review of the City's Capital Improvement Program. We developed a robust yet user-friendly financial model that enabled staff to test multiple projection scenarios and evaluate the fiscal impact of different policy and investment choices. The model was designed not only to serve as a forecasting tool but also as a decision-support resource for City leadership and the governing body.

Through a collaborative process that included staff interviews, department-level engagement, and workshops with the City Council and the public, we ensured that the plan reflected both operational realities and community priorities. The final Long-Term Financial Plan provided a clear roadmap for fiscal sustainability, equipping the City with the tools and strategies needed to balance service delivery expectations with underlying revenue growth. The project demonstrated our ability to integrate technical analysis with facilitation and decision-making support—helping Commerce City leadership make informed, transparent, and actionable fiscal choices.

Waukesha County WI

Reference: Shawn Lundie, Chief of Staff
P: 262.548.7902 / E: Slundie@waukeshacounty.gov
Cost: $124,550

Waukesha County (County) contracted with Raftelis in early 2024 to conduct analyses related to County budget forecasting, gap identification and closure, and facilitation of a Budget Task Force comprised of community leaders to advise on gap closure recommendations. The goal of this engagement was to develop the information and understanding necessary to identify opportunities for improved efficiency and effectiveness of operations, staffing, structure, technology, processes, and policies necessary to provide desired services while operating within the County's financial constraints. Raftelis completed detailed financial modeling and analysis and facilitated four budget task force meetings comprised of over 30 community members, stakeholders, and municipal and public safety leaders.

City of Irvine CA

Reference: Dahle Bulosan, Director of Administrative Services
P: 949.724.6263 / E: dbulosan@cityofirvine.org
Cost: $65,000

In 2025 the City of Irvine engaged Raftelis to perform an assessment of its funding for fire services from the Orange County Fire Authority (OCFA). The City believed that its special district tax dollars were in excess of services received and sought an independent review and determination. Project work included meeting with City and OCFA leadership, and an extensive and detailed review of OCFA expenditures and revenues, including capital improvement expenditures in particular.

Raftelis concurred with the City that its contributions to OCFA exceeded services received and outlined the pros and cons of various models and alternatives for fire service provision, including estimates for standing up a City-run department and creating a City-specific fire district, among others. The City is undergoing internal discussions as to which method or methods to pursue going forward.

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City of Centennial CO

Reference: Jeff Cadiz, Finance Director
P: 303.754.3440 / E: jcadiz@centennialco.gov
Cost: $38,800

The City of Centennial (City) engaged Raftelis to develop an interactive, dynamic, and sustainable model to support a better understanding of past resource availability and resource use, as well as provide mechanisms to forecast future requirements over a 10-year period. The model supports the use of both historical and current information as a basis for projecting revenues, expenditures, and fund balances in the major operating funds. The model is based on budgeted and actual revenue, expenditure, and fund balance data provided by the City of Centennial. Projections are based on a variety of factors, including historical data, the projected future cost of living increases, and other operating information provided by the City. The model is intended to serve as a living document and support updates by the City over time.

City of Loveland CO

Reference: Tim Sendelbach, Fire Chief
P: 970.962.2827 / E: Tim.Sendelbach@lfra.org
Cost: $59,800

The Loveland Fire and Rescue Authority (LFRA) engaged Raftelis to assist the organization and its supporting partners, the City of Loveland and the Loveland Rural Fire Protection District, with the development of a comprehensive financial plan in the form of an interactive, eight-year financial sustainability model. The model will be used to evaluate the financial environment for the LFRA under current service levels, as well as testing assumptions regarding future impacts from growing service demands and initiatives.

In addition to the comprehensive model, the effort includes an assessment of financial impacts on the baseline and forecasting operating levels, including the following: developing a recommended property tax mill levy for the Loveland Rural Fire Protection District, investigating a proposed Fire Safety Tax, and reviewing the LFRA fee schedule for recommended changes and additions. The result is a comprehensive understanding of LFRA operations and services supported by a sustainable financial approach in order to support executive and Board decisions, as well as incorporation into the intergovernmental agreement for fire and rescue services.

The Woodlands Township TX

Reference: Monique Sharp, President and CEO
P: 281.210.3831 / E: msharp@thewoodlandstownship-tx.gov
Cost: $333,300

The firm has enjoyed a 20-year history of engagements in The Woodlands (Township), with the former Woodlands Community Service Corporation and The Woodlands Township. Our previous experience with The Woodlands includes strategic planning, Board retreat facilitation, development of customer service standards, and the establishment of a performance evaluation system.

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The Novak Consulting Group, now Raftelis, conducted a detailed financial analysis of incorporation alternatives for the Township. The Township selected us as the sole consulting firm to facilitate its incorporation process. Service sharing—contracting with local municipal utility districts and Montgomery Count —was a critical part of the incorporation assumptions. In 2020, we completed a report on governance planning in anticipation of an upcoming ballot measure on incorporation. This included extensive work on development review and land use plans and forecasts as the community moves forward.

City of Boulder CO

Reference: Jane Brautigam, Former City Manager (retired)
P: 720.425.9757 / E: jcbrautigam@gmail.com
Cost: $114,500

The City of Boulder (City) has engaged the firm for a variety of services since 2010. Part of that effort included the development of a dynamic, user-friendly 10-year financial model to anticipate revenue and expenses and prioritize investments within the context of their long-term financial impact. This effort was later followed by the development of detailed financial and cost-allocation analysis of technology and facilities.

Willdan References (Study 2)

City of Lancaster, CA

Special Tax Consultant and Community Facilities District Formation Services

Willdan assisted the City of Lancaster with a cost of service and fiscal study, and subsequent CFD formation, to fund maintenance services associated with new development projects in the City. The City requested that the special tax rates be lower in the City center to account for the existing availability of resources and lower demand for services within that region. Areas external to the City center generally would require the construction of new public facilities (community centers, corporation yards, parks, trails, etc.) and would incur greater maintenance demand. Only limited guaranteed revenues were considered in the fiscal analysis. The CFD was formed in early 2021.

Willdan completed special tax analysis and cash flow pro forma analysis for the project, developed a taxing methodology that suited anticipated development, and which apportioned the tax burden among the types of development expected in the areas proposed for inclusion in the CFD, and we prepared the Rate and Method of Apportionment and CFD Report. The first annexation to the CFD took place in Summer 2022.

Fees Charged: $45,000

Client Contact: George N. Harris II, MPA, Director of Finance
Tel #: (661) 723-5988 | Email: gharris@cityoflancasterca.org

City of Alameda, CA

Fiscal & Economic Impact Analysis

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

The City of Alameda engaged Willdan to support the redevelopment of Alameda Point, a former naval air station comprising roughly 1,400 acres. Willdan's work included preparing a fiscal impact analysis of the planned development, a facilities financing plan, and a feasibility analysis to evaluate whether projected development could sustain the infrastructure needed to rehabilitate the base. The team also assisted the City in negotiations with developers of the first two parcels and presented findings at several public meetings.

Willdan's fiscal analysis modeled anticipated General Fund revenues (property tax, sales tax, and other sources) and expenditures (public safety, maintenance, and park services) at full buildout and for an initial phase. The infrastructure financing plan assessed potential funding sources—including developer equity, assessments, and special taxes—and phased infrastructure costs. The feasibility analysis then evaluated the tax and assessment burden relative to projected land values to determine whether development could reasonably support the City's long-term financing strategy.

Fees Charged: $75,800

Client Contact:	Jennifer Ott, Alameda City Manager Tel #: (510) 747-4700 | Email: manager@alamedaca.gov

City of Hayward, CA

Fiscal Impact Analysis

The City of Hayward had an option to acquire several parcels from CalTrans that had been purchased as right of way for the expansion of Highway 238, connecting Interstate 580 and Interstate 880 through the City. The plan was stopped and CalTrans began the process of selling the land. Hayward reserved an option on certain parcels and needed assistance with the understanding the development potential of the parcels, including fiscal impacts, public finance, land uses, and residual value. This project is ongoing as Willdan assists the City and its elected officials in understanding each parcel and its potential, along with the tradeoffs inherent in City policy goals such as the provision of affordable housing or fostering a vital downtown.

To date Willdan has analyzed five of the parcels under a number of development assumptions to determine residual land value and the possible use of public finance mechanisms for infrastructure. As part of this effort Willdan has provided a sensitivity analysis showing the tradeoffs of various development and policy scenarios (primarily the effect on residual land value and project feasibility).

Fees Charged: $118,230

Client Contact:	Nicole Gonzales, Finance Director, City of San Leandro (Formerly City of Hayward Finance Director) Tel #: (510) 577-3376 | Email: ngonzales@sanleandro.org

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10. PRELIMINARY FEE SCHEDULES

NHA Advisors (Team Manager)

For work as Team Manager facilitating Studies 1 and 2 described in this proposal, NHA proposes to be compensated based on time and materials required at the hourly rate schedule shown below. We propose a not-to-exceed budget for these services of $17,500. This budget equates to approximately 50 hours of time serving in this capacity.

Fixed Fee	Fee
Engagement/Administrative Setup (Contract, Insurance, etc.)	$500

Professional Services (Hourly)	2025 Rates[1][2]
Principal	$360
Director / Senior Vice President	$335
Vice President	$310
Assist. Vice President / Sr. Associate	$285
Associate	$260
Senior Analyst	$230
Analyst	$205
Administrative	$130

1) Hourly rates will escalate by 3% annually each January 1st (rounded to the nearest five dollars based on the prior year's rounded amount).
2) Effective hourly rates shown in invoices may be reduced to incorporate non-billable time.

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Raftelis Proposed Fees for Study 1

A breakdown of costs for Study 1 by project activity is provided in the table below.

Activity	Description	Consultant Labor	Expenses	Total Cost
1	Project Initiation	$9,100	$1,250	$10,350
2	Assess Financial Condition	$24,250	$4,900	$29,150
3	Develop Forecasting Model	$39,250	$3,200	$42,450
4	Final Reporting & Knowledge Transfer	$20,750	$2,800	$23,550
	BASE SUBTOTAL	**$93,350**	**$12,150**	**$105,500**
5	OPTIONAL – Develop Gap Closure Strategies	$26,450	$3,600	$29,750
6	OPTIONAL – Decision-Support for Town Council	$24,750	$5,280	$29,750
	TOTAL WITH BOTH OPTIONS	**$144,550**	**$21,030**	**$165,000**

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Willdan Proposed Fees for Study 2

Based on the Scope of Services presented herein, we propose a ***fixed fee of $18,000.*** This fee includes attendance at a total of two meetings with Town staff and/or a Town Council meeting. Attendance at more than two meetings will require additional billing at the applicable hourly rate identified in the table below. Additionally, comprehensive written responses to resolve conflicts, and preparation of more than one set of major revisions to the report, will be classified as additional services, and may require additional billing at the stated hourly rates. These additional fees shall only take effect once the fixed fee stated above has been exceeded.

Town of Los Gatos
Fiscal Impact Analysis
WFS Fee Proposal

	J. Edison Principal-in-Charge	M. Medve Project Manager	J. Andrade Lead Analyst	Total	
	$ 310	$ 270	$ 120	Hours	Cost
Scope of Services					
Task 1: Data Collection and Review	4.0	8.0	12.0	24.0	$ 4,840
Task 2: Develop Fiscal Revenue and Cost Inputs	2.0	8.0	14.0	24.0	4,460
Task 3: Fiscal Modeling and 20-Year Impact Analysis	4.0	10.0	12.0	26.0	5,380
Task 4: Report Preparation and Presentation	2.0	6.0	9.0	17.0	3,320
Total – Fiscal Impact Analysis	12.0	32.0	47.0	91.0	$ 18,000

Hourly Rates/Additional Services

Willdan's hourly rates are listed below.

Willdan Financial Services
Hourly Rate Schedule

Position	Team Member	Hourly Rate
Vice President / Director		$310
Managing Principal	James Edison	$300
Principal Consultant	Mike Medve	$270
Senior Project Manager		$250
Project Manager		$210
Senior Project Analyst		$150
Senior Analyst		$135
Analyst II	Jasper Andrade	$120
Analyst I		$110

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11. STATEMENT OF INSURANCE COVERAGE

The tables below summarize each member of our team's insurance coverage compared to the Town's Sample Consultant Services Agreement. Each team member will maintain the required coverage for the term of the contract if selected by the Town for this engagement.

NHA's Insurance Coverage

Coverage Type	Town's Requirements in Sample CSA	NHA's Coverage
Carriers	N/A	• Valley Forge Insurance Company • Hartford Casualty Insurance Company • Underwriters at Lloyd's, London
General Liability (per occurrence)	$2M	$2M
General Liability (aggregate)	Not specified	$4M
Auto Liability	$1M (per accident)	$1M (per accident)
Worker's Comp (per occurrence)	$1M	$1M
Professional Liability	$1M per occurrence	$1M per occurrence / $2M aggregate

Raftelis' Insurance Coverage

Coverage Type	Town's Requirements in Sample CSA	Raftelis' Coverage
Carriers	N/A	• Federal Insurance Company • Chubb National Insurance Company • ACE American Insurance Company • Hanover Insurance Company
General Liability (per occurrence)	$2M	$1M
General Liability (aggregate)	Not specified	$2M
Auto Liability	$1M (per accident)	$1M (per accident)
Worker's Comp (per occurrence)	$1M	$1M
Professional Liability	$1M per occurrence	$5M
Additional Coverage		$5M Excess Liability (Umbrella Coverage)

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Willdan's Insurance Coverage

Coverage Type	Town's Requirements in Sample CSA	Willdan's Coverage
Carriers	N/A	• Travelers Property Casualty Company of America • Allied World Surplus Lines Insurance Company
General Liability (per occurrence)	$2M	$1M
General Liability (aggregate)	Not specified	$2M
Auto Liability	$1M (per accident)	$1M (per accident)
Worker's Comp (per occurrence)	$1M	$1M
Professional Liability	$1M per occurrence	$1M per claim

12. TOOLS, DATA SOURCES, AND USE OF AI

Raftelis' Response for Study 1 (Fiscal Condition Analysis)

The fiscal condition assessment and financial projections will be developed using a flexible Excel-based model, which will be transmitted to the City. The model will be built on the City's existing revenue and expenditure data, both current and historical. Artificial intelligence will not be used in the development of this model.

Willdan's Response for Study 2 (Fiscal Impact Analysis)

The team members assembled for this engagement have extensive experience with financial modeling in Excel for a broad range of financial analyses. Stemming from the team's experience managing long-term financial models of all types for cities, counties, school districts, toll road agencies, port authorities and other public entities, Willdan uses a modified version of the F1F9 financial modeling style to allow for the analysis of just about any type of cost or revenue, from the simplest to the most complex. Using the principles of structured design, transparency, robust annotation and adherence to sound financial modeling principles, our models are built to be flexible, auditable and easy to maintain and adjust to match the needs of the client.

Quality Control/Quality Assurance (QA/QC) is integrated into our team's process. However, when dealing with large, complex financial models, the importance of adhering to time-tested financial modeling principles cannot be underestimated. This makes the initial modeling process less likely to result in errors and also makes errors easier to identify and fix during the QA/QC process.

The core of the financial model is a "back-end" simply formatted horizontal cash flow worksheet that contains all necessary calculations, assumptions and formulas. The formula-based back-end model can be

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easily audited and reviewed for assumptions and consistency. From there, we transpose the data into a more readable vertical format so that it can be presented in the report and/or the presentation. These tables will be robustly annotated and formatted for visual appeal and readability.
The draft report will be provided to the City in MS Word format. For each round of comments/edits, clean and redline versions will be distributed. When the report is finalized, a final Word file and PDF will be provided so that text and tables can be added to staff reports and/or other City documents, as needed.

Willdan uses Enterprise Artificial Intelligence (AI) occasionally and sparingly when developing work products. Examples may include the following:

- To accelerate the process of finding a specific law or industry best practice.
- To receive suggestions for word choice, formatting and/or visual presentation of results.
- Discovering lesser-used functions in Excel or save time developing regular expressions, conditional formatting formulas or similarly complex tasks.

Willdan does not use AI output directly in reports or use any suggestion provided by AI without first verifying, validating and/or auditing the results. Furthermore, the Enterprise AI software that we use does not share, store, or train on our data, ensuring complete confidentiality and compliance with client privacy requirements.

The following is a list of resources commonly used in fiscal impact studies:

- Microsoft Excel
- County Auditor data related to AB8 apportionment factors for each Tax Rate Area
- ParcelQuest for Assessed Values and other property information
- Bureau of Labor Statistics data related to the number of jobs within the City
- Census and/or American Community Survey data
- California Department of Finance population and persons per household data
- Other data points originating from government, NGO and qualified private sources as needed.

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APPENDIX A: NHA RESUMES

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Public Finance Professional Since:
1981

Expertise

- Public Policy
- Utility Financing
- Climate Change Infrastructure
- Development/Land-Secured Financing
- Economic Development
- Developer Negotiations
- Pension Financing

Education

- B.A. Social Sciences

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Mark Northcross, *Principal*

During a California public finance career that spans back to 1981, Mark Northcross has structured debt for nearly every kind of issuer and nearly every kind of revenue source legally available in the State.

Mr. Northcross is a leader in statewide work on climate change adaptation. He managed the delivery of a comprehensive funding guide for Resilience by Design, a Rockefeller Foundation funded program for the Bay Area. He works with the Bay Conservation and Development Commission, Bay Area Regional Collaborative, the Southern California Association of Governments and the Resources Legacy Fund on climate change adaptation issues. Mr. Northcross also serves on special climate change committees under the aegis of the City of Sacramento, the West County Wastewater District and the Coastal Hazards Adaptation Resiliency Group. With expertise in wildfire risk mitigation and funding, Mr. Northcross was invited by the Federal Reserve Bank of San Francisco to prepare an article on that subject for their Community Development Innovation Review publication, which was published in October 2019. A link to that article is available here: https://www.frbsf.org/community-development/publications/community-development-investment-review/2019/october/rebuild-to-fail-or-rebuild-to-adapt-how-cra-lending-can-guide-climate-change-disaster-response/

Mr. Northcross was an integral team member for the California Resilience Challenge project in the Town of Paradise. That project was completed in April 2023 and featured groundbreaking work quantifying potential reductions in fire related losses and in insurance premiums in the wildland-urban Interface through fire mitigation methods. More detail about that project can be found here: https://www.bayareacouncil.org/press-releases/new-study-shows-how-communities-in-the-wildland-urban-interface-can-drastically-reduce-fire-risk-and-reduce-insurance-premiums/

Mr. Northcross is also leader in negotiating both public-private partnerships and the workout of defaulted debt. He has negotiated public-private partnerships for the successful development of major mixed-use projects, including such diverse communities as Davis, Fort Ord Reuse Authority, Hemet, Mammoth Lakes, Palmdale, Rocklin, South Lake Tahoe, and West Covina. He is also a leader in negotiating joint ventures between different public agencies – with notable success in putting together bond funded risk sharing programs for cities, counties, and school districts in California.

With a practice in water and sewer financing dating back to 1983, Mr. Northcross is very active in water and sanitation policy issues in California. He presently serves on the California Association of Sanitation Agencies SRF committee.

Mr. Northcross also has hands-on experience as a CFO, serving since 2001 as treasurer for the West Point Inn Association, which runs a 117-year-old hike-in hotel in the parklands of Marin County.

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APPENDIX B: RAFTELIS RESUMES

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Jonathan Ingram

PROJECT MANAGER / PRINCIPAL IN CHARGE / LEAD FACILITATOR

Vice President



ROLE

Jonathan will manage the day-to-day aspects of the project ensuring it is within budget, on schedule, and effectively meets the City's objectives. He will also lead the consulting staff in conducting analyses and preparing deliverables for the project. Jonathan will serve as the City's main point of contact for the project.

PROFILE

Jonathan has 20 years of experience in management consulting and local government management, most recently as budget manager in the City of Cincinnati, Ohio, budget office. Before that, Jonathan served as a management consultant and worked in the city manager's office for the City of Highland Park, Illinois.

Jonathan is a skilled financial analyst in the areas of budget and revenue analysis and has led our work with fiscally distressed communities, supporting their efforts to restore operational and financial sustainability. Additionally, he has extensive experience as a management and operations consultant to local governments in the United States and abroad.

As a consultant, Jonathan has completed operations reviews for over 200 local governments and has helped to improve service delivery for a broad range of departments – from police to public works. He has developed staffing and deployment plans for city operating departments, analyzed and facilitated intergovernmental consolidations, helped local governments develop custom performance management systems, and facilitated the development of long-term strategic plans and financial models.

Professional History

- Raftelis: Vice President (2024-present); Senior Manager (2021-2023); Manager (2020-2021); Senior Associate, The Novak Consulting Group (2012-2020)
- City of Cincinnati, Ohio: Budget Manager (2010-2012)
- Management Partners: Senior Management Advisor (2005-2010)

Education

- Master of Public Administration - Northern Illinois University (2005)
- Bachelor of Arts in Political Science - Aurora University (2003)

Professional Memberships

- International City/County Management Association (ICMA)
- Ohio City/County Management Association (OCMA)

Jonathan's areas of expertise are in local government budgeting and finance, operations analysis, project management, public safety staffing analysis, process improvement, and performance measurement. He is adept at quickly assessing strengths and opportunities within a municipality, analyzing and developing actionable recommendations for improvement, and communicating findings and next steps to a wide variety of audiences, including staff, elected officials, and the public. During his tenure with the City of Cincinnati, Jonathan managed the development and administration of a $1 billion operating budget. He also conducted special analysis projects, served on the City's collective bargaining team, and co-managed the implementation of an enterprise budget system.

Jonathan earned a bachelor's degree in political science from Aurora University and a master's degree in public administration from Northern Illinois University. He is a member of the International City/County Management Association and the Ohio City/County Management Association.

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Nancy Hetrick



FACILITATION SUPPORT

Vice President

ROLE

Nancy will work at the direction of Jonathan in assisting with facilitation of meetings and workshops.

PROFILE

Nancy has nearly 30 years of experience as a local government management consultant and practitioner. Her lifelong commitment to the value and importance of public service underscores her work with local government clients. She invests time to understand both the human dynamic and the systems and culture within an organization to ensure project outcomes that will best service the unique needs of the organization.

Nancy has extensive experience as a facilitator and trainer. She has worked with both elected and appointed officials from jurisdictions throughout the western United States to conduct goal-setting, develop strategic plans, and prioritize service delivery. She has led engaging strategic planning processes that sharpen focus while strengthening teamwork. The strategic plans that are developed offer a meaningful and implementable road map for the organizations she serves. In addition, Nancy has worked with leadership teams in all local government service areas to improve team effectiveness.

In addition to her work in organizational development and strategic planning, Nancy has led hundreds of local government consulting engagements spanning all areas of general management consulting support, including executive recruitment, organization assessment, workforce and succession planning, performance management system design, and financial sustainability planning.

Nancy is active in professional associations that support the advancement of local government professionals. She served as the President of the Municipal Management Association of Northern California (MMANC), founded the Women's Leadership Summit, and sits on the board of Cal-ICMA, where she chairs the Cal-ICMA Talent Initiative.

Nancy studied political science with a concentration in public administration as an undergraduate and continued her studies in a Master of Public Administration program. She has participated in an executive leadership program and received certifications in leadership and style assessment tools such as the Myers-Briggs Type Indicator (MBTI), DiSC, and the CPI 260 Psychological Inventory.

Professional History

- Raftelis: Vice President (2023-present)
- Baker Tilly LLC: Managing Director (through acquisition) 2022-2023
- Management Partners: Vice President, Partner, Senior Manager, Senior Management Advisor (2006-2022)
- County of San Mateo, County Manager's Office: Principal Management Analyst, Management Analyst III (2001-2006)
- Management Partners: Management Advisor (1996-2001)
- Norman Roberts and Associates (Executive Recruiters): Research Associate (1995-1996)

Education

- Coursework complete toward Master of Public Administration, California State University, San Francisco (1996-1997)
- Bachelor of Arts, Political Science with concentration in Public Administration, California State University, Chico (1994)

Certifications

- Myers-Briggs Type Indicator
- DiSC
- CPI 260 California Psychological Inventory

Professional Memberships

- ICMA
- Cal-ICMA
- Women Leading Government
- Municipal Management Association of Northern California, Past President, founder, Women's Leadership Summit

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Emily Uselton

FINANCIAL MODEL DEVELOPMENT

Senior Manager



ROLE

Emily will work at the direction of Jonathan in developing the financial model for the City.

PROFILE

Emily joined Raftelis in 2023 after more than seven years of direct service to the City of Norfolk, Virginia. Emily has over 15 years of finance experience in both the private and public sectors. As Norfolk's Budget Director and Assistant Director, Emily was responsible for overseeing the City's strategic financial and policy planning, including managing the development and administration of a $1 billion operating budget. Her leadership helped provide effective resource recommendations, leading to better performance outcomes and the ability to solve challenging policy issues. Emily led several citywide initiatives, including public workforce recruiting and retention strategies, the development of a program budget, as well as budget development public engagement efforts. Emily's direct service experience and breadth of exposure to relevant local government and utility policy issues make her skillful at asking thought-provoking questions, inspiring innovation and creativity in the problem-solving process, and yielding results that are as pragmatic as they are valuable. During her time in local government, she presented to a variety of stakeholders, including the City Council, executive leadership teams, community groups, and a cross-section of department-level staff.

Since joining Raftelis, Emily has continued to assist utility and local government clients across an array of focus areas, encompassing strategic planning, facilitation, and organizational assessments. Emily's areas of expertise are in budgeting and finance, workforce planning, operations analysis, internal service functions, project management, and performance measurement. She is a quick study of organizational context, providing relevant and achievable recommendations that appreciate the unique considerations of each organization.

Previously, Emily worked in private-sector finance and accounting. She began her career as an auditor for mid-size financial institutions before transitioning to a commercial healthcare real estate company, where she built a team of accountants responsible for overseeing multiple mergers and acquisitions between the company and seniors housing operators across the U.S. and abroad.

Emily earned a master's degree in Public Policy from the College of William and Mary, and a Bachelor of Science with concentrations in Accounting and Finance from Xavier University – Cincinnati. Since 2009, she has held a certified public accountant, CPA certification (inactive).

Professional History

- Raftelis: Senior Manager (2025-present); Manager (2023-2024)
- City of Norfolk, Virginia; Interim Budget Director (2022); Assistant Budget Director (2021-2022); Budget and Policy Manager (2019-2021); Budget Analyst / Senior Analyst (2015-2019)
- Welltower (formerly Healthcare REIT): Director Relationship Accounting (2010-2013)
- Crowe Horwath LLP: External Auditor, Financial Institutions Group (2008-2010)

Education

- Master of Public Policy – College of William and Mary (2015)
- Bachelor of Science in Accounting and Finance – Xavier University (2008)

Certifications

- Certified Public Accountant, CPA (inactive – 2009)

Professional Memberships

- Government Finance Officers Association (GFOA)
- International City/County Management Association (ICMA)
- Engaging Local Government Leaders (ELGL)

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Chad Cowan

FINANCIAL MODEL DEVELOPMENT

Senior Manager



ROLE

Chad will work at the direction of Jonathan in developing the financial model for the City.

PROFILE

Chad joined Raftelis in August of 2023. Chad has over 24 years of experience working with local governments, utilities, non-profits and Higher Education clients. He spent the majority of his career working as a municipal advisor, investment banker and local government official and has executed over $5 billion in financing. During this time, he has assisted clients in evaluating their long-term financial needs and the impact that current decisions have on their long-term financial health.

Through his work and education, Chad has developed a broad knowledge of long-term financial planning for his clients, including building unique models for his clients to help facilitate the decision-making process. As a Consultant with Raftelis, Chad is responsible for delivering client services across a range of activities, including long-term financial planning, feasibility studies, and other studies.

Chad earned a Master of Public Administration from the University of Southern California. He also earned a Bachelor of Science in Planning, Public Policy and Management.

Professional History

- Raftelis: Senior Manager (2023-Present)
- DebtBook: Director (2022-2023)
- HilltopSecurities, Inc.: Managing Director (2022-2023); Director 2016-2022
- City of Durham, NC: Treasurer (2013-2016); Treasury Manager (2011-2013)
- D.A. Davidson: Vice President (2008-2011)

Education

- Master of Public Administration - University of Southern California (1999)
- Bachelor of Science in Planning, Public Policy & Management - University of Oregon (1996)

Certifications

- Series 50 Municipal Advisor Representative

KEY PROJECT EXPERIENCE

North Carolina DEQ (NC): Regional Water and Wastewater Infrastructure Concept Plan

Chad served on the team that developed a methodology to evaluate the overall financial strength of the entities identified for approximately 40 individual utilities within the Study Area. The team developed a Utility Health Scorecard which provides a high-level overview of the health of each entity, considering various system characteristics and both financial and affordability metrics. Specifically, the Scorecard developed for this study leveraged the Environmental Protection Agency's (EPA) Financial Capability Assessment (FCA) Guidance as well as commonly used financial metrics and metrics related to the overall strength of the subject utilities.

Piedmont Triad Regional Water Authority (NC): Long-term Financial Planning Model

Chad served as the project manager for the development of a new long-term financial planning model for PTRWA in 2023 and 2024 to assist in the evaluation of significant expansion of the water treatment plant and implementation of new capital projects to deal with the treatment PFAs. Through the evaluation of the model in 2023 and 2023, the Authority worked with partners to evaluate the issuance of a significant increase in the Authority's debt and adjustments to rates that support the Authority.

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City of Bartow (FL): General Fund Development Study

Chad served as the project manager for the development of the General Fund Sustainability model for the City of Bartow in 2023 and 2024. The long-term financial plan leveraged Raftelis' Decision Panel Model, which allowed the City to evaluate multiple millage rates, capital funding plans, and staffing options. Through the evaluation of the model in 2023, the City Council voted to increase its millage rate to fund long-overdue capital projects throughout the City. In 2024, the City hired Raftelis to update the analysis. The update confirmed the course set forth in the prior year's review and allowed the City to move forward with the implementation of its plan.

Village of Palm Springs (FL): Utility Rate Studies, General Fund Sustainability Model, CRA Sustainability Model

Chad served on the team that developed multiple models for the Village of Palm Springs. Throughout the summer and fall of 2024, Raftelis partnered with the Village to complete four separate long-term models, including General Fund Sustainability, a CRA Fund Sustainability Model, a Stormwater Rate Study, and a Water and Sewer Rate Study. The team leveraged Raftelis' Decision Panel Model for each of the models, which allowed the Village to evaluate multiple solutions for each fund. The project is ongoing and expected to be completed in the next several weeks.

City of Valdosta (GA): Water and Sewer Rate Studies

Chad led the Raftelis effort on the creation of a new Water and Sewer Rate Study and Bond Feasibility analysis for the City of Valdosta (City) in 2023 and 2024. He conducted a 10-year revenue sufficiency analysis update for the water and sewer system including evaluating the City's upcoming capital plans and drafted the bond feasibility report related to the City's 2024 Bond issuance.

Mecklenburg County (NC): Development of Long-term Financial Models for Solid Waste and Storm Water Departments

In a prior position, Chad served as the municipal advisor for the County and was tasked with developing long-term financial plans for the County's Department of Solid Waste & Recycling and the Department of Stormwater Services. Each department had historically funded its capital plans with a Pay-Go model. With significant capital plans for each department, the proposed rate increases for each department were unacceptable to senior management. In conjunction with the finance team, Chad developed a long-term financial model for each department. The models provided the ability for each department to quickly adjust projected capital projects, fees and financing options. The models provided the ability for each department to partner with finance to develop proposed fee structures acceptable to senior management and adopted by the Board of County Commissioners.

City of Durham (NC): Served as City Treasurer – Responsibilities including Debt Structuring and Analysis, Management of the City's Investment Portfolio, Traditional Banking Relationships, and Management of the Risk Management Team

Chad served as the Treasurer for the City of Durham, NC, from 2011 through 2016. During his tenure, he managed the issuance of over $400 million in debt, including general obligation bonds, limited obligation bonds, water revenue bonds (including interim financing solutions), and finalizing a Section 109 HUD Loan. During this time, he also managed the City's investment portfolio and banking relationships – including the roll-out of a new online payment platform. Over the last two years of his tenure, he led the restructuring of the City's Risk Management Team, including the implementation of a new Risk Management Information System, replacing the City's Third-Party Administrators for workers' compensation and general liability and making significant improvements to the Department's internal reporting process. Additionally, he assisted in the development of a long-term financial model for the City's general fund and the evaluation of economic development proposals.

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Claire Pritchard

STAFF CONSULTANT

Senior Consultant



ROLE

Claire will work at the direction of Jonathan in conducting interviews, directing research and analysis, preparing recommendations, and drafting deliverables.

PROFILE

Claire has more than 10 years of experience in management consulting and local government management. She began her consulting career following five years of service with Dakota County, Minnesota, where, most recently, she held the position of assistant to the county manager. While with Dakota County, Claire coordinated the County's legislative agenda, assisted in the development of the annual budget, and conducted financial impact analyses and process improvement efforts for a variety of County functions. Claire also coordinated the County's transition to a new form of government in 2013.

As a consultant, Claire has worked on organizational and staffing analyses for communities around the country, such as the Town of Nantucket, Massachusetts, the City of Allentown, Pennsylvania, and the City of Bloomington, Indiana, as well as several utilities, including Fairfax Water, Virginia, Pinellas County Utilities, Florida, the San Diego Public Utilities Department, California, and Tampa Bay Water, Florida.

Claire has assisted in developing financial models to analyze revenue and expenditure trends, as well as conducting detailed staffing and workload analyses to determine optimal organizational structures. She has developed and analyzed an array of employee and community-based surveys. Claire has conducted several of the best practice and benchmarking research projects and has assisted in creating strategic planning and implementation deliverables.

Professional History

- Raftelis: Senior Consultant (2023-present); Consultant (2021-2022); Associate Consultant (2020-2021); Associate Consultant, The Novak Consulting Group (2018-2020)
- Dakota County, Minnesota: Assistant to the County Manager (2013-2017)
- National Association of Regional Councils: Policy Intern (2012)
- Congressional Research Service (2010-2011)

Education

- Master of Public Policy - University of Chicago (2013)
- Bachelor of Arts in Political Science - University of Chicago (2009)

Professional Memberships

- International City/County Management Association (ICMA)
- Engaging Local Government Leaders (ELGL)
- International Facility Management Association (IMFA)

As a student at the University of Chicago, Claire served as a policy intern with the National Association of Regional Councils, where she developed an educational program on the work of regional councils. She was also the associate editor for international development for the Chicago Policy Review.

Claire earned a bachelor's degree in political science from the University of Chicago and a master's in public policy from the University of Chicago Harris School of Public Policy. She is a member of the International City/County Management Association and is a former ICMA Local Government Management Fellow.

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Polly Englot

STAFF CONSULTANT

Associate Consultant



Professional History

- Raftelis: Associate Consultant (2024-present)
- Broward County: Budget and Management Analyst (2022-2023)
- Food Bank for New York City: Marketing and Events Coordinator (2018-2020)
- Population Services International: Program Coordinator (2016-2018)

Education

- Master of Public Policy - Duke University, Sanford School of Public Policy (2022)
- Bachelor of Arts in Geography, minors in Arabic and French - Bucknell University (2016)

ROLE

Polly will work at the direction of Jonathan in conducting interviews, directing research and analysis, preparing recommendations, and drafting deliverables.

PROFILE

Polly has robust analytical experience throughout the public sector, having worked in local government, nonprofit, and international development settings. She is proficient in the areas of budget planning and analysis, process improvement, and project management. Polly is a detail-oriented problem solver who leverages data and organizational analysis to identify trends and actionable solutions.

Prior to joining Raftelis, Polly worked in Broward County's Office of Management and Budget in southern Florida. She supported the monitoring and development of over 100-million-dollar annual operating budgets for judicial offices and the county's extensive environmental agency. This work included forecasting for a dozen special revenue funds, monitoring state and federal grants, assessing payroll and benefit costs for over 500 employees, and evaluating new staffing and capital project requests.

Throughout her academic studies, Polly developed highly functional skills in GIS analysis, data visualization and communication, evaluation design, and public budgeting. She strengthened these skills in the classroom by learning from her prior tenure at Food Bank for New York City, where she supported planning and content development for over 90 marketing campaigns and events annually. In addition, she collaborated with stakeholders and donors at all levels to raise awareness, fundraise, and support the Food Bank's clients.

Polly began her career in program operations supporting international public health programs based in West Africa, funded by major public and private grantors. Programs ranged from women's health information campaigns to sanitation service delivery research, and she completed technical assistance trips to Ghana and Liberia.

Polly earned a master's degree in public policy from Duke University's Sanford School of Public Policy and a bachelor's degree in geography, with minors in Arabic and French, from Bucknell University in Pennsylvania.

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APPENDIX C: WILLDAN RESUMES

James Edison

Managing Principal

Education

Juris Doctorate, University of California, Berkeley, School of Law

Master of Public Policy, Goldman School of Public Policy, University of California, Berkeley

Bachelor of Arts, magna cum laude, Harvard University

Professional Registrations

Member of California State Bar (inactive)

Affiliations

Council of Development Finance Agencies

CFA Society of San Francisco

Congress for the New Urbanism

Urban Land Institute

Seaside Institute

International Economic Development Council

25 Years' Experience

Mr. James Edison specializes in the nexus between public and private, with expertise in public-private partnerships, and the benefits of economic development to municipalities and state, provincial, regional and national governments. He possesses deep expertise in land use economics, with a specialty in finance and implementation, including fiscal impact and the public and private financing of infrastructure and development projects, both in the U.S. and internationally. Mr. Edison's public-sector experience includes local and regional economic impact studies; fiscal impact evaluations; new government formation strategies; and the creation of impact fees, assessments, and special taxes to fund infrastructure and public facilities. He has conducted numerous evaluations of the economic and fiscal impact of specific plans and consulted on a wide variety of land use planning topics related to community revitalization and the economic and fiscal impacts of development.

As a former bond attorney, Mr. Edison understands the legal underpinnings and technical requirements of public financing instruments and has advised both public and private clients on the use of individual instruments, and the interaction between those instruments and the needs of developers and project finance.

Relevant Project Experience

City of Foster City, CA – Gilead, Chess-Hatch, Mirabella and Pilgrim-Triton Fiscal Impact Studies: The City of Foster City hired Mr. Edison, while at Economics Research Associates ("ERA"), to provide an evaluation of the fiscal impact of three specific plans. He evaluated the impact on services of each plan, the anticipated new revenues and expenditures, and the necessity for new public facilities to serve the projects.

Alameda Point Development Corporation, CA – Alameda Point Conceptual Financing Plan: Mr. Edison is assisted the Alameda Point Development Corporation on a number of assignments related to the financing of infrastructure at Alameda Point, the feasibility of development, the financing of services, fiscal impacts and mitigation, and selection of developers. Alameda Point is a former naval air station that was closed in 1997 and the City took title to the land on June 4, 2013.

County of Monterey, CA – East Garrison Specific Plan Financing and Implementation: East Garrison, located on the easternmost portion of the former Fort Ord in Monterey County, consisted of approximately 1,400 residential units, including single-family detached, town homes, apartments, and affordable housing, a town commercial center, and arts facilities. Mr. Edison assisted the developer and the County with a wide range of financing issues, including the availability and structuring of public finance, fiscal mitigation measures, economic impacts, the implementation of affordable housing, and the negotiation of business terms between the developer and the County. He also assisted the developer in negotiations with the Fort Ord Reuse Authority regarding the base wide capital improvement program and the structuring of the payment of impact fees generated by the development.

County of Napa, CA – Napa Pipe Specific Plan Analysis: Mr. Edison evaluated infrastructure finance requirements for the Napa Pipe project in southern Napa County, consisting of approximately 500,000 square feet of commercial development, 3,000 residential units, and a hotel. An infrastructure financing strategy was provided that drew upon the resources of the project itself and other financing mechanisms such as special assessments.

J. Edison
Resume Continued

The fiscal and economic impact of the project on the County was analyzed, also prepared an urban decay analysis evaluating the impact on retail businesses in the City of Napa. Mr. Edison presented the findings to the County Board of Supervisors and Napa's City Council.

County of Imperial, CA – Solar Farm Fiscal and Economic Analysis: Mr. Edison was engaged by the County of Imperial to evaluate the fiscal and economic impacts of a series of proposed solarvoltaic facilities (or "solar farms") on land near the Town of Calipatria in Imperial County. For each, Mr. Edison calculated the tax revenues and service expenditures accruing to the County from development of the project, and also estimated the economic impacts of the project using IMPLAN, including the impact of the construction and ongoing operation of the solar farm, along with the negative impact of the removal of the project site from agricultural production.

City of Redding, CA – Oasis Towne Center Financing and Fiscal Analysis: Hired by the Levenson Development Company (LDC) to assist with an economic/fiscal impact study and a financing plan for the Oasis Towne Center, a retail development of approximately one million square feet in Redding, California. Mr. Edison advised LDC on how to structure the financing of the development in order to provide public benefits from the project and minimize the need for public resources. He prepared an economic and fiscal analysis and negotiated a series of service plans and fiscal mitigation measures with the City of Redding. Mr. Edison also prepared a financing plan for infrastructure needed not only for the immediate project but also for development within the entire Oasis Road Specific Plan area.

City of Fort Lauderdale, FL – Citywide Economic Development Strategic Plan: Mr. Edison served in the role of Senior Public Incentives Advisor for the City's economic development strategic plan. This citywide Economic Development Strategic Action Plan includes an Economic Development Profile Report; as well as identification and recommendation of potential citywide economic development incentive programs for business retention and recruitment that are applicable to six geographic sub-areas and citywide; an entrepreneurial development and empowerment strategy, a targeted industry growth strategy, and a retail recruitment strategy; an implementation program and "economic dashboard" benchmarking metrics to measure the success of strategies and initiatives; and sources and uses of funding to support plan implementation (grants and other alternative funding opportunities allocated to each of the plan's five-year implementation horizon).

City of Vallejo, CA – Costco Expansion Urban Decay, Economic and Fiscal Impact Analysis: In response to the City's request, Mr. Edison examined the economic impact of a proposed expansion of an existing Costco. The analysis included projections of the impact on sales tax, employment, property tax and the net impact to the City's budget. Based on the analysis, the City Planning Commission approved the Costco expansion.

County of Placer, CA – Bohemia Lumber Site, Fiscal Impact and Urban Decay Analysis: The County of Placer engaged Mr. Edison to examine the fiscal impact and potential urban decay effects from the development of the former Bohemia Lumber site into a retail center. He prepared the analysis and presented the results to the County Board of Supervisors.

City of Salinas, CA – Salinas Downtown Revitalization Plan: Prepared a market study for the downtown area to identify opportunities for development. Advised the City of Salinas on fiscal impact issues and financing tools available to assist with construction and rehabilitation of infrastructure in the downtown

Mike Medve

Principal Consultant

Education

Bachelor of Science Information and Computer Science,

Management and Mathematics Minors,

Cum Laude

University of California Irvine

Areas of Expertise

Public Finance

Public Facility Financing

Special District Formation and Administration

Proposition 218

New Markets Tax Credits

Grant Writing

20 Years' Experience

Mr. Mike Medve is a principal consultant, with 18 years of experience, in the Financial Consulting Services group, with expertise in public finance, including special district formation and administration, fiscal impact analysis, public facilities financing plans, integrated financing districts, Proposition 218, tax credit financing, state and federal grant and loan programs, sales tax revenue bonds, and infrastructure financing districts. He has developed financial pro formas and cash flow analyses for numerous types of public and private project financing programs. Prior to joining Willdan, Mr. Medve was a consultant in the field of public finance for Parsons Brinckerhoff and David Taussig & Associates. Over the years, he has been a financing team member for over $150 million in limited obligation bonds and over $50 million in grant funds. He has served as the lead consultant for over two dozen clients, both public and private, throughout the country.

Relevant Project Experience

City of Oceanside, CA – Tax Increment/Special Tax Consulting: Mr. Medve provided consulting services related to the formation of one of the State's first Enhanced Infrastructure Financing Districts (EIFD). The EIFD's tax-sharing plan has been approved by both the City of Oceanside and the County of Monterey, bringing millions in funding to an area that will be annexed to the City and developed into a high-tech office park and research center. He also assisted the City with its Cost Allocation Plan and Comprehensive User Fee update.

City of Rancho Mirage, CA – Special Tax Consulting: In 2018 and 2019 Mr. Medve assisted the City with the formation of CFD 4A and CFD 4B, both of which were formed in association with the development of a Del Webb residential project in the City. He is also working on the current formation of CFD 4C. The CFDs were formed to provide for funding of backbone infrastructure required for the development, and for payment of certain development fees required by the City. Willdan's work included preparation of the special tax and pro forma analyses, development of the tax methodology and preparation of the Rate and Method of Apportionment of Special Tax document, preparation of the CFD Report and other associated documents, and coordination of the formation process.

City of Upland, CA – Special Tax Consulting: In 2015 through 2019 Mr. Medve assisted the City of Upland with the initial formation of a CFD, the change proceedings that were subsequently conducted to amend the CFD to accommodate a change in the plan of development, and finally with the issuance of bonds associated with the CFD. He worked closely with the City and its financial advisor to ensure the CFD was formed in a manner that met the City's requirements and financing objectives. The CFD was created to equitably spread the cost of the infrastructure being financed through a methodology that was equitably applied to various types of residential development in the project.

County of San Diego, CA – Special Tax Consulting: Mr. Medve is currently assisting the County with special tax consulting projects, specifically CFDs in unincorporated areas. He helped form the Horse Creek Ridge and Hillside Meadows CFDs and is now involved with the review and early steps of forming three additional CFDs to fund flood control, fire protection, and capital improvements. He is also assisting with replacing an existing Permanent Road Division special assessment with a special tax to fund street rehabilitation and maintenance.

Jasper Andrade

Lead Analyst

Education
Accounting, Mt. San Jacinto College

Areas of Expertise
Community Facilities Districts

Landscaping and Lighting Districts

Standby Charges

Assessment Districts

Geographic Information System

6 Years' Experience

Mr. Jasper Andrade is an Analyst II and will serve as the lead analyst for this fiscal analysis project. His role includes data gathering and research, report preparation, peer reviews, and fiscal analysis to support the evaluation of revenues, expenditures, and long-term funding strategies.

Mr. Andrade possesses experience with various special tax financing mechanisms, including Community Facilities Districts (CFDs), fire taxes, parcel taxes, landscape and lighting districts, and standby charges. His responsibilities have included updating Engineer's Reports, preparing resolutions for hearings, maintaining and analyzing parcel data, researching parcel changes, reviewing exemptions, and developing applied reports. These assignments have provided him with direct experience evaluating fiscal conditions, modeling tax and assessment impacts, and supporting decision-making through accurate financial reporting.

Mr. Andrade regularly coordinates with title companies, real estate agencies, appraisal firms, and public agencies. Leveraging Willdan's proprietary MuniMagic+ system, he efficiently accesses ownership records, assessed values, and parcel tax data, which enhances his ability to perform accurate fiscal analysis and deliver timely project support.

Relevant Project Experience

Mr. Andrade currently works with the following agencies encompassing various annual administration services including 1972 Act Districts, Community Facilities Districts, Assessment Districts and Standby Charges.

- City of Coachella, CA
- Desert Recreation District, CA *(Indio, CA)*
- Valley Sanitary District, CA *(Indio, CA)*
- City of Arcadia, CA
- City of Artesia, CA
- City of Brea, CA
- City of California City, CA
- City of Indian Wells, CA
- City of Irwindale, CA
- City of La Puente, CA
- City of Lafayette, CA
- City of Lancaster, CA
- City of McFarland, CA
- City of Reedley, CA
- City of Rialto, CA
- City of San Fernando, CA
- City of Santa Fe Springs, CA
- West Contra Costa Healthcare District, CA

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APPENDIX D: WAUKESHA COUNTY WI BUDGET TASK FORCE REPORT

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Waukesha County, WI

Budget Task Force Analysis and Facilitation

Report / August 2024

RAFTELIS

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RAFTELIS

August 27, 2024

Paul Farrow
Waukesha County Executive
Waukesha County Administrative Center
515 W. Moreland Blvd.
Room 320
Waukesha, WI 53188

Subject: 2024 County Budget Task Force

Dear Paul Farrow:

We are pleased to present this final report summarizing the County fiscal health assessment results and the 2024 Budget Task Force. This report includes a detailed review of the County's current financial condition and financial management practices, future financial projections for the County's operating budget, and a summary of the key themes and topics discussed during the Task Force facilitation sessions.

The fiscal health assessment included in this report provides both historical and future financial trend analysis designed to provide an objective review and context for the work of the Task Force. The assessment included development of an independent financial model projecting anticipated budget needs and gap closure scenarios for the County to consider. Applicable industry standards and best practices were used with input and information provided by County staff to inform the financial trend analysis. Key themes from the four Task Force sessions, including values and policy priorities, are also provided to help guide and inform the County Executive and the Board of Supervisors in future policy decisions.

We are confident that this report can serve as a framework for informing policy recommendations to you and the County Board. The Task Force provided invaluable insight regarding community priorities and strategies for the County to consider when making future budgetary decisions.

Thank you for the opportunity to work with Waukesha County. We enjoyed engaging with County staff and Task Force members throughout this project.

Sincerely,



Jonathan Ingram
Vice President - Organizational Assessment

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www.raftelis.com

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Executive Summary

Property tax levy is the largest local revenue source to fund services provided by Waukesha County. Like other counties in the state of Wisconsin, the annual growth for this revenue is capped based on the growth in net new construction. Over the past several years, net new construction has grown at a rate of less than 2% each year. Meanwhile, and especially after the Global Pandemic, the cost to continue providing services to County residents has increased, on average, between 3-4%. In order to meet balanced budget requirements, the County has had to identify efficiency gains, maximize other revenue sources where possible, and trim staffing levels. Recent economic trends, including above-average inflation, rising wages, and supply chain disruptions, have placed significant financial constraints on County operations.

The County engaged Raftelis to provide an independent fiscal health assessment and facilitate multiple sessions for a Budget Task Force comprised of community leaders. The Task Force was asked to advise the County Executive and County Board of Supervisors on policy actions in the near term that will help shape the County's financial future by ensuring resources are allocated in a manner that best serves the community.

The fiscal health assessment included a financial condition assessment comprised of a historical review of past revenue and expenditure trends, interviews with County staff across each major department to understand core service functions and budgetary challenges, as well as peer benchmarking analysis for similar demographic counties in the state to assess revenue sources and budgetary practices. The financial condition assessment provided relevant context to inform the financial trend analysis. This analysis included developing a six-year financial forecast for the County's operating budget that reflected an annual gap (e.g., budget gap) between projected revenues and estimated expenditures required to maintain services provided today. The forecast model relied upon key assumptions for revenue growth and cost of service inputs. Raftelis' financial model yielded similar results to the County's long-term forecast disclosed in the annual budget document. This financial backdrop was then used to develop and understand potential solutions to address future budget gaps, considering both service level reductions and revenue-generating options.

Raftelis facilitated four in-person Budget Task Force sessions from May to July 2024. The County's Budget Task Force comprised of more than 30 community leaders charged with quickly understanding the County's fiscal health and engaging in discussions and exercises that aimed to provide direction and guidance to the County Executive and County Board of Supervisors regarding the County's financial future. A summary of the Task Force timeline and session topics is provided below.

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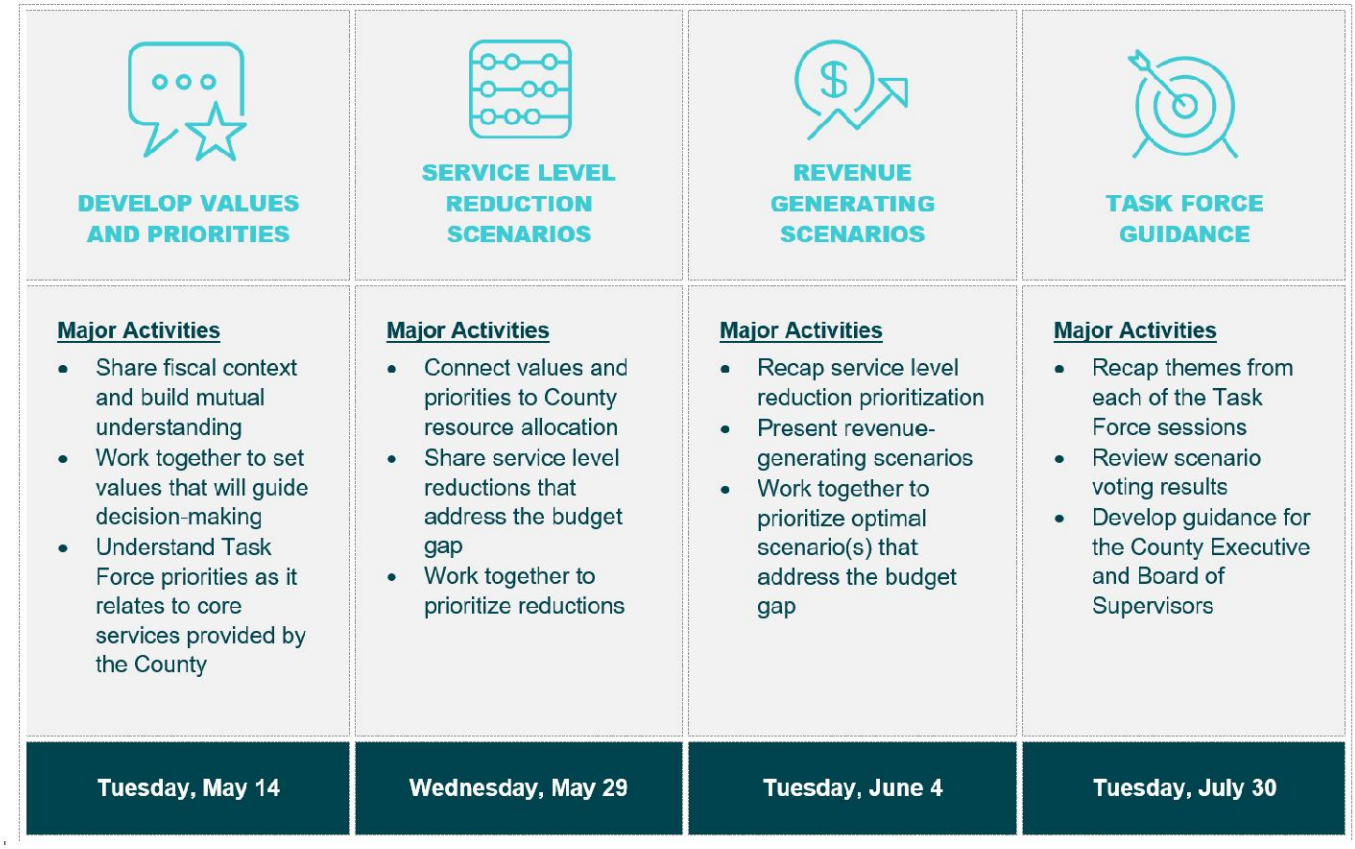

Figure 1: Waukesha County, WI 2024 Budget Task Force Timeline

Details of the Task Force discussions and individual and group exercises are captured in this report. The density of financial information to review and understand during this short time horizon was challenging; nevertheless, the Task Force did a remarkable job of absorbing all the details, engaging in productive conversation, and ultimately crafting meaningful guidance for the County's elected officials. This process also provided the County an opportunity to assess and confirm that current resource allocation aligns with community values and priorities. Engaging the public regularly regarding policy priorities as part of the budget development process is both a best practice and a vehicle for maintaining trust among local governments and the residents they serve. Task Force members learned how well the County staff have navigated these fiscal challenges in the past and their ongoing dedication to prudent financial management of taxpayer resources.

Given the complexity and competing interests of individual Task Force members, reaching a consensus about addressing future budgetary challenges was unrealistic. Instead, the group reached a shared agreement regarding the values, priorities, and areas of focus over the next few years to provide sound guidance for elected officials as they navigate difficult policy decisions. The key themes that emerged from the work of the Budget Task Force are reflected below. The report provides more details regarding each of these themes.

- Importance of fiscal responsibility
- Targeted budgetary service level reductions and enhancements
- Desire to explore revenue options
- Support for infrastructure and economic development
- Evaluate shared services and shared revenue

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Introduction

Background and Methodology

In March 2024, Waukesha County engaged Raftelis to conduct a fiscal health assessment and facilitate the work of a Budget Task Force charged with providing guidance and policy priorities to the Board of Supervisors to inform how the County can navigate short and long-term financial challenges.

To accomplish this, the project team held a kickoff meeting with key members of the County's leadership and finance team to discuss the engagement. The project team then conducted individual and small group interviews with each of the major departments in the County to understand service level expectations, resourcing requirements, fiscal challenges, workload drivers, and opportunities to adjust resource allocation.

The project team reviewed and analyzed a variety of financial data and information provided by the County to understand organizational structure, authorized staffing levels, the budget development process, and core services provided by the County. As part of the financial condition assessment, historical financial data was analyzed to inform trends and key assumptions used to develop an independent financial model projecting estimated revenues and expenditure requirements to continue providing the same level of service today over the next several years. Benchmarking analysis of peer counties selected based on geographic or demographic similarity was also conducted to provide important context during the Task Force sessions.

Members of the project team then developed and led four in-person Task Force sessions from May to July 2024 to discuss the results of the fiscal health assessment, viable gap closure scenarios, and guidance for how County elected officials should navigate the financial challenges to achieve fiscal sustainability over the next decade.

About Waukesha County, WI

Waukesha County is Wisconsin's third- largest county, located directly west of Milwaukee and 70 miles east of Madison, the state capital. The County population is 411,538, according to the Wisconsin Demographic Services Center's 2023 population estimates, which represents a 5.6% increase from the 2010 Census. Relative to the state at large, Waukesha County has higher median income, median home values, and educational attainment levels.

Table 1: Waukesha County Demographic Characteristics, 2022[1]

Demographic Category	Waukesha County	State of Wisconsin
Median age	43.8	40.4
Median household income	$98,849	$70,996
Median home value	$379,700	$252,800
Below federal poverty level	5.2%	10.7%
Homes owner-occupied	76.9%	68.1%
High school graduate equivalent or higher	97.8%	93.5%
Bachelor's degree or higher	48.7%	33.2%
Graduate or professional degree (25+)	17.8%	11.6%

[1] 2022 American Community Survey, U.S. Census Bureau.

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Waukesha has a County Executive form of government, and the legislative body consists of a 25-member Board of Supervisors (Board). The County Board is elected for two-year terms to represent separate geographic districts with populations of around 16,500 each. The Board of Supervisors sets policy by adopting ordinances and resolutions, including reviewing and adopting the annual budget. The County Executive, who is elected to a four-year term, oversees the day-to-day operations of the County and appoints the heads of all County departments except those led by elected officials or state statutory boards and commissions. Elected positions in the County beyond legislative and executive roles include the Circuit Court Judges, Clerk of Courts, County Clerk, District Attorney, Register of Deeds, Sheriff, and Treasurer.

STRUCTURE

Waukesha County's operations are organized by six functional areas depicted in the chart below. Departments led by an elected position are shown in grey. Attorneys in the District Attorney's Office and judges within the Circuit Court are state employees, while support staff within these departments are funded by the County. The other departments are led by members of the County Executive's cabinet. Law enforcement services are provided by the Sheriff's Office for unincorporated areas of the County and by contract for select municipalities. The County operates a regional 911 dispatch center providing Police, Fire, and Emergency Medical (EMS) dispatch service to 34 of the 37 municipalities in the County. The Extension – Waukesha County is administered through county and state shared governance, and the Bridges Library System—a state-funded, combined two-county system with neighboring Jefferson County—is governed by a Board of Trustees composed of each county's residents.[2]

[2] As part of library system funding required under state statute, the County administers a separate library property tax levy applied on non-library municipalities that is used to reimburse library communities for non-resident use.

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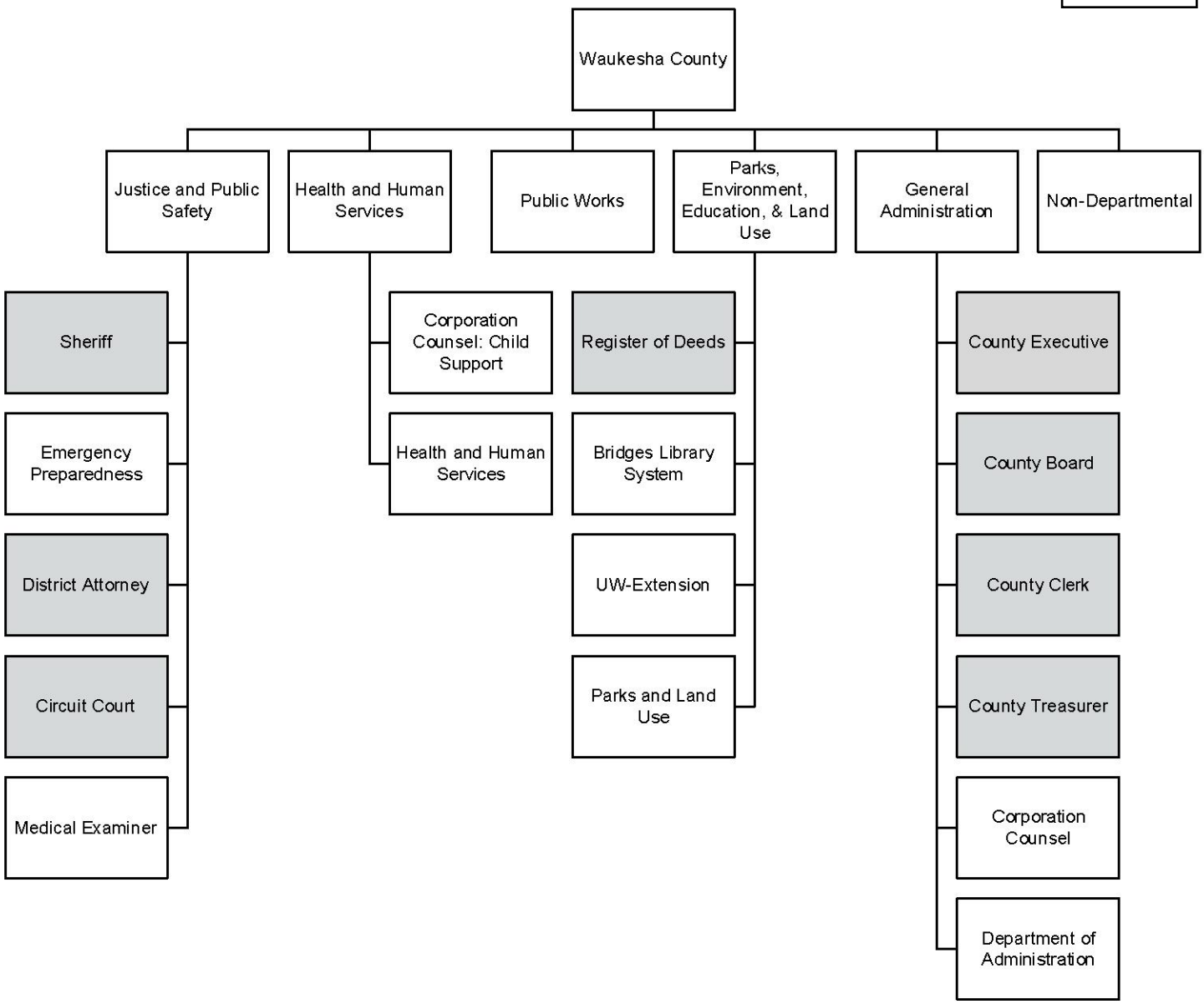

Figure 2: Waukesha County, WI Organizational Chart, FY2024

BUDGET

Each year, at the beginning of budget development, the Budget division estimates tax levy revenue and makes recommendations to the County Executive for allocating new levy among departments. The allocation is based on the County's Strategic Plan and service priorities, with Public Safety typically receiving the largest allocation of tax levy dollars. The Budget division also factors in anticipated spending growth and the ability of departments to generate non-tax levy revenues (e.g., user fees) to offset programmatic costs. From there, departments prioritize their estimated revenue and tax dollars to support core operations.

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The County's budget philosophy is to "balance spending with people's ability to pay," and County management indicates that it has traditionally strived to keep taxes low, resulting in Waukesha County consistently maintaining one of the lowest property tax rates among the 72 Wisconsin counties. At the beginning of this assessment, Waukesha County was one of four counties that had not enacted a 0.5% sales tax. Recently, Manitowoc County adopted the 0.5% sales tax to take effect on January 1, 2025. Waukesha has the lowest property tax rate among counties without a sales tax.

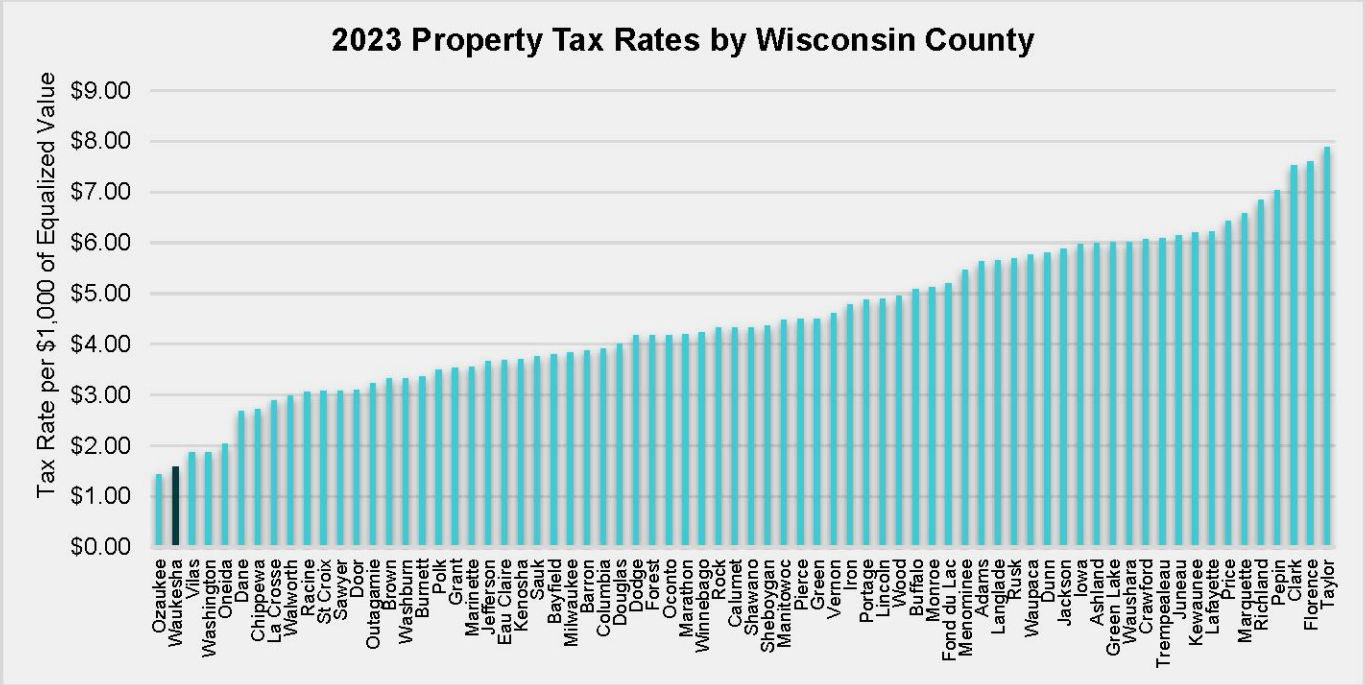

Figure 3: 2023 Property Tax Rates by County[3]

The County's conservative budget approach was further affected by state-imposed property tax levy limits. Wisconsin State law caps counties' annual property tax levy increase at the percent increase in equalized property value due to new construction, with the exception of levy used to fund debt service.[4] The 2005 Wisconsin Act 25 limited the ability of localities to increase property tax, the single largest local revenue source. The initial legislation included minimum growth of at least 2%; however, the legislation was modified in 2011 (after the Great Recession) to lower the minimum growth to 0%. Additional details and analysis regarding this state policy are included in the financial condition assessment; nevertheless, it is worth noting the impact of the revenue cap for annual budget development purposes.

[3] Property tax rates shown include library system and other special taxing authorities.
[4] Wisconsin Statutes § 66.0602(3).

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Budgeted expenditures by functional area are illustrated in the table below. Data is presented based on financial information disclosed in the County's Budget Document. It is important to highlight that the figures include all funds, including funds supplemented through user fees and other non-tax revenue sources. For example, included in the amounts below is the County's special purpose grant fund, which was set up to accept and budget for the $78.5 million of one-time funding received from the American Rescue Plan Act (ARPA). As a result, expenditure trends reflect the temporary boost in budget levels from these one-time sources provided following the onset of the pandemic. Additional details regarding the allocation of ARPA funds by functional area are provided below.

Table 2: Budgeted Expenditures by Functional Area, All Funds, FY2020 – FY2024

Functional Area	FY2020 Adopted Budget	FY2021 Adopted Budget	FY2022 Adopted Budget	FY2023 Adopted Budget	FY2024 Adopted Budget	Average Annual Change
Justice and Public Safety	$66,932,509	$68,341,029	$71,650,398	$76,479,249	$78,062,531	4%
Health and Human Services	$88,837,237	$89,612,129	$92,065,962	$101,654,563	$105,559,022	4%
Parks, Environment, Education, and Land Use	$35,063,785	$33,498,114	$38,723,077	$44,724,903	$43,620,188	6%
Public Works	$33,905,037	$34,413,700	$34,827,094	$36,510,406	$37,733,516	3%
General Administration	$23,270,556	$23,362,925	$25,294,740	$26,125,174	$27,302,374	4%
Non-Departmental	$29,531,600	$30,749,479	$31,245,776	$29,715,040	$29,329,791	0%
Debt Service (General)	$14,944,779	$14,873,594	$15,081,796	$16,135,115	$16,839,088	3%
Total Operating Budget	$292,485,503	$294,850,970	$308,888,843	$331,344,450	$338,446,510	4%

ARPA Allocation

Waukesha County, like other local governments around the country, received one-time federal ARPA funds to help offset impacts of the COVID-19 pandemic. The County's allocation of ARPA funds totaled $78.5 million, to be spent or obligated by December 31, 2024, and completed by December 31, 2026. The County generally manages ARPA funds in the Special Purpose Grant fund. ARPA projects were chosen by prioritizing a number of long-term County objectives, addressing both near-term pandemic impacts and investments in infrastructure. The budgeting of ARPA funds by functional area is captured in the table below.

Table 3: ARPA Allocation by Functional Area

Functional Area	Total
Justice and Public Safety	$44,371,355
Health and Human Services	$8,045,870
Parks, Environment, Education, and Land Use	$10,235,000
Public Works	$1,327,164
General Administration[5]	$14,531,334
Grand Total	$78,510,723

[5] Includes multiple allocations that fund countywide initiatives but are recognized in "General Administration" for simplified reporting.

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In general, following best practices, the County used one-time ARPA funds for one-time expenses. At times though, and because it was authorized by the federal government, ARPA funds were strategically used to support ongoing costs in order to avoid major service impact on residents. Short-term use of one-time funds for ongoing expenses has its place; however, prolonged reliance on such funds increases financial risk. The County appropriately developed a phased-in approach where ARPA funds would be replaced by ongoing levy revenue over a multi-year window to avoid structural imbalance. Structural imbalance refers to ongoing operational costs that are not supported by ongoing revenues. Some examples of ARPA funding used to avoid major operational disruption (e.g., ongoing operating costs) in the short run include:

- $1.3 million to support recommendations outlined in the compensation study
- $2.5 million to phase in Sheriff Department sworn officer pay increases
    - Funding spans three years, with a budget of $720,000 in 2024
- $1.6 million to phase in higher fuel, utility, and vehicle parts
    - Funding spans three years with a budget of $327,000 in 2024

The Justice and Public Safety functional area received the largest total share of ARPA funds: more than $44 million. Most of this, $36 million, supported the Courthouse renovation project with an additional $2.5 million for renovations to the Medical Examiner's Office. Additionally, a civil court was converted to a sixth criminal court to help address the pandemic-driven backlog, with nearly $2.5 million of ARPA funds supporting Circuit Court and District Attorney costs. Finally, $2.5 million supported increases in Public Safety personnel costs to maintain competitive wages and avoid service disruptions.

An additional $14.5 million supported countywide initiatives and is categorized as "General Administration" for simplicity purposes because of its effect on multiple county departments. This category includes about $4.8 million for implementation of an Enterprise Resource Planning (ERP) system, $4.3 million for recovery of administrative costs carrying out the grant initiatives, $3.0 million for salary and benefit adjustments to improve worker retention (e.g., phasing in the compensation study, mentioned previously), and $1.6 million in higher fuel, utility, and vehicle parts (mentioned previously).

Parks, Environment, Education, and Land Use share of funding was $10.2 million, including $7.5 million used to expand the County's revolving loan GROW fund to promote economic development by retaining, expanding, and attracting businesses, as well as to increase workforce housing stock to meet projected employment growth in Waukesha County. Health and Human Services received more than $8 million for programs and infrastructure investments that supported response to emerging public health services. ARPA-funded initiatives in both areas were generally one-time, rather than ongoing, with the exception of a Crisis Services in Law Enforcement project that added positions to a grant-funded pilot of embedded mental health clinicians in public safety agencies. Finally, ARPA funded $1.3 million of one-time costs related to projects in Public Works.

CORE SERVICES MATRIX

The following table provides an overview of the County's core services by functional area. It is meant to provide a high-level summary and is not inclusive of all County services. The programs outlined below provide a basis for understanding potential service level reductions or enhancements, including estimated fiscal and constituent impact.

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Table 4: County Core Services

Functional Area	Department	Programs
Justice and Public Safety	Emergency Preparedness	• Radio Services • Communication Center • Emergency Planning
	District Attorney	• Prosecution/Administrative Services • Victim/Witness Program • VOCA Grant Program
	Circuit Court	• Clerk of Circuit Court Office • Juvenile/Probate Division • Court Commissioners and Family Court Services
	Medical Examiner	• Medical Examiner Services
	Sheriff	• Administrative Services • General Patrol • Investigation • Inmate Security and Services • Court Security • Process Service
Health and Human Services	Corporation Counsel: Child Support	• Child Support
	Health and Human Services	• Administrative/Information Services • Children and Family Services • Adolescent and Family Services • Clinical Services • Public Health • Aging and Disability Resource Division • Criminal Justice Collaborating Council • Veterans' Services
Parks, Environment, Education, and Land Use	Register of Deeds	• Administrative Services • Land Records • Recording • Vital Records
	Extension – Waukesha County	• Strengthening County Citizens, Families, and Communities
	Bridges Library System	• Administrative Services • Resource Sharing • Education and outreach • Automation Technology • Payments to Member Libraries/Systems • CAFÉ Shared Automation Fund
	Parks and Land Use	• Parks • Administrative Services • Golf Courses • Ice Arenas • Workforce Innovation and Opportunity • Planning and Zoning • Land Resource • Environmental Health • Community Development
Public Works	Public Works	• Airport Operations • Engineering Services • Highway Operations • Transit Services • Central Fleet • Facility Operations • Administration

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Functional Area	Department	Programs
General Administration	County Executive	• Advisory Boards • County Administration • Customer and Community Services
	County Board	• County Board and Committee Operations • Legislative Support
	County Clerk	• Licensing • Legislative Support and Administrative Services • Elections
	County Treasurer	• Tax Collections • Investments • Administrative Services
	Department of Administration	• Human Resources • Budget Management • Purchasing and Risk Management • Information Technology/Communications • Accounting Services • Administrative and Business Services • American Job Center
	Corporation Counsel	• General Legal Services
Non-Departmental	Non-Departmental	• General • Health and Dental Insurance • Contingency

STAFFING

Personnel-related costs are a key expenditure driver for the County's budget. Salaries and benefits represent nearly half of the County's annual spending. The table below provides a historical overview of funded positions before the state-imposed levy limits and funded positions in 2024. The data reflects staffing resources, where ongoing revenue is needed to support the position cost. Sunset positions, such as grant-funded or project-based, are excluded from the summary. Four of the County's five Functional Areas with authorized positions experienced a decrease in staffing from FY2010 to FY2024. Health and Human Services, which is the only functional area that experienced a staffing increase, is shown separately because it receives more than 70% of its funding from non-tax levy sources, such as user fees and state pass-through revenue. Position growth in this area is correlated with higher revenue reimbursement.

Table 5: Authorized Staffing Level by Functional Area, FY2010 and FY2024

Functional Area	FY2010 Budget	FY2024 Budget	Total Change (Positions)	Total Change (%)
Justice and Public Safety	539	527	(12)	-2%
Parks, Environment, Education, and Land Use	214	171	(43)	-20%
Public Works	161	142	(19)	-12%
General Administration	139	128	(11)	-8%
Subtotal	***1,053***	***968***	***(85)***	***-8%***
Health and Human Services	399	426	27	7%
Total Regular Positions	**1,452**	**1,394**	**(58)**	**-4%**

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Fiscal Health Assessment

As part of the annual budget development process, County staff conduct a comprehensive long-term forecast to inform future policy decisions based on anticipated revenue and spending levels. As part of the project scope, Raftelis conducted an independent, objective review of the County's forecast model to determine future budget needs.

The Financial Condition Assessment reviewed five-year historical financial data (2019 – 2023) for all County funds to establish a financial baseline. It is important to note that the analysis excluded enterprise funds that are funded entirely through user fees or other non-tax sources as well as the capital budget except as it relates to debt service expenditures and financial policies dictating the percentage of cash contribution for bond-financed capital projects. Raftelis also conducted a benchmarking analysis by identifying peer counties in Wisconsin based on similar demographic indicators. The analysis reviewed revenue sources and budgetary practices to help inform the County's financial context.

The Financial Trend Analysis draws upon the findings of the Financial Condition Assessment, as well as other factors explained later in this section, to project future revenue and expenditure trends for the next five fiscal years. The following sections summarize key historical findings and the financial trends anticipated to impact future budget needs for the County.

Financial Condition Assessment

The examination of Waukesha County's financial condition spanned budgeted and actual staffing, spending, and revenues from fiscal years 2019 through 2023, as well as the 2024 adopted budget. The data considered included published budgets, internal and audited financial reports, and interviews with County leadership. Part of the five-year analysis reflects the economic and service impacts of the COVID-19 Global Pandemic, which began in March 2020 and ended in May 2023. This period was characterized by suspending or altering many private and public services and stimulus funding from the federal government to avoid economic recession. As a result, the actual financial data during this period experienced greater variation than previous historical averages.

Summary of County Funds

More than 55% of the County's budget is organized within the General Fund. The three largest revenue sources comprising the General Fund are, in order, the property tax levy, intergovernmental contracts/grants, and charges for services. The County also maintains Debt Service and Capital Projects funds, distinct from the General Fund. Debt Service is the third-largest recipient of tax levy, and capital projects are funded through a combination of available operating revenues (cash) and bond issuances (debt).

County operations include five Enterprise Funds where operating and capital costs are entirely or mostly recovered through user charges. As of 2024, these include a fund for two golf courses, a fund for two indoor ice arenas, a fund for a materials recycling facility managed by the Department of Parks and Land Use, a fund for the airport managed by the Department of Public Works, and a Radio Services Fund managed by the Department of Emergency Preparedness. Two relevant changes occurred in 2020 when the airport became self-sustaining without property tax levy support, and the County sold a third golf course.

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Finally, the County manages financing for interdepartmental goods and services through Internal Service Funds. The Vehicle/Equipment Replacement, Central Fleet Maintenance, and Collections Management funds manage respective services for all County departments, who are then charged a usage-equivalent fee for service. The Risk Management, Health and Dental Insurance, and End User Technology Funds allocate most costs to departments or users, with certain centralized subsidies.

Major Revenue Sources and Recent Trends

The following table summarizes County revenues by category for the past five fiscal years.

Table 6: County Operating Revenues by Category, FY2019 – FY2023[6]

Revenue Category	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual[7]	Average Annual Change
Tax Levy- General Operations[8]	$89,338,540	$90,609,579	$92,062,880	$93,696,377	$95,635,790	2%
Tax Levy- Library	$3,523,524	$3,538,749	$3,659,778	$3,706,706	$3,999,607	3%
Intergovernmental[9]	$61,730,518	$75,515,929	$82,069,763	$84,115,231	$92,208,134	11%
Fines, Licenses, and Charges for Services	$36,427,997	$35,484,735	$40,605,130	$37,985,293	$38,001,986	1%
Interdepartmental Charges	$37,284,088	$38,086,965	$40,828,287	$41,708,475	$42,163,746	3%
Other[10]	$17,296,583	$23,185,832	$17,989,986	$21,109,417	$23,957,337	11%
Total	$245,601,251	$266,421,789	$277,215,823	$282,321,499	$295,966,600	5%

The County currently levies tax through property values. As mentioned previously, state statute limits annual property tax levy increases to the prior year's change in value owing to net new construction, which incorporates both new and demolished buildings. There is some flexibility beyond the limit, primarily for unused tax levy from the prior year and to support debt service obligations. The County apportions the levy across taxable properties based on their equalized values. With the state-imposed cap on levy growth, the effective tax rate has decreased in recent years. The County's total equalized property value has consistently increased, often at a much higher rate than the rate of tax levy growth. From 2019 to 2024, equalized property value rose from $55 billion to nearly $83 billion, while the effective tax rate per $1,000 of equalized value fell 26%, from $1.89 to $1.39.

The following figure illustrates trends in property value and property tax rates over the past 10 years.

[6] Excludes enterprise funds, debt, and capital.
[7] Preliminary unaudited figures
[8] Does not include levy dedicated to capital or debt service.
[9] FY 2021 – FY 2023 included ARPA funding for operations.
[10] Market value adjustment on investment income is excluded.

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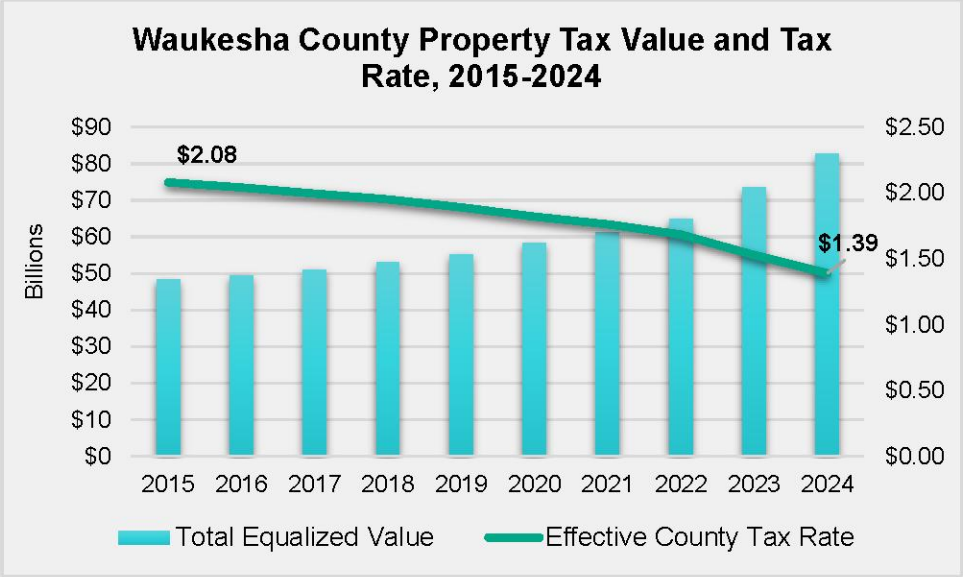

Figure 4: Waukesha County Property Tax Rates and Property Value, 2015-2024

Justice and Public Safety receive the greatest share of tax levy (41.3% in 2024). The Sheriff's Office receives nearly two-thirds of the levy allocated to this area, with the remaining allocated to the District Attorney, Emergency Preparedness, Circuit Court Services, and Medical Examiner. Tax levy supports the majority of service delivery costs for each of these five departments. Public Works is equally reliant on intergovernmental funds (most of which is funding for maintenance of state highways) as it is tax levy, followed by interdepartmental funding for vehicles and equipment. Tax levy is only the third largest revenue source for Parks, Environment, Education, and Land Use, as nearly two-thirds of services are funded by intergovernmental and service charge revenues. Lastly, less than 10% of the General Administration budget is funded through tax levy, with the balance supported by interdepartmental and other sources. Total tax levy allocation by functional area, as a share of one dollar, is reflected in the figure below.

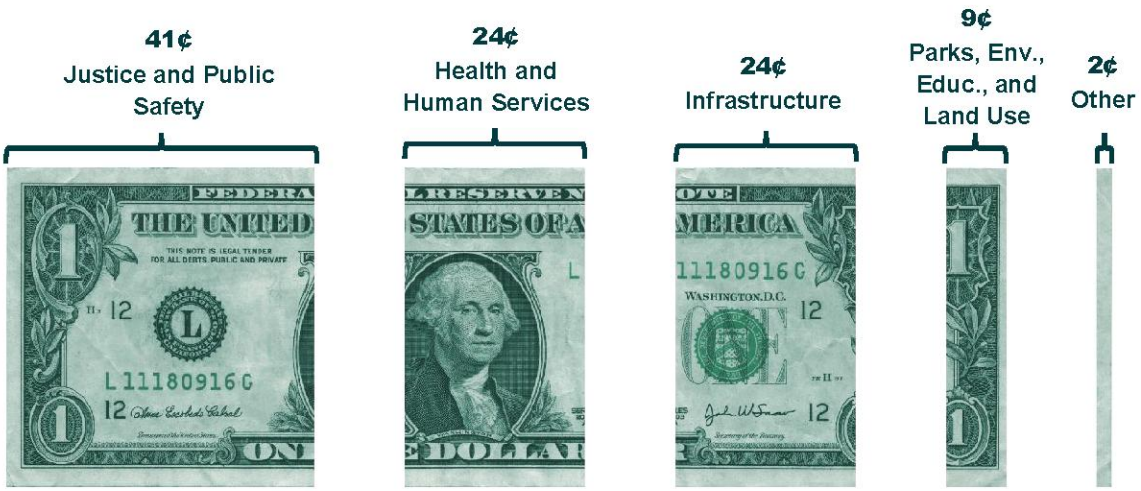

Figure 5: 2024 Tax Levy Allocation by Function, as $1

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Intergovernmental revenue increased by 10.6%, on average, over the past five years, the largest among each of the revenue categories. Much of this growth is driven by pandemic-era federal funding that cannot be relied upon in future budgets. County departments try to maximize state and federal funding resources to meet County priorities. However, nearly all the funding—whether from grants, contracts, or aid—is restricted to specific purposes. Shared revenue from the state is the only major unrestricted intergovernmental funding available, and it generally comprises less than two percent of funding countywide (and even a portion of this is restricted to transportation and certain public safety functions). The state appropriation comes through a combination of programs and is derived from state taxes. Other intergovernmental funding includes federal entitlement programs like the Community Development Block Grant from the Department of Housing and Urban Development, state support for mandated services like the Courts, and grants that County staff pursue. State funding for mandated services is often flat or grows minimally, not keeping up with the cost of providing services. As a result, approximately 40% of local tax levy in the 2024 budget was used to meet state-mandated service obligations.

Interdepartmental revenues are primarily associated with the internal service funds described earlier for End User Technology, Vehicle/Equipment Replacement, Central Fleet Maintenance, Risk Management, Collection Management, and Health and Dental Insurance. Other interdepartmental revenues are also for internally provided goods and services, such as Court Security supplied by the Sheriff and paid from the Circuit Court budget. Recognizing the fiscal constraints that many user departments are facing, most of these charges have been limited to 2-3% increases each year, despite the growing costs of providing these services. This has required significant subsidies to artificially lower interdepartmental charges through the use of internal service and general fund balance, including $613,000 in the End User Technology Fund and $268,000 in the Risk Management Fund in the 2024 budget. The use of one-time funds to bridge the gap between the cost of services and charges to departments will not be sustainable in the long term. From 2019 to 2023, these interdepartmental revenues increased by 3.1% on average, which still exceeds the average growth in the allowable property tax levy to support them.

Fines, licenses, and charges for services capture user-based revenue, whether they are imposed for compliance, authorization to operate, or in exchange for accessing a program or activity. Excluding Enterprise Funds, this revenue source has grown 4% from 2019 to 2023. Certain user fees are set by the state or an external agency with limited ability to change as operating costs evolve. Other fees that the County exerts greater control over—like golf course fees—are carefully balanced between cost recovery needs and remaining competitive in the regional market. Where possible, the County has prioritized increasing user fee revenues to keep pace with the cost of providing the service. For example, Parks and Land Use, where a majority of programs are discretionary, achieves 77% cost recovery across all of its funds. This minimizes the reliance on tax levy support. Additionally, the outpatient clinic from Health and Human Services, which receives governmental reimbursement for eligible Medicaid patients, is able to charge patients who can pay higher commercial insurance reimbursement rates, increasing revenue to support other programs where cost-recovery is more challenging.

Expenditure Trends

The following table shows County expenditures by category for the past five fiscal years.

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Table 7: County Expenditures by Category FY2019 – FY2023

Expenditure Category	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual[11]	Average Annual Change
Salaries	$94,861,283	$99,997,477	$101,143,489	$101,500,262	$107,139,325	3%
Benefits	$32,385,290	$33,956,966	$35,705,532	$34,486,102	$36,234,191	3%
Operating Expenses	$75,653,016	$76,998,367	$85,984,344	$78,553,630	$87,890,381	4%
Contracted Services	$31,550,677	$32,136,358	$32,748,678	$34,850,104	$37,929,098	5%
Debt Service	$13,904,500	$14,254,500	$14,312,719	$14,520,921	$15,842,737	3%
Utilities	$2,943,744	$2,837,667	$3,226,256	$3,523,124	$3,535,724	5%
Interdept.	$21,032,319	$21,115,483	$22,375,468	$24,290,762	$24,265,908	4%
Total	$272,330,829	$281,296,818	$295,496,486	$291,724,905	$312,837,364	4%

The modest average annual increase in expenditure primarily reflects the increasing cost of providing existing services and increased temporary federal funding. The County has had limited-service expansion over the past five years. High-quality service delivery relies on talented staff, and the County has worked diligently to remain a competitive employer. As previously discussed, salary and benefit costs have risen nationwide, and municipal employers are facing competitive pressure from not only private sector jobs but also neighboring localities. The County strives for cost-effective and competitive employee benefits by self-insuring health and dental insurance coverage and participating in the Wisconsin Municipal Mutual Insurance Company for eligible liability coverage. For an organization with more than 1,000 employees, this is a best practice[12]; however, managing healthcare costs within a constrained revenue generating capacity is a challenge. Nationwide medical inflation was 7% in 2023, and the County has effectively managed to stay at or below this threshold.[13]

Non-personnel operation costs increased between 15% to 20% over the past five years, well above the 7% growth in property tax levy revenue over the same period. Historically, the County has relied on a contract-based service model to increase efficiency and effectively manage resources. As large contracts have come due for renewal, the underlying labor and supply costs impacting contract pricing have resulted in significant renewal increases. For example, the jail medical services budgeted contract costs increased 25% between 2019 and 2024. The County's utility costs jumped up 20% from FY2019 to FY2023, largely driven by a 14% increase in 2021 and a 9% increase in 2022. Finally, interdepartmental spending increased by approximately 4% per year on average, reflecting growing costs for essentials like software licenses, risk management charges, and bailiff services. One key contributor to rising costs is inflation.

GENERAL FUND HISTORICAL OVERVIEW

Budgeted and actual General Fund expenditures both increased, on average, between 3-4% each year over the past five years. A summary of actual revenue and expenditures by fiscal year is illustrated in the table below. The relatively small variance between these amounts is indicative of the County's ability to both accurately forecast and adjust as needed based on revenue collections throughout the year.

[11] Preliminary unaudited.
[12] Sammer, Joane. Is Self-Insurance for you? Society for Human Resources Manager (SHRM). May 2011. https://www.shrm.org/topics-tools/news/hr-magazine/self-insurance
[13] Kaiser Family Foundation (KFF). Employer Health Benefits; 2023 Summary of Findings. https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2023-Annual-Survey-Summary-of-Findings.pdf

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Table 8: General Fund Budget to Actual Expenditures, FY2019 – FY2023

Year	Actual Revenues	Actual Expenditures	Favorable/ Unfavorable Variance ($)	Variance to Modified Budget (%)
2019	$174,375,559	$174,943,194	$567,635	0.3%
2020	$183,677,936	$189,168,729	$5,490,793	2.7%
2021	$189,565,729	$195,778,871	$6,213,142	3.2%
2022	$187,959,054	$195,545,024	$7,585,970	3.8%
2023	$199,356,512	$206,591,220	$7,234,708	3.4%
Average			$5,418,450	2.7%

PEER BENCHMARKING

The project team compared Waukesha County's financial profile to that of other Wisconsin counties to help provide context to the County's financial position. Given the unique nature of local governments within each state, the benchmarking analysis focused on other counties in Wisconsin. Benchmarking can be a useful tool to identify shared challenges and opportunities. However, it is important to note that any municipal entity can vary significantly from its neighbors or similarly sized counties due to a variety of social and economic factors, and benchmarking should be considered as one data point in a more holistic analysis.

For this analysis, counties in Wisconsin were first reviewed based on population size. Waukesha is the third largest County in the state, within the top tier range of population size from around 170,000 in Kenosha County to more than 930,000 in Milwaukee. Population is a useful comparative metric because a County's size typically impacts the resources available from the tax base, as well as the service level demands. Other comparative factors that were analyzed included whether the County had adopted the 0.5% sales tax; median income and house value; percent of the population below the federal poverty level; and crime rates. These factors were important given Waukesha's strong property tax base, conservative financial policies, and prioritization of public safety services by residents. The analysis also considered geographic proximity to Waukesha, as Wisconsin's population tends to be concentrated in its southern region where the County is located.

As captured in the table below, Waukesha's population size is closest to Brown County, which is located in northern Wisconsin near Green Bay. Although further north, Green Bay has both a major professional sports team and Lake Michigan waterfront, attributing similar socioeconomic characteristics to Waukesha. Waukesha's median income and home values aligned closest to Dane County, where the state capital of Madison is located. When examining the prevalence of poverty and crime, Waukesha ranks closer to Racine, which also happens to be the only other benchmark peer without a county sales tax.

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Table 9: Peer Counties Demographic Comparison[14]

County	2023 Population[15]	Adopted Sales Tax	Median Income	Median House Value	% Below Federal Poverty Level	Violent Crimes per 1,000 Residents[16]	Property Crimes per 1,000 Residents[17]
Brown	273,333	1986	$71,127	$251,900	9.9%	8	12
Dane	590,056	1991	$84,831	$373,500	10.4%	7	16
Kenosha	170,243	1991	$74,534	$253,200	9.0%	9	10
Milwaukee	937,259	1991	$58,214	$216,900	17.1%	20	29
Racine	197,422	None	$71,788	$238,200	8.0%	7	10
Waukesha	411,538	None	$98,849	$379,700	5.2%	3	7

To gauge the overall resource allocation and spending of taxpayer dollars, the table below compares the budget, property tax levy, and state-shared revenue per capita for each of the peer counties. Among peer counties, Waukesha has the lowest per capita amounts across all three categories (although Dane County receives similar shared revenue per capita). To meet resident service level expectations with fewer resources year after year requires persistent operational efficiency.

Table 10: Peer Counties Spending Per Capita

County	Total 2024 Budget Per Capita	2024 Tax Levy Per Capita	2024 Shared Revenue Per Capita
Brown	$1,702	$347	$17
Dane	$1,641	$431	$10
Kenosha	$1,657	$457	$16
Milwaukee	$1,464	$311	$58
Racine	$1,233	$327	$19
Waukesha	$916	$279	$10

Comparison of Revenue Sources

The primary revenue source for all Wisconsin counties is tax revenue. All counties collect property taxes, and they also have the option to collect vehicle registration fees (also known as a wheel tax) and/or a 0.5% sales tax. Four of the five benchmark counties collect sales tax, as illustrated in Table 9. Milwaukee County also received special approval from the state legislature to increase its county sales tax and add a city sales tax beginning in January 2024.[18]

[14] Unless otherwise specified, all data is from 2022 (most recent available) and the 2022 U.S. Census American Community Survey.
[15] "Demographic Services Center's 2023 Population Estimates." *Wisconsin Department of Administration*, https://doa.wi.gov/DIR/Final_Ests_Summary_2023.pdf.
[16] "UCR Offense Data." *Wisconsin Department of Justice*, https://www.doj.state.wi.us/dles/bjia/ucr-offense-data.
[17] Ibid.
[18] "Tax Rates." *Wisconsin Department of Revenue*, https://www.revenue.wi.gov/Pages/FAQS/pcs-taxrates.aspx#txrate11.

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Waukesha, at the beginning of this assessment, was one of only four counties, out of 72 total, without the county sales tax. Recently, Manitowoc County adopted the sales tax with an effective collection date of January 1, 2025. Among the remaining three counties without sales tax, Waukesha is certainly not alone in experiencing growing fiscal pressure. In the previous three other counties without the sales tax—Manitowoc, Racine, and Winnebago—the FY2024 budget development processes identified an average shortfall of $8.3 million. Further, in the 2024 budget messages for both Winnebago and Racine counties, the respective County Executive took the opportunity to highlight their mounting constraints and foreshadow seeking additional revenues.[19] Waukesha has maintained its Aaa/AAA bond ratings despite fiscal constraints. The bond rating agencies acknowledge the availability of the additional revenue source (sales tax) and spending growth that has outpaced restricted revenue growth, noting they "expect spending to grow in line with, to slightly above, revenue growth in the absence of policy action."[20]

The chart below illustrates the distribution of major revenue sources among each of the peer counties.[21] Of the four counties with comparable data,[22] not surprisingly, Waukesha relies the most on a property tax levy and other revenues (including user fees). The addition of sales tax in the other three counties contributes to less reliance on the property tax levy. Intergovernmental revenue is a significant source of revenue for all counties in the state, with similar proportions among the four counties shown below. As mentioned previously, much of this revenue is restricted in use to support specific, often mandated, services provided by the County.

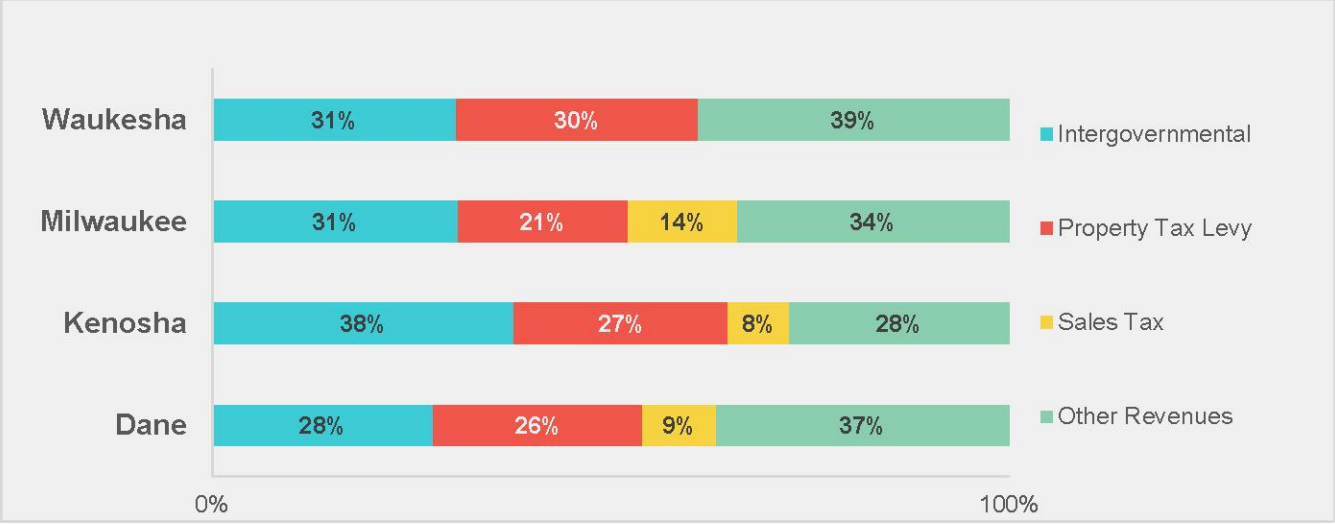

Figure 6: 2024 Revenue Sources for Counties That Budget with Comparable Categories

[19] "Racine County 2024 Budget." *Racine County*, racinecounty.com/home/showpublisheddocument/46848/638428279760830000; "2024 Approved Budget Book." *Manitowoc County*, https://manitowoccountywi.gov/wp-content/uploads/2024/05/2024-Approved-Budget-Book.pdf; "Adopted Budget 2024." *Winnebago County*, https://www.co.winnebago.wi.us/sites/default/files/uploaded-files/2024%20ADOPTED%20Budget.pdf.

[20] "Fitch Rates Waukesha County, WI's Series 2023A GO Notes 'AAA'; Outlook Stable." *Fitch Ratings*, https://www.fitchratings.com/research/us-public-finance/fitch-rates-waukesha-county-wi-series-2023a-go-notes-aaa-outlook-stable-12-04-2023.

[21] "2024 Adopted Operating Budget." *Milwaukee County*, https://county.milwaukee.gov/files/county/administrative-services/PSB/BudgetsCopy-1/2024-Budget/2024-Adopted-Budget/2024-Operating-Budget2025.pdf; "2024 Budget." *Kenosha County*, https://www.kenoshacounty.org/DocumentCenter/View/17819/2024-County-Budget; "2024 Adopted Budget." *Dane County*, https://admin.danecounty.gov/documents/pdf/Budget/2024/Adopted-Budget-Report.pdf.

[22] Counties are only shown if their revenue categories align with Waukesha closely enough for comparison.

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Financial Trend Analysis

After reviewing historical financial results for revenue and expenditures, the project team created a financial model incorporating the historical trends along with anticipated future trends to forecast budget needs over the next six years, FY2025 – FY 2030. This independent analysis provided an objective review of the County's annual forecasting process, and it began to identify some of the key challenges associated with achieving a balanced budget in future years.

KEY ASSUMPTIONS

The adopted FY2024 budget was used as the base year of data for the financial model. The financial model excluded Enterprise Funds and the Capital Improvement Fund, focusing on operating budget requirements for all other funds, including Special Revenue and Internal Service Funds. Key assumptions used in the model are detailed below.

Fund Balance

The starting fund balance for FY2024 is assumed to be $60.9 million, based on the adopted FY2024 County budget, and the starting fund balance for FY2025 is assumed to be $57.4 million, based on County staff projections. These figures represent the unassigned fund balance for General and Special Revenue Funds only.

The annual target fund balance is assumed to be 15% of annual General and Special Revenue Fund expenditures, and the minimum is assumed to be 11% of annual expenditures, based on adopted County financial policies.[23]

Operating Expenditures

The model identifies assumptions for annual changes in base operating expenditures based on expenditure category. These assumptions were developed based on historical trends and input from County staff. The list of assumptions by category is shown in the table below.

Table 11: Base Annual Change Assumptions for Operating Expenditures by Category

Category	Assumed Annual Percent Change
Salaries[24]	5%
Benefits	5%
Operating Expenses	4%
Capital Assets	5%
Contracted Services	8%
Utilities	10%
Interdepartmental Charges	4%

A total of 98% of budgeted operating expenditures are projected to be spent per year. Historically, the number has been closer to 97%, but this is largely due to high vacancy rates, and the model assumes a lower vacancy rate going forward.

[23] "Financial Management Policies." *Waukesha County*.
[24] Includes across-the-board salary range adjustments, progression through step ranges, and performance pay, similar to recent years.

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Capital Expenditures

Assumptions for annual capital expenditures, as well as revenue offsetting the cost of these expenditures, are based on the County's adopted capital plan. Based on past County practice, the model assumes that the County will pay for at least 20% of all capital costs directly (as down payment) and that the rest of the cost, aside from any offsetting revenue, will be financed through 10-year bonds. The annual interest rate for the bonds is assumed to be 4%, based on standard County assumptions.

Non-Tax Revenues

The model identifies assumptions for annual changes in base non-tax operating revenues based on revenue category. These assumptions were developed based on historical trends and input from County staff. The list of assumptions by category is shown in the table below.

Table 12: Base Annual Change Assumptions for Non-Tax Operating Revenues by Category

Category	Assumed Annual Percent Change
Intergovernmental	2%
Fines, Licenses, and Charges for Services	3%
Interdepartmental Revenues	4%
Other Revenues	3%

Tax Revenues

The model assumes that all debt service will be paid for via property tax levy, and that the remaining portion of the tax levy, which is subject to state restrictions on the annual increase, will increase by 1.4% per year. The 1.4% figure is based on County projections of future development and is supported by historical trends. Property appreciation has increased significantly, while net new construction is limited by the availability of developable properties and is affected by the economic cycles.

FUTURE PROJECTIONS

Based on the assumptions detailed in the previous section, projected operating revenues and expenditures are shown in the tables below. Numbers are rounded to the nearest million.

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Table 13: Projected Operating Expenditures by Category, FY2024 – FY2030 ($M)[25]

Category	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Average Annual Change
Salaries	$111.7	$116.9	$122.7	$128.8	$135.3	$142.0	$149.1	5%
Benefits	$40.2	$42.0	$44.1	$46.3	$48.6	$51.0	$53.6	5%
Operating Expenses	$92.1	$90.9	$94.6	$98.4	$102.3	$106.4	$110.6	3%
Capital Assets	$1.8	$1.9	$2.0	$2.0	$2.2	$2.3	$2.4	5%
Contracted Services	$37.8	$40.8	$44.1	$47.6	$51.4	$55.5	$60.0	8%
Utilities	$3.3	$3.7	$4.0	$4.4	$4.9	$5.4	$5.9	10%
Interdept. Charges	$24.2	$25.0	$25.9	$26.8	$27.8	$28.7	$29.8	4%
Transfers to Other Funds[26]	$1.0	$0.9	$1.0	$1.1	$1.2	$1.3	$1.4	6%
Debt Service	$16.8	$17.3	$19.8	$21.4	$22.0	$22.4	$21.8	5%
Total	$328.9	$339.4	$358.1	$376.9	$395.6	$415.0	$434.6	5%

Table 14: Projected Operating Revenues by Category, FY2024 – FY2030 ($M)[27]

Category	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Average Annual Change
Tax Levy	$119.0	$122.4	$126.3	$129.5	$131.5	$133.5	$134.4	2%
Intergovernmental	$85.9	$88.2	$90.0	$91.8	$93.6	$95.5	$97.4	2%
Fines, Licenses, and Charges for Services	$41.6	$42.8	$44.1	$45.4	$46.8	$48.2	$49.6	3%
Interdept. Revenues	$46.3	$47.9	$49.6	$51.3	$53.1	$55.0	$56.9	3%
Dedicated Fund Balance	$8.9	$7.1	$7.3	$7.5	$7.7	$7.9	$8.1	-1%
ARPA	$8.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	N/A
Other Revenues	$18.5	$19.0	$19.6	$20.2	$20.8	$21.4	$22.0	3%
Carryforward[28]	$0.0	$6.8	$7.2	$7.5	$7.9	$8.3	$8.7	N/A
Total	$328.9	$334.2	$344.0	$353.2	$361.4	$369.7	$377.1	2%

Operating expenditures are projected to outpace earnings each year, based on the base model assumptions. The gap is also expected to grow over time, as illustrated in the figure below.

[25] Figures may not sum due to rounding.
[26] Levy transferred to capital projects as part of down payment.
[27] Figures may not sum due to rounding.
[28] The model assumes that 2% of budgeted operating expenditures in 2025 onward are not expended, based on past trends, and these funds are carried forward.

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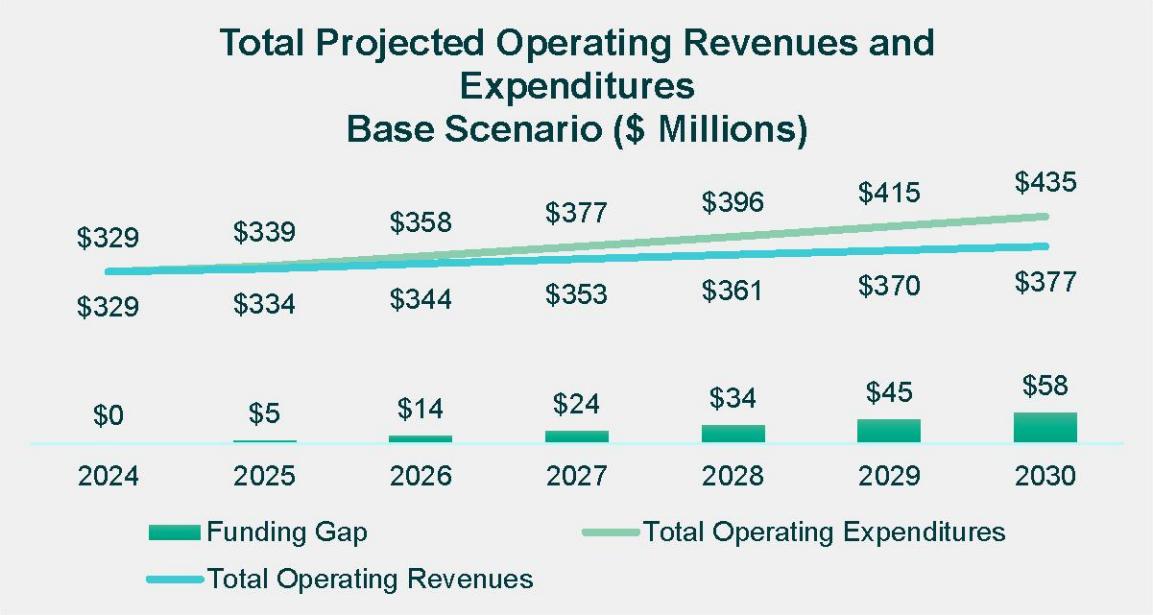

Figure 7: Projected Operating Expenditures and Revenues Under Base Scenario, FY2024 – FY2030

The baseline forecast provided above aligns with the County's financial forecast provided in the budget document as part of budget development each year. The results indicate a structural deficit, where primary ongoing revenue sources are growing at a rate that is below the cost to continue providing the same level of service residents receive now over the next six years. Structural deficits can lead to decreased reserve balances, limit capacity for future capital investment, and require significant service level reductions to meet balanced budget requirements.

Gap Closure Scenarios

The difference between estimated revenue and cost to continue providing services (baseline) is referred to as the budget gap. As part of the financial analysis, Raftelis worked with County staff to identify gap closure options that either reduce services (expenditure savings) or increase revenue (revenue-generating options). Collectively these options will be needed to address the projected budget gap over the next several years. It is important to note that the structural imbalance experienced by the County is not new. Since 2019, the County has faced preliminary base budget gaps ranging from $3 to $8 million annually.

EXPENDITURE REDUCTIONS

Under the state-imposed levy limits, the "new" revenue provided through tax levy growth is usually insufficient to cover the increasing cost of providing core services, often resulting in staff reductions and other expenditure cuts. As such, departments have identified cost savings by reducing non-mandated services and trimming support for mandated services. The anticipated budget gap starts at approximately $5 million in 2025. It grows to approximately $58 million in six years as inflationary pressure for operational costs increases an average of 3 – 5%, higher than historical averages of 2 – 3%. The financial model included a targeted analysis of needed expenditure reductions or revenue enhancements to solve for the next six years. The estimated savings target is approximately $30 million, which would help mitigate the inflationary impact that results in the $58 million gap.

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To assist with identifying potential expenditure reduction scenarios, the project team leveraged the County's program-based budget. This data allowed for easier translation of estimated savings amounts and service level impact. This relationship is critical for policymakers to have a clear understanding of the trade-offs associated with no longer providing a service or reducing the current service level. Given a much shorter time horizon for the financial analysis and Task Force facilitation (three months) compared to traditional budget development (nine or more months), the savings estimates required simplified assumptions and instead focused on understanding what programs might be feasible to reduce (e.g., are not mandated) and the net tax levy support that could be realized as potential savings. This information was then used to help guide the Task Force discussion around service level priorities and willingness to reduce certain services.

The figure below provides the scope of service level reductions following the logic described above, beginning with the adopted FY2024 Budget to the approximately $38 million of discretionary services where tax levy savings could be achieved. Nearly all of these services would need to be reduced/eliminated to achieve the $30 million of targeted expenditure reductions that solve the County's projected budget gap over the next six years. Discretionary is a subjective term. Many of the programs included in this amount still include core services that may have mandated components. For example, law enforcement is mandated for unincorporated areas of the County and, based on resident priorities, would likely not be classified as "discretionary;" however, tax levy support is highest among this functional area, and as such, resource allocation could be reduced by adjusting staffing levels, which may in turn increase response time or limit availability to respond to non-violent calls for service. What constitutes a core service is unique to each locality. Core services are the essential functions and services provided to ensure the well-being, safety, and effective functioning of the community.

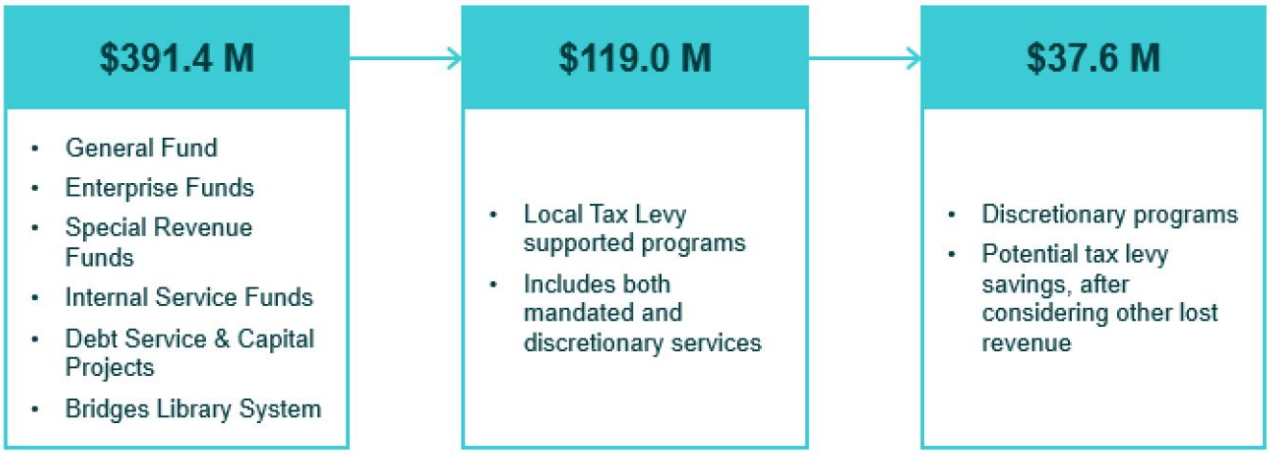

Figure 8: Scope of Expenditure Reductions

The nearly $38 million of potential service reductions was also broken down by functional area, as shown below. This was based on underlying program budget data. The proportion of savings is correlated with how the County spends tax levy revenue by functional area.

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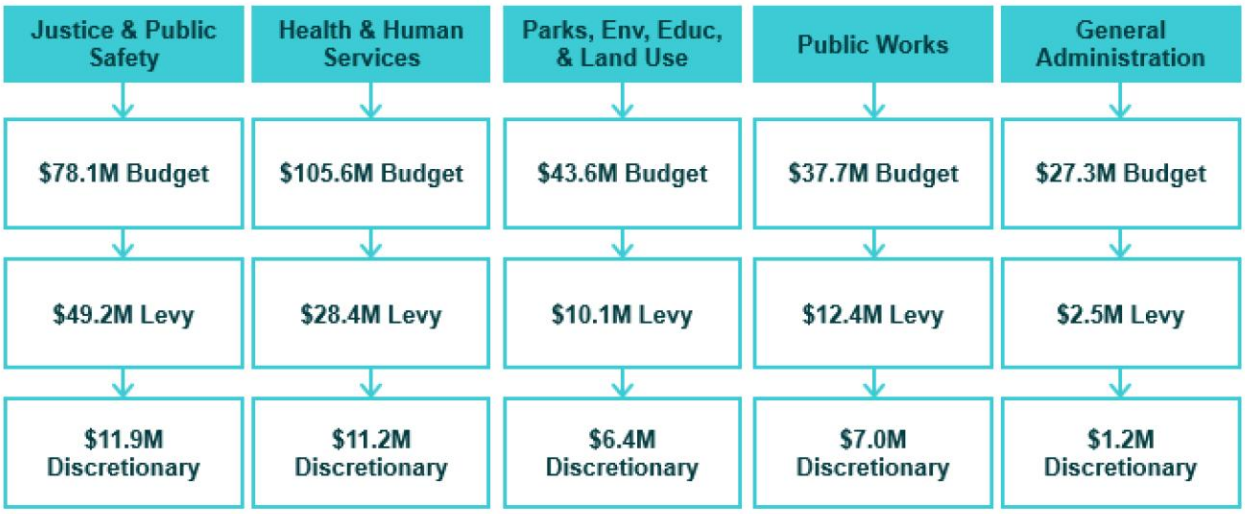

Figure 9: Scope of Expenditure Reductions by Functional Area

REVENUE ENHANCEMENTS

The County has three tax-related revenue enhancements it could consider to address the budget gap. There are also non-tax revenue enhancements, though many are less impactful on the $30 million target based on the scale of fees or charges that the County has the authority to adjust. Each available revenue option is described in greater detail below.

Exceed Allowable Levy Increase

Waukesha County staff estimate that the value of new construction will increase by approximately 1.4% annually between 2024 and 2030, which means that the County's levy increase is estimated to be capped at 1.4% per year per State law. However, counties do have the option of increasing their levy limit if a resolution is approved by the County Supervisors, and then voters approve the increase in a referendum. Referendums must specify the amount of the increase, whether the increase is one-time or ongoing, and the purpose for the increase.[29]

Other counties in the state have requested levy increases in public referendums, with mixed responses from voters. The following table lists examples of four recent referendums, along with the results of the votes.

Table 15: Results of Levy Increase Referendums in 2024

County	Requested Funding Increase	Duration	Purpose	Adopted?
Forest	$2 million (32% of levy)	Ongoing	Fund ongoing operations	**NO**; failed 70/30
Green	$800,000 (5%)	Through 2030	Fund County-owned nursing home	**YES**; passed 65/35
St. Croix	$900,000 (2%)	Ongoing	Fund public safety positions	**YES**; passed 54/46
Washington	$4 million (10%)	Ongoing	Fund Anti-Crime Plan	**NO**; failed 56/44

[29] Wisconsin Statutes § 66.0602(4).

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Estimated Revenue

The basic rule of thumb for new levy growth in the County is a 1% increase which equals approximately $1 million in new revenue. Based on the expenditure and revenue trends discussed in the Financial Trend Analysis section, the County would need to increase total tax levy by approximately $30 million above allowable levy growth under state levy limits to close the budget gap between 2025 and 2030. Even with the infusion of additional levy dollars through a referendum, the underlying limits on levy growth would likely yield future budget gaps.

With a noteworthy history of managing budgets and minimizing taxpayer impact, the County would likely request a levy increase between 2% and 10%. The structure of the requested increase would be ongoing and cite a specific policy purpose. It is worth noting that the calculated amount of increase for the referendum would remain the same each year until ended by the Board of Supervisors or until a new amount was approved by voters in a referendum. The base levy, inclusive of the additional ongoing referendum amount, would be subject to the net new construction growth factor each year. The following table illustrates what the estimated revenue would be with an increase of $3 million per year in 2025 (3% increase over the 2024 levy) or $6 million per year (6% increase).

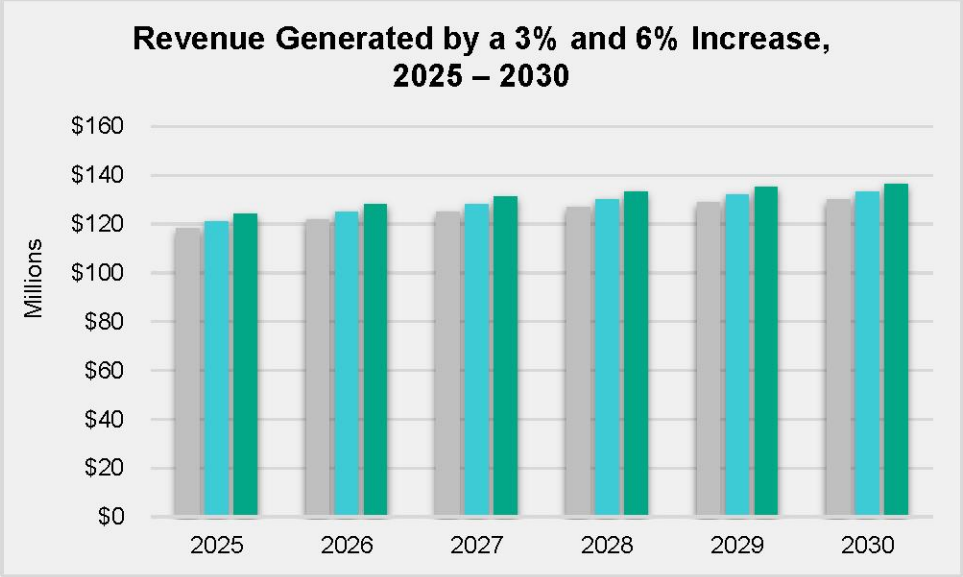

Figure 10: Estimated Levy Increase Revenue, FY2025 – FY2030

Impact on Taxpayers

The median home value in Waukesha County is estimated to be approximately $417,000 in 2025, based on past trends. If the levy is increased by $3 million (3%) in 2025, the median homeowner is projected to pay $566 in County property taxes, which is $14 more than they would pay without the levy increase. If the levy is increased by $6 million, the median homeowner's taxes are projected to increase by $28 per year.

Vehicle Registration Fee (Wheel Tax)

Another revenue generation option afforded to counties by the legislature is a vehicle registration fee, known colloquially as a wheel tax. The state allows counties and municipalities to enact an annual flat fee via ordinance affecting most vehicles weighing 8,000 pounds or less.[30] There is no limit to the fee charged, but funds may only be used for transportation-related purposes.

[30] Wisconsin Statutes § 341.35.

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As of June 2024, 13 Wisconsin counties along with 41 municipalities have adopted wheel taxes. The counties with wheel tax are listed below, along with their annual fee. Fees range from $15 to $30, with an average fee of $23. None of the municipalities that have enacted wheel tax are in Waukesha County.

Table 16: County Wheel Tax Rates in 2024

County	Wheel Tax Amount
Langlade	$15
Crawford	$20
Dunn	$20
Green	$20
Iowa	$20
Richland	$20
St. Croix	$20
Marathon	$25
Vernon	$25
Dane	$28
Eau Claire	$30
Milwaukee	$30
Portage	$30

Estimated Revenue

According to the Wisconsin Department of Transportation, Waukesha County had approximately 341,000 registered vehicles eligible for a wheel tax, as of 2023, and the number of vehicles increased by an average of 0.7% per year between 2013 and 2023.[31] Based on these factors, a $30 wheel tax would generate the County approximately $10.5 million per year, as illustrated in the following figure.

[31] "Vehicle Registrations." *Wisconsin DOT*, https://wisconsindot.gov/Documents/dmv/shared/rpt-12-cal-23.pdf.

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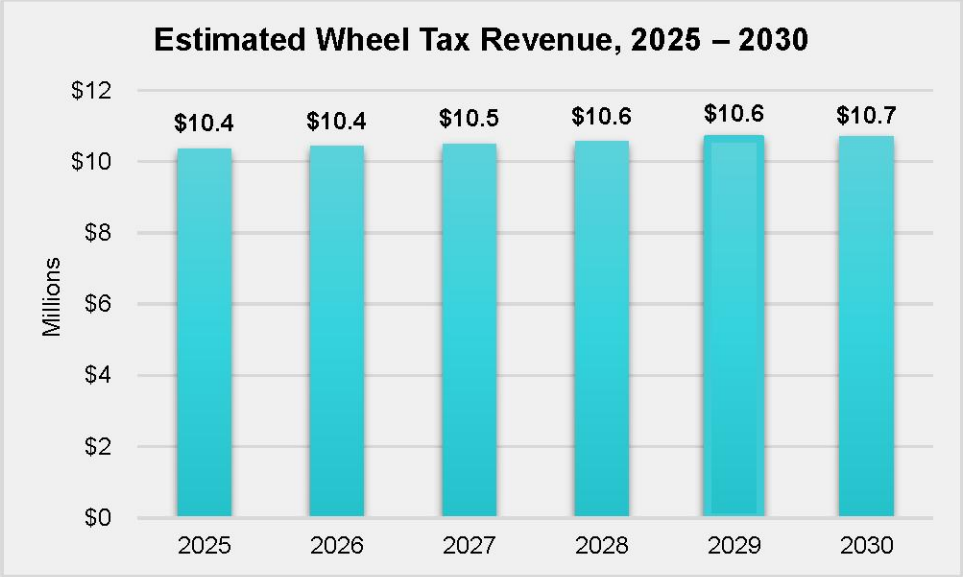

Figure 11: Estimated Wheel Tax Revenue, FY2025 – FY2030

It is important to note that this figure assumes that the County would have at least $10.5 million in transportation expenditures per year that could be funded by the wheel tax. The County's FY2024 Transportation Fund budget is $18.1 million, but only $3.6 million is funded through levy. However, this figure does not consider capital spending on transportation projects or any deferred maintenance needs that could be funded with the new revenue.

Impact on Taxpayers

Waukesha County vehicle owners already pay $85 per year in state fees. If the County imposed a wheel tax of $30, the total cost would rise to $115 per vehicle. There is also the potential for costs to further increase if any Waukesha County municipalities opt to enact a wheel tax.

Sales Tax

Another option for generating additional revenue is for the County to adopt a sales tax. Wisconsin state law allows counties to adopt a 0.5% sales tax via an ordinance passed by the County Board of Supervisors. Per state law, the tax may only be used "for the purpose of directly reducing the property tax levy,"[32] which can be implemented in multiple ways, including replacing property tax levy in the operating budget; reducing borrowing for capital projects, which lowers levy-funded debt principal and interest payments in the future; or defraying the cost of budgetary items that otherwise would be funded with property tax levy. However, state law also allows for counties to "distribute all or a portion of the amount it receives to the towns, villages, cities, and school districts in the county."[33] The county sales tax rate is fixed at 0.5% and would require state legislation to enact a different amount. Recently the state allowed Milwaukee County to increase its tax to 0.9% and the City of Milwaukee to enact a sales tax of 2%.[34] As of August 2024, 69 of the 72 Wisconsin counties have adopted the sales tax, including Manitowoc County's recent adoption. The three counties that have not adopted the tax are Racine, Winnebago, and Waukesha.

[32] Wisconsin Statutes § 77.70(1).
[33] Wisconsin Statutes § 77.76(3).
[34] "Tax Rates." *State of Wisconsin Department of Revenue*, https://www.revenue.wi.gov/Pages/FAQS/pcs-taxrates.aspx.

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The sales tax has been a significant source of revenue for the counties that have adopted it. The following table illustrates revenue for some benchmark counties, chosen because they have adopted the 0.5% sales tax and because they have a population of at least 150,000 and/or are in the Milwaukee metropolitan area. Benchmark counties' sales tax revenue increased by between 6.9% and 7.7% per year between 2019 and 2023

Table 17: Sales Tax Revenue in Benchmark Counties

County	2023 Sales Tax Revenue ($M)	Average Annual Change, 2019 – 2023
Brown	$38.0	7.5%
Dane	$83.3	7.5%
Kenosha	$20.4	6.9%
Outagamie[35]	$25.8	7.6%
Ozaukee	$11.6	7.0%
Rock	$19.4	6.9%
Washington	$16.8	7.7%

Estimated Revenue

If Waukesha County adopted a 0.5% sales tax and revenue trends were similar to its peers, Raftelis analysis indicates the tax could be expected to generate approximately $50 to $60 million in revenue in 2025, enough to close the projected budget gap. Alternatively, the County could petition the legislature to adopt a lower sales tax rate. This action may result in the state transitioning to a range of allowable sales tax, given the recent legislative adjustment for Milwaukee County and the City of Milwaukee.

Impact on Taxpayers

The average Waukesha County household is estimated to spend approximately $32,000[36] on taxable purchases in 2025, based on Bureau of Labor Statistics (BLS) data on purchasing patterns in the Midwest. The following table illustrates taxable expenditures by category for the median household in 2022, per the BLS.

[35] Outagamie County did not adopt a sales tax until 2020.

[36] Total expenditures were $32,178 for the median household in 2022; the model increases the figure to $35,000 to account for inflation.

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Table 18: Average Taxable Expenditures by Category per Midwest Household, 2022[37]

Category	Expenditures	Percent of Taxable Expenditures	Percent of Total Expenditures
Alcohol	$667	2%	1%
Apparel and services	$1,757	5%	3%
Entertainment	$3,688	11%	5%
Food away from home	$3,128	10%	5%
Household furnishings and equipment	$2,754	9%	4%
Household operations	$1,592	5%	2%
Housekeeping	$773	2%	1%
Personal care	$813	3%	1%
Reading	$111	0%	0%
Tobacco/smoking	$435	1%	1%
Transportation	$11,059	34%	16%
Utilities, fuels, and public services	$1,021	3%	2%
Miscellaneous other taxable spending	$4,380	14%	7%
Total Taxable Spending[38]	$32,178	100%	48%
Other non-taxable expenditures (e.g., housing, healthcare, groceries)	$35,149	N/A	52%

If a household makes 85% of its purchases in the County, this would translate to approximately $142 in additional sales tax cost per year for a 0.5% sales tax. However, this figure does not account for the cost savings associated with property tax relief. It is also important to note that this is a general estimate based on expenditure data for the Midwest overall, not specifically Waukesha County or the Milwaukee metropolitan area.

Economic Analysis

A portion of the sales tax generated would come from non-residents spending money in the County. The exact portion contributed by non-residents is difficult to quantify, but the United States Census reports that as of 2021, 151,673 individuals, the equivalent of approximately 37% of the County population, live outside of Waukesha County but come into the County to work. Additionally, the Wisconsin Department of Tourism estimates $852.2 million in direct tourism spending in Waukesha County in 2022.[39] If the sales tax had been in place, this would have translated to approximately $4.3 million in sales tax revenue, or 7% of the estimated total sales tax revenue.

[37] "Consumer Expenditure Surveys." *Bureau of Labor Statistics*, www.bls.gov/cex/tables/geographic/mean.htm.
[38] Figures may not sum due to rounding.
[39] "Economic Impact." *Wisconsin Department of Tourism*, www.industry.travelwisconsin.com/research/economic-impact/.

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Other Potential Revenue Generating Options

There may be other potential non-tax options to generate revenue. One consideration is opportunities to raise or implement fees to offset service costs. The County provides police and/or fire/EMS dispatch services for 34 communities and the Sheriff's Department, with a budgeted operating cost of $7.6 million in FY2024. The vast majority of support for this service comes from a tax levy of $6.6 million. One option for generating revenue would be to apply cost-sharing obligations for participating municipalities. While this would shift some operating costs onto municipalities, the municipalities would still be benefiting from the cost savings of having a shared regional 911 center rather than having to establish and operate a standalone service. However, several municipalities entered into County dispatch understanding that it would be more efficient for taxpayers to consolidate and that no fees would be charged. Implementing a fee at this stage would be complicated.

There may also be one-time revenue opportunities available, such as selling land, facilities, or equipment. Some Wisconsin governments also generate funding by selling naming rights to County facilities. For example, in 2020, Dane County sold 10-year naming rights to its exposition center for $4.8 million[40] and Brown County sold 20-year naming rights to its exposition center for $10.0 million.[41] However, these facilities are much larger than anything in Waukesha County, so the revenue generated from Waukesha County naming rights would likely not be as significant.

[40] "Approving Renewal of Alliant Energy Center Naming Rights Agreement." *Dane County*, Dec. 18, 2019, https://dane.legistar.com/View.ashx?M=F&ID=7975410&GUID=F43DB352-9972-487D-8067-9F6D4D2E32D1.

[41] "Resch Secures Naming Rights for New Brown County Expo Center." *WBAY*, Feb. 12, 2020, www.wbay.com/content/news/Sponsor-buys-naming-rights-to-Brown-County-Expo-Center-567816221.html.

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Budget Task Force

The Fiscal Health Assessment section of this report speaks to a strong history of prudent financial management by the County as well as the current and future budgetary challenges as the cost to continue operations outpace annual revenue growth. The County's budget is rooted in resident priorities gathered as part of the Strategic Planning process. However, the budget shortfalls projected in the coming years point to a clear need to make revenue and expenditure policy decisions to help secure the County's financial future. The County convened a Budget Task Force to advise the Board of Supervisors on how to proceed.

The Budget Task Force was comprised of a representative group of County and municipal elected officials, business leaders, and engaged residents convened to provide valuable input and direction for the future of County resourcing and service delivery expectations. The 34 members met four times in the spring and summer of 2024 to gain a better understanding of the County's financial position, engage in meaningful conversation with fellow Task Force members that offered unique perspectives, and ultimately provide strategic direction and prioritization for the next five to 10 years for the County. A summary of the Task Force composition, topics and discussions from each session, and member recommendations for the County's future is captured below.

COMPOSITION

The Budget Task Force was appointed by the County Executive with the goal of achieving broad representation from backgrounds, experiences, perspectives, and geographic balance across the County. Public members and business leaders brought expertise in public safety, construction and development, non-profit community organizations, and many other relevant industries. Mayors from four municipalities within the County as well as six County Supervisors, were also part of the Task Force and brought expertise in governance and municipal and County financial decision-making. A complete list of Task Force members is provided below.

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Table 19: County Budget Task Force Members

Role	Members	
County Supervisors	• Supervisor Larry Bangs • Supervisor Wayne Euclide • Supervisor Brian Meier • Supervisor Chris Mommaerts • Supervisor Gary J. Szpara • Supervisor Jeremy Walz	
Municipal Elected Officials	• Mayor Bob Magnus – Oconomowoc • Mayor Rick Petfalski – Muskego • Mayor Steve Ponto – Brookfield • Mayor Shawn Reilly – Waukesha	
Public Members/Business Leaders	• Pete Bacon • Lisa Bruce • Mary Dietz • Matt Fennig • Dean Frederick • Jeff Hoffmann • Buck Jurken • Laura Krohn • Bonnie Lee • Angela Mancuso • Germaine McKenna • Danny Merkt • Matt Moroney	• Mark Nelson • Amanda Payne • Heather Pfalz • Renne Ramirez • Joe Reider • Jeffery Searle • Jeremy Smith • Stan Sugden • Tom Schreibel • John Siepmann • Susan Van Aartsen

SESSION 1: SETTING THE STAGE – DEVELOPING VALUES AND SERVICE PRIORITIES

The first Task Force session focused on setting the stage for the group's work to inform and make recommendations about the County's future, given the budgetary challenges. Before providing relevant financial and economic context, Task Force members introduced themselves and shared one word that captured their sentiment about participating in the Task Force. Member one-word responses are captured below, with bolded words shared by multiple members.

- **Open**
- **Interested**
- **Excited**
- **Humbled**
- **Curious**
- Optimistic
- Future
- Expectant
- Ready
- Intrigued
- Eager
- Unbreakable
- Lead
- Confident
- Hopeful
- Learning

After introductions, Raftelis provided an overview of the Task Force timeline and budgetary challenges facing the County. As described in greater detail in the Fiscal Health Assessment section, the Task Force was brought together to understand the County's financial outlook over the next five to 10 years. The County's budget outlook projects a budget gap, where anticipated revenue collections are not expected to cover the anticipated cost to continue providing the same level of services provided by the County today. The theme of the discussion was "the solution is not complicated, but the decisions are hard."

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As part of the project scope, Raftelis developed an independent financial model using the County's financial data. We evaluated the County's financial management policies against industry best practices and the firm's experience providing financial services for local governments and public-sector utilities across the Country. Task Force Members were provided relevant context that emphasized how well managed the County's finances are and the underlying economic conditions that have created the fiscal challenges that lie ahead.

Property taxes are the single largest local tax source to fund service delivery, and the largest driver of the County's financial challenges is state restrictions on property tax levy growth. While the revenue tax base is among the strongest in Wisconsin, state policy ties the amount of property tax revenue growth that can occur annually to the growth in net new construction. Since the Great Recession, historically, this growth has averaged less than two percent per year. In comparison, the BLS reports that inflation grew by an average of 3% per year between 2010 and 2024.[42] Further, many of the County's cost drivers exceed the Consumer Price Index reported by the BLS, including health insurance and the cost of software contracts.

Based on recent trend analysis, the financial model assumes growth of 1.4% annually. This growth curve is far less than the underlying property value growth over the same period. Capped revenue growth requires prudent expenditure control; however, recent inflationary and wage pressure has resulted in a growing divide between revenue generation and cost to continue. As a result, the County has faced budget gaps annually as part of the budget development process that has required service-level reductions or strategic use of one-time funds to meet balanced budget requirements.

After level setting the County's financial condition, the primary objective of the first session was to understand the Task Force member values and service area priorities. This important framework would then be used in subsequent sessions to help guide discussion and inform recommendations.

Values

Members were given a handout of 11 common values from Raftelis with space to add new values. The discussion began with determining whether any values were missing. The group agreed the 11 values largely captured what they would expect and discussed the sequencing of values versus desired outcomes like quality of life and customer satisfaction. In small groups members discussed the criteria they used to select values and which values best align with the County's future. After the discussion, each member was given three dot stickers to indicate their values. The top four values, all earning more double-digit votes, are reflected below.

[42] "Consumer Price Index Inflation Calculator." *BLS*, https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=1.00&year1=201001&year2=202401.

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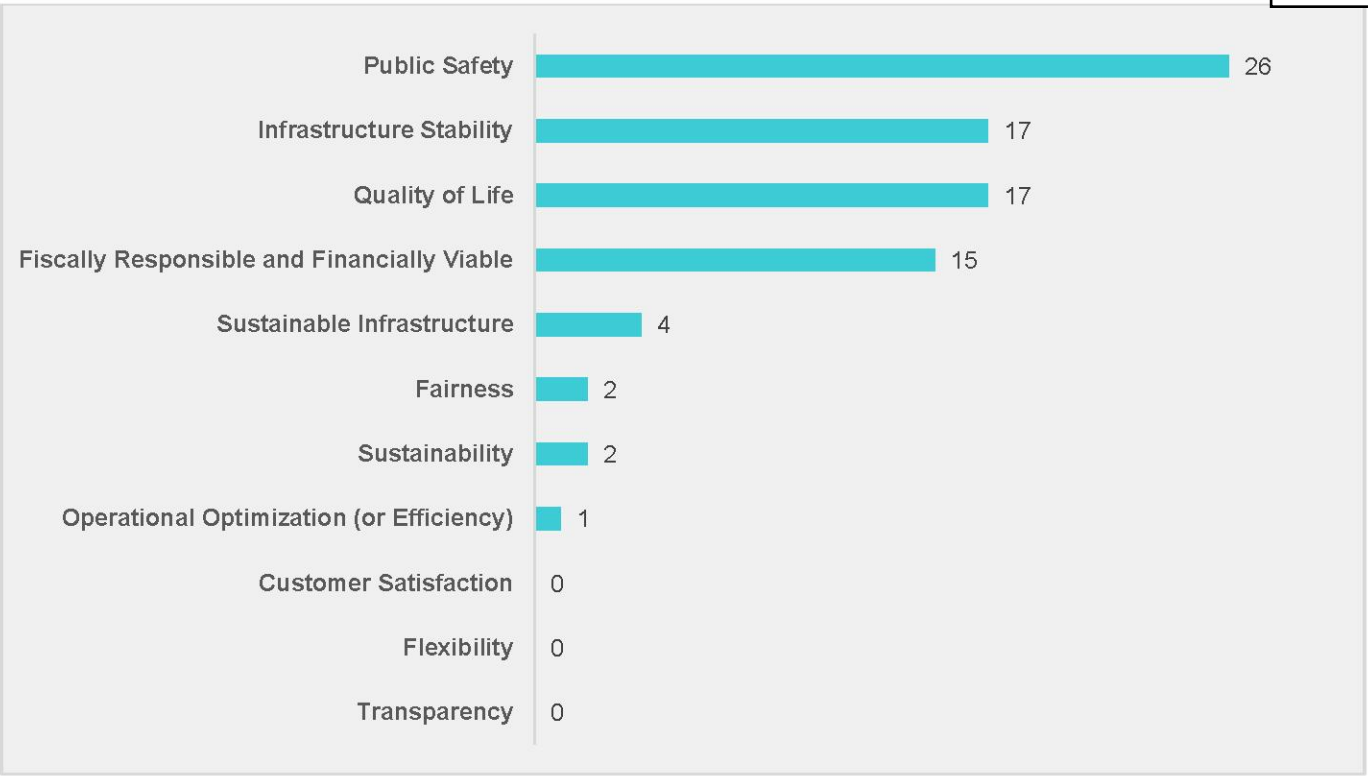

Figure 12: Task Force Value Voting Results

Service Area Priorities

After discussing and voting on values, the Task Force evaluated potential service level reductions to help mitigate the funding shortfall. Raftelis discussed at a high level how the $391 million budget breaks down into service areas that the County can impact or effect change to meet balanced budget requirements. The largest source of revenue—intergovernmental revenue from the state—is almost entirely designated for specific mandated services. Tax levy revenue of $115 million is where the County has greater control; however, more than one-third supports mandated services. This leads to approximately $38 million in service level costs that could be reduced in order to address the projected budget gap.

Ahead of Session 2, members were given a list of common service areas for the County and asked to discuss in small groups how they might prioritize some of these services for reduction, along with any services they would like to see additional resources allocated. Each group provided a summary of their conversation. Then individual members were asked to vote on their service priorities, using six red stickers for services to reduce and six green stickers for services to enhance. Members were required to use all of their service level reduction votes but did not have to use all of the service level enhancement votes. The results of the voting are captured in the table below, sorted by "net" votes. A negative () net vote indicates greater prioritization for service level reduction compared to a positive net vote indicating prioritization for service level enhancement.

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Table 20: Task Force Service Priority Voting Results

Service Area	Votes to Reduce	Votes to Enhance	"Net" Votes
County-wide Communication	(21)	0	(21)
Land Use	(18)	0	(18)
Grounds Maintenance	(17)	0	(17)
Substance Abuse Treatment	(16)	0	(16)
Talent Acquisition (Recruiting)	(13)	1	(12)
Public Health	(12)	1	(11)
Drug Prevention	(13)	2	(11)
Emergency Preparedness	(11)	2	(9)
Debt Borrowing	(4)	0	(4)
Parks and Open Space	(6)	2	(4)
911 Communications	(5)	2	(3)
Employee Benefits	(3)	1	(2)
Law Enforcement (Patrol Operations)	(6)	4	(2)
Traffic Safety	(4)	3	(1)
Crime Investigations	(6)	5	(1)
Maintaining County Facilities	(2)	2	0
Corrections (Jail)	(1)	6	5
Mental Health Support	(3)	8	5
Well-maintained Roads (Including in the Winter)	(2)	8	6
Court Operations	(1)	8	7
Support for Vulnerable Populations (Elderly, Disabled)	0	9	9
Infrastructure Development	(3)	12	9
Economic Development	(1)	14	13

SESSION 2: SERVICE LEVEL REDUCTIONS

The second Task Force session focused on expenditure reductions as a strategy to close the projected budget gap. The values and service reduction priorities developed during the first session were used to help guide discussion for service level reductions. The Task Force was presented with their target goal of achieving approximately $30 million in expenditure savings to close the projected budget gap through 2030. The consulting team worked with County staff to identify $12.7 of potential expenditure reductions to initiate the exercise and get feedback on the prioritization of cuts.

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Service Level Adjustments

Before diving into the details of potential service reductions, the facilitators provided context about the various layers of service level reductions. The process of identifying expenditure reductions can be nuanced and time-consuming. For this reason, annual budget development takes at least nine months of the year. When assessing service reductions there are multiple layers, with most organizations opting to choose reductions that result in the least amount of impact on residents or constituents. Most of the 200+ programs/subprograms and services provided by the County contain value-added, core, and mandated components. Often service-level reductions focus on community prioritization of value-added services and avoid core service reductions. Mandated services are legally required and cannot be eliminated, though they may be trimmed to levels that make carrying out the services increasingly difficult. The pyramid of service level adjustments is used to identify and consider required versus desired service levels for County residents within the finite pool of resources available. The figure below provides definitions for each of the service-level components.

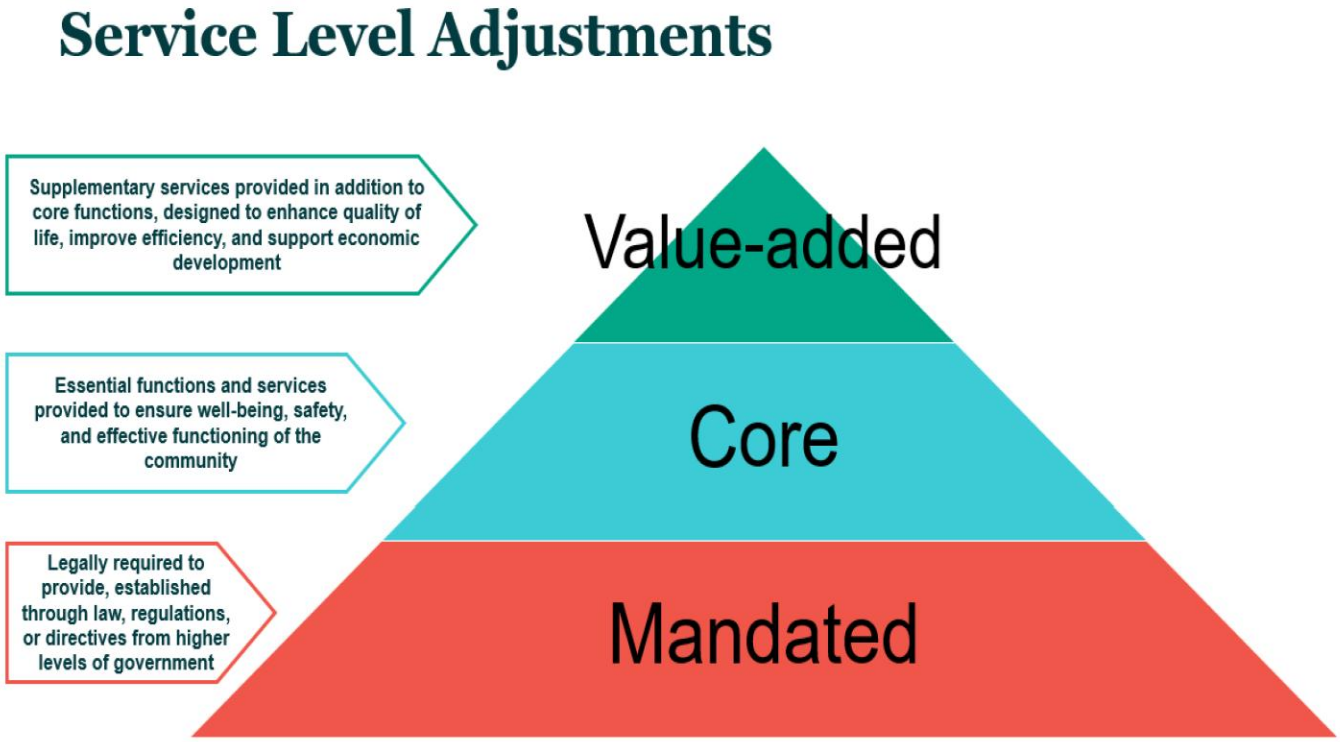

Figure 13: Service Level Adjustment Pyramid

Value-Added Service Level Reductions

To begin evaluation of service level reductions, the Task Force was provided a handout that summarized their prioritization of the service areas presented in Session 1 with potential service level impact for further reductions and estimated *value-added* cost savings. The table below summarizes each of the service areas considered for reduction, sorted by net score, where a negative value indicates greater prioritization for reduction and a positive value indicates prioritization for additional resource allocation to enhance existing service levels. The estimated cost savings for all *value-added* service reductions was approximately $12.7 million, or 42% of the budget savings target of $30 million.

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Table 21: Value-added Service Level Reductions

Service Reduction	Net Score	Service Level Impact	Estimated Savings
County-wide Communication	(21)	Messaging, lack of coordination, reactive communication, minimal community engagement, emergency comms	$270,000
Land Use	(18)	Delayed development permitting and customer satisfaction and increased cost to applicants	$415,000
Grounds Maintenance	(17)	Aesthetic decline, health hazards, decreased property values	$370,000
Drug Prevention/Substance Abuse Treatment[43]	(14)	Higher healthcare costs, overcrowded treatment facilities, public safety impacts	$220,000
Talent Acquisition	(12)	Longer vacancies, poor candidate quality, broad decline in public service delivery	$100,000
Public Health	(11)	Health disparities for vulnerable populations, inadequate health surveillance and emergency response	$1,000,000
Emergency Preparedness	(9)	Delayed crisis management response, prolonged recovery	$160,000
Parks and Open Space	(4)	Limited access, lower quality of life, reduced air quality, removes community meeting space, Muskego Park closure	$110,000
911 Communications	(3)	Higher overall cost to taxpayers due to loss of economies of scale and duplication at the municipal level	$4,800,000
Public Safety Staffing[44]	(1)	Fewer sworn staff resulting in less traffic enforcement and investigation, decreased quality of life, reduced deterrent, increased OT, and deputy quality of life decline	$2,000,000
Infrastructure Maintenance and Development[45]	5	Higher taxes due to interest expense on higher debt levels and significant increases in asset life cycle cost	$3,000,000
Economic Development	13	Business growth stagnates, fewer job creation and business retention initiatives	$250,000

Task Force members spent time individually reviewing the value-added service level reductions and then joined small groups to discuss and evaluate which reductions they would like to propose toward the budget gap target of $30 million. To guide the conversation, members were provided a scorecard with three of the four Task Force values: **public safety**, **infrastructure stability**, and **quality of life**. The fourth value, **fiscally responsible/financially viable**, was omitted since any cost savings would contribute to this value. For the remaining three values, members were asked to evaluate each reduction using that value lens and assign a ranking of one to three. One indicated low impact, two indicated neutral impact, and three indicated high impact. The scale of ranking for a given reduction could range from three (scoring one on all three values) to nine (scoring three on all three values), with a higher total value score reflecting less desire to pursue the reduction. A high-level summary of the service level reduction exercise is provided below:

[44] Services were combined from Session 1 with an average net score reflected. Public safety staffing includes law enforcement, traffic safety, and crime investigation services.

[45] Infrastructure maintenance and development includes maintaining County facilities, well-maintained roads, and infrastructure development.

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- There are low-priority service areas that could be reduced, such as County-wide communications, land use, grounds maintenance, drug prevention and substance abuse, and talent acquisition.
- Some reductions like 911 dispatch services may help the County's budget but merely shift (and likely increase) costs to municipalities.
- The County should evaluate where duplicative services with municipalities happen to assess opportunities for consolidation or reimagining service delivery.

The service level prioritization exercises in Session 1 and Session 2 provided an opportunity to compare how the County spends tax levy revenue with the Task Force priorities. The figure below depicts how one dollar of tax levy is spent across each of the functional areas in the County and includes the prioritization (net score total) for services that fall within that functional area. Overall, the Task Force routinely prioritized service areas where the County allocates most of its tax levy dollars, showing strong alignment between County operations and community priorities.

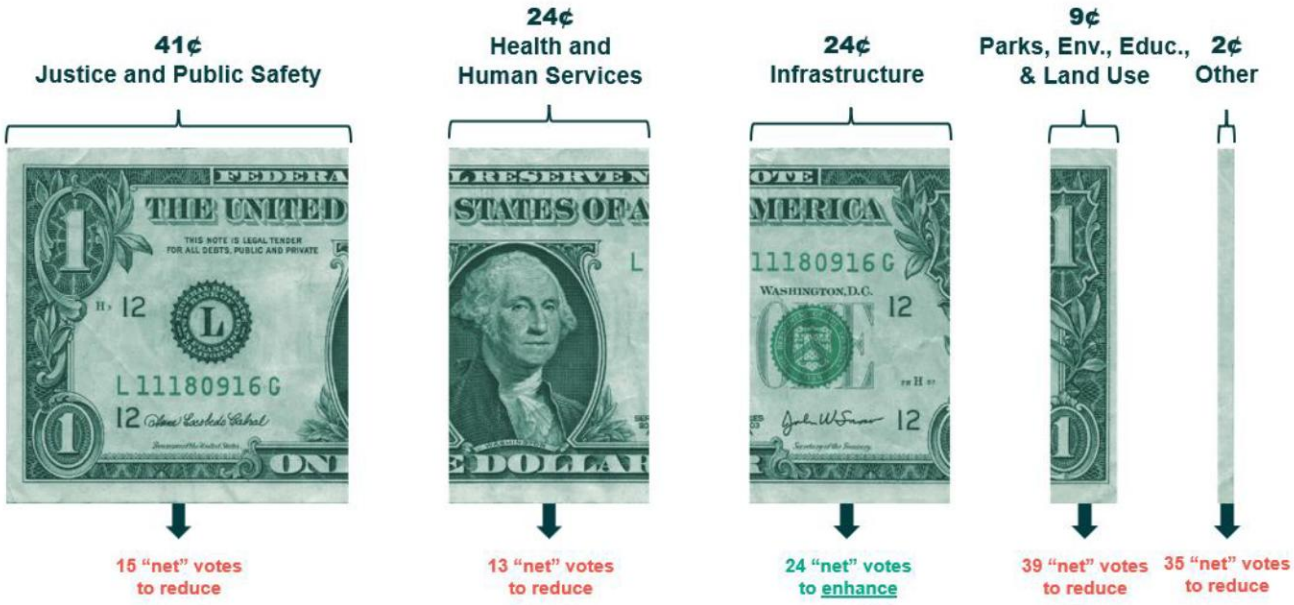

Figure 14: Task Force Service Prioritization and County Tax Levy Spending

It is important to note that participants used all their reduction votes but not all of their enhanced votes, so the sum of net votes is negative. Justice and Public Safety and Health and Human Services had lower net reductions than other categories, indicating prioritization.

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Core Service Level Reductions

After the value-added service level reduction exercise, the conversation moved to Core services, the next layer of the pyramid. The County has faced preliminary budget gaps since at least the Great Recession and state-imposed revenue caps on levy growth. The exercise the Task Force went through to identify service level reductions or opportunities to achieve greater efficiencies mirrored the work of the County over the past decade. The underlying structural imbalance between revenue and expenditure growth patterns means that opportunities for value-added expenditure reduction options continue to diminish, leading to core service area reductions to meet balanced budget requirements. While economic conditions will continue to shift over time, the current environment has placed significant cost pressures on service delivery. To mitigate otherwise immediate and adverse impacts for highly prioritized services like public safety and infrastructure maintenance and development, the County has relied on one-time revenue sources in the short run to balance the budget with plans to phase in future ongoing revenue support after one-time sources are no longer available. However, the ability to phase in costs is getting more difficult as scarce levy growth is needed to meet other budget gaps.

Session 2 wrapped up with a discussion about the difficulty of having adequate context and details to inform service level reductions in a short period of time. This is especially true for core services that have mandated requirements. The session ended with a preview of the revenue-generating options to be considered in Session 3.

SESSION 3: REVENUE GENERATING OPTIONS

The third Task Force session focused on revenue-generating options to close the projected budget gap. The project team, along with County staff, assessed available options for new revenue allowed under state law and presented the Task Force with important context and analysis for each option. This included requirements to enact new revenue sources, benchmarking analysis of various counties or municipalities in Wisconsin that have enacted such sources, and fiscal impact to the County and taxpayers. Details of each revenue-generating option are included in the Gap Closure Scenario section above.

Revenue Generating Options – Advantages and Disadvantages

After presenting each of the revenue-generating options to the Task Force, members engaged in a discussion regarding the advantages and disadvantages of each option, with a particular focus on exceeding the levy limit and wheel tax options. While the group exercise for sales tax focused on structure, key themes from Task Member group discussions and individual voting related to this tax option are also captured in the table below.

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Table 22: Advantages and Disadvantages of New Tax Revenue Options

Revenue Option	Estimated Revenue Generated, 2025	Advantages	Disadvantages
Referendum for Levy Increase	$3 to $6 million *(ongoing lump sum levy increase)*	• Taxpayers have a say in whether to increase revenue • Raises awareness of County budget issues • Use of funds can be specifically targeted • More stable source of revenue, once approved would remain in place • No restriction on the amount of increase (pending voter approval) or on how the funding is used • Low per-household impact	• Would not be likely to fully address the budget gap • Referendum would be required for any changes – unlikely to achieve broad support, high risk of failure • Frequency of school referendums might detract voter support • All funding would be contributed by property owners, with limited contribution from non-residents who use County services • Would require significant information campaign ahead of the vote about a topic that can be hard to message
Wheel Tax	$10.5 million *($30 per vehicle)*	• Could be enacted by the County Board • No restriction on fee amount, though typical annual amounts are relatively small (i.e., affordable) • Raises revenue from more people than property owners (e.g., user tax) • Creates higher funding potential for road/infrastructure maintenance, a high priority of the Task Force • Easy for public to understand	• Can only be used for transportation purposes • Would not fully address the budget gap (minimal impact) • Revenue does not grow with inflation (tied to population and number of vehicles) • Unpopular "tax" among residents, mandated by the government • No out-of-County taxpayers • No voter say
Sales Tax	$50 to $60 million *(0.5% sales tax)*	• Allows non-residents who take advantage of County services to contribute to the cost of those services • Would generate enough revenue to fully address the budget shortfall • Would allow for some property tax relief • Could be enacted by the County Board	• Sales taxes are regressive-larger impact on lower-income individuals • The amount of the sales tax is fixed and cannot be increased or decreased (without a legislative change) • Adverse impact to the business community • Brings in more revenue than is needed • May lose sight of other revenues or operational efficiencies over time

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Before breaking into small groups to discuss the sales tax structure, Raftelis shared additional context related to enacting a sales and/or wheel tax among other counties in the state. The chart below shows the historical timeline of when counties throughout the state chose to enact a sales and/or wheel tax. Many counties moved forward with a sales tax as soon as the option was made available to them by the state (1986 – 1995). During the economic boom of the early 2000s, little activity occurred, followed by more counties exercising a wheel tax after the 2011 state legislation limiting property tax levy growth and the fiscal challenges associated with the Great Recession and Global Pandemic. The ability of Waukesha County to have weathered the recent economic challenges without either of these new revenue-generating options, when nearly all counties elected one if not both, speaks to their level of operational efficiency.

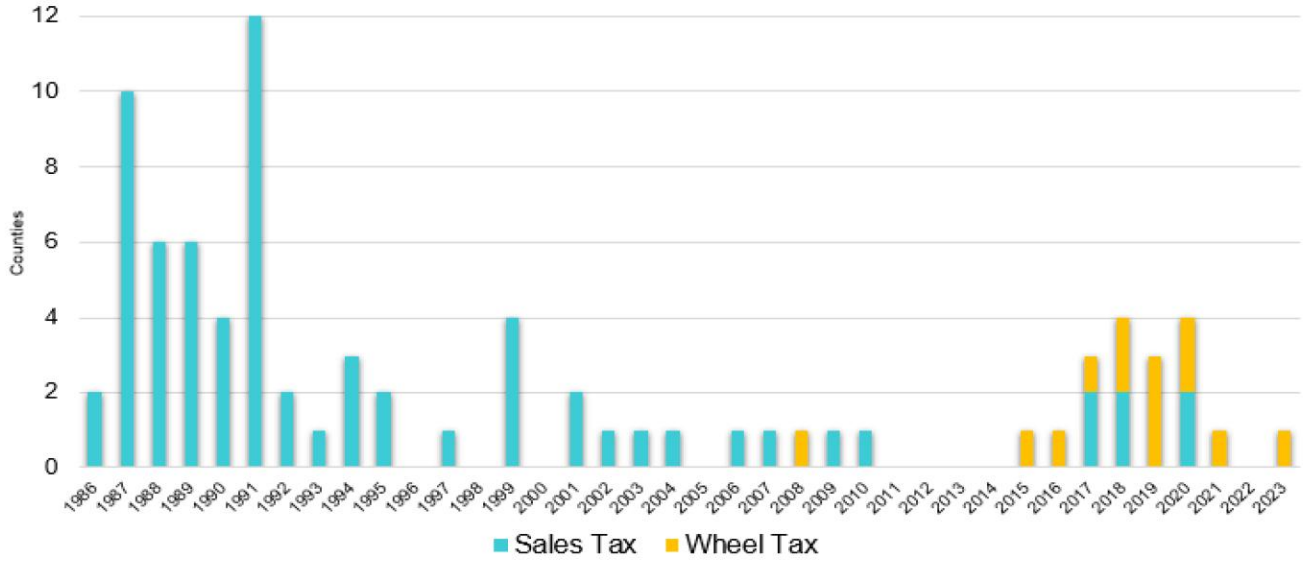

Figure 15: Sales and Wheel Tax Timeline – Adoption by Year

Sales Tax Structure

The Task Force then spent time in small groups discussing how they might structure a 0.5% sales tax, knowing that it would generate revenue for the County beyond what is needed to close the budget gap over the next few years. As required by the state and prioritized among County officials, some of the revenue would be used to directly reduce the property tax levy for residents. Beyond that, Task Force members were asked to brainstorm and discuss other opportunities that aligned with the values and service level priorities developed in Session 1.

Two somewhat competing themes emerged from this activity:

- **While there is general understanding and support for new revenue, there is a preference not to collect more than the County's estimated budget gap.** Throughout the project team's review of County financial practices and then during conversations with County staff and Task Force members, there is great pride in the County's ability to efficiently deliver services with the lowest impact possible to taxpayers. Low per-capita spending rates and continuing to "sharpen the pencil" are valued characteristics of the County's financial management policies. Many Task Force members did not like that the sales tax amount is currently fixed at 0.5% by state law. They understood it would require lobbying the state for greater autonomy over how much sales tax to enact but acknowledged such a preference.

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- **Municipalities in the County face similar budgetary challenges and would support the County's desire to enact a sales tax.** The funding mechanisms for municipalities in Wisconsin follow a similar pattern to County revenue sources. As such, municipalities continue to face significant fiscal constraints with limited ability to increase the property tax levy. This is especially true for municipalities that are largely built out and focused on redevelopment because of the net new construction limitations. Municipal and County leaders on the Task Force informed members of the inherent challenges of lobbying the state for higher Shared Revenue when they had not yet enacted other revenue options available to them. They also added that a new revenue source might actually encourage greater economic development and improvements to the housing stock.

A summary of each group's discussion regarding a sales tax structure is provided below.

Table 23: Summary of Sales Tax Structure Considerations

Group	How to Use or Structure Additional Revenue Generated from 0.5% Sales Tax
Group 1	• Economic Development – small business grants, façade improvements, municipal downtown revitalization • Waukesha County Technical College Public Safety Academy to assist with recruiting pipeline and public safety operations
Group 2	• Seems like too easy of a fix • Lose sight of other revenues and efficiencies – ability to sharpen the pencil • A nice structure might be 60% to County, 40% to municipalities • Within the County's 60%, does as needed but includes direct property tax relief
Group 3	• Acknowledged the group had different perspectives • Municipal leaders in the group like 60% to the County and 40% to the municipalities • Other emphasized the importance of a direct property tax offset and not inventing new things to spend money on
Group 4	• Many in the group were not favorable of raising more dollars than needed • Additional revenue could pay down debt, which also lowers property tax levy • Investment in public safety, infrastructure, and amenities like bike and walking paths
Group 5	• Shouldn't tax for more than is needed, would prefer a process that looks at expenditure reductions, user fees, surplus carryover, reforms, excess property sales, and then revenue enhancements • If revenue enhancement is required, they agreed sales tax was the preferred method but would like to ask for only what is needed • Acknowledged the business community would not like the impact of a sales tax
Group 6	• Preferred requesting something less, realizing the odds of achieving this with the state legislature and other counties would be difficult • A shared revenue with municipalities tied to public safety, expansion of the jail knowing it is reaching capacity, and infrastructure investments • Opportunities for assisting municipalities with transitioning to full-time fire-rescue services.

SESSION 4: GUIDANCE FOR COUNTY EXECUTIVE AND BOARD OF SUPERVISORS

The goal of the last Task Force session was to provide the County Executive and County Board of Supervisors guidance on how to navigate the County's fiscal challenges over the next decade. Raftelis led a review of the key themes that emerged from the first three sessions and shared with the Task Force the scenario voting results from Session 3.

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Scenario Prioritization Voting Results

Task Force members who were not present at the third meeting were also able to offer feedback on the same questions via an online survey. A total of 29 individuals provided comment, including 27 who were present at the meeting and two who were not present. The following sections summarize the results of these polls. More detailed responses by statement are included as Appendix A.

Feedback on the County's Overall Strategy Moving Forward

Participants were given several statements about Waukesha County's overall strategy to address the budget shortfall moving forward. They were asked to rate their level of agreement on a scale from one (least agreement) to 10 (most agreement). The statements were as follows:

- Service Reductions: The County should focus on service reductions and expenditure cuts to address the budget shortfall.
- New Revenue: All revenue options available to the County should be explored.
- Service Reductions and New Revenue: The County should explore new revenue options and continue to reduce ongoing expenditures.

All three strategies had strong support from participants, with an average agreement rating of more than seven out of 10. The service reduction strategy had the lowest average approval, and the balanced strategy had the highest, as illustrated in the figure below.

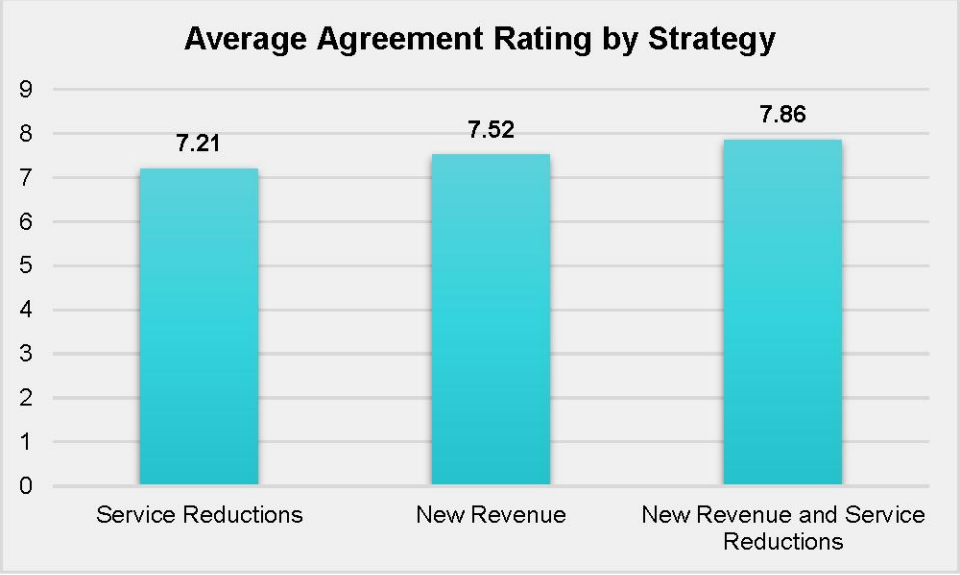

Figure 16: Average Task Force Agreement Rating by Strategy to Address Budget Gap

Participants were also asked about their agreement with the statement, "The County's current budget is aligned with my funding priorities." The average rating was 6.69, with only two participants (7%) rating their agreement as less than a five out of 10.

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Feedback on Revenue Generation Options

Participants were asked to rate their agreement with the following options for generating additional revenue:

- Implementing a 9-1-1 fee
- Putting forth a referendum to raise the levy limit
- Implementing a sales tax
- Implementing a wheel tax

Of the four options, only the sales tax had an average agreement rating of more than five out of 10, as illustrated in the figure below. The sales tax agreement represents the maximum level of agreement- specific sales tax options are discussed in the subsection below.

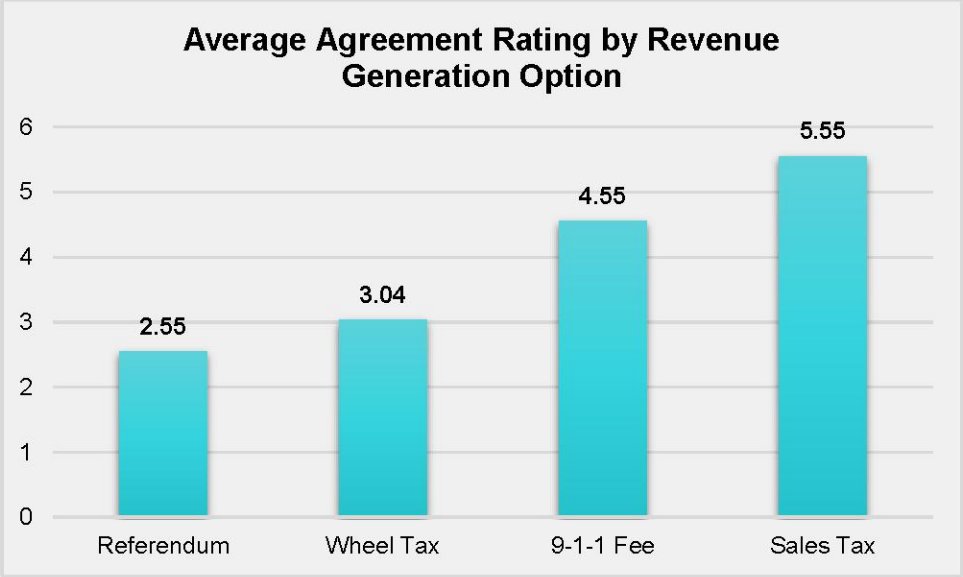

Figure 17: Average Task Force Agreement Rating by Revenue Option

Sales Tax Strategy Options

Participants were asked to react to a series of statements with options for a sales tax if implemented. Options included:

- Petitioning the State Legislature to allow the County to enact a sales tax of less than 0.5%
- Using the sales tax for property tax relief
- Using the sales tax for property tax relief and economic development in the County
- Using the sales tax for property tax relief and aid to municipalities for economic development
- Using the sales tax for property tax relief and aid to municipalities for infrastructure
- Using the sales tax for property tax relief and aid to municipalities for public safety
- Using the sales tax for property tax relief and general aid to municipalities

Two options, offering general aid to municipalities and petitioning the Legislature to allow a lower sales tax, had average levels of agreement of more than 6.5, as illustrated in the figure below. The lowest average levels of agreement were with options that would provide funding for economic development efforts.

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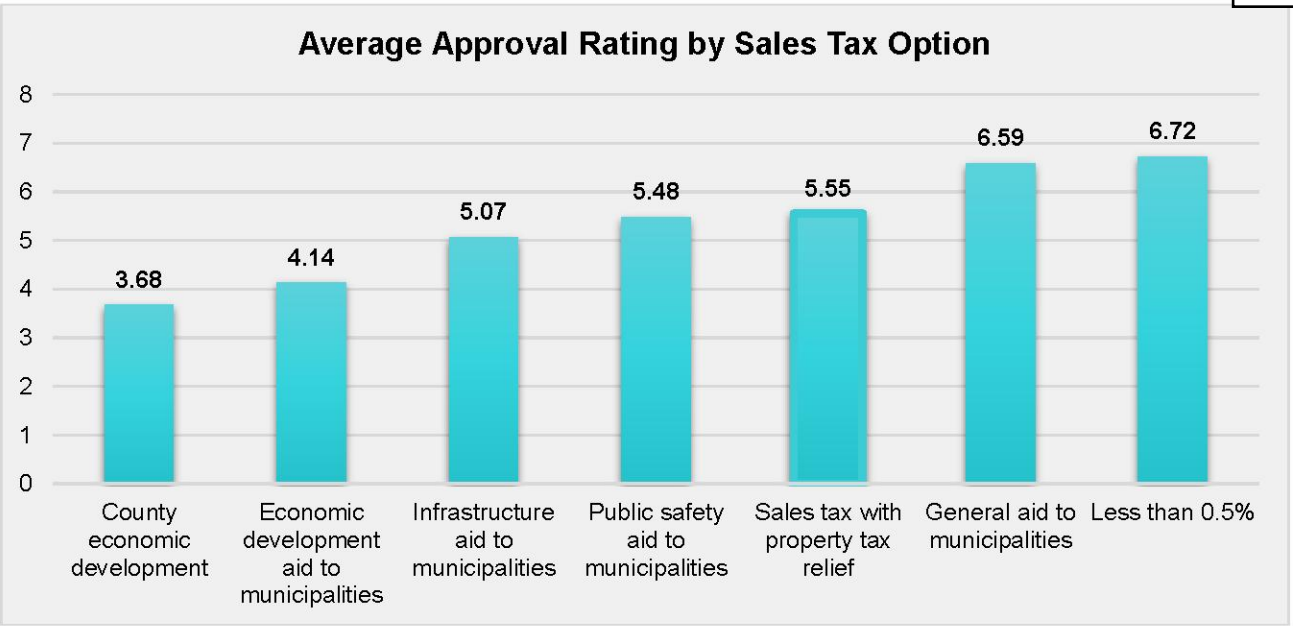

Figure 18: Average Task Force Agreement Rating by Revenue Option

It is important to note that there were significant levels of disagreement among participants on many of these options. For example, while 45% of respondents generally agreed (rating of six or higher) with the statement, "The County should consider implementing a 0.5% sales tax that funds local property tax relief and provides aid to local municipalities for infrastructure," another 41% generally disagreed (rating of four or lower). Additionally, 48% agreed with the statement, "The County should consider implementing a 0.5% sales tax that funds local property tax relief.," while 38% disagreed. The specific agreement by statement is illustrated in Appendix A.

Task Force Key Themes

After reviewing the takeaways from the first three sessions, Raftelis identified the key themes that emerged from the facilitated sessions and asked members of the Task Force to review and identify if anything was missing or should be changed. Members in attendance agreed that the five themes presented below largely captured the group's work.

After reaching a consensus on each key theme, Task Force members were asked to write down on a sticky note the most important message they would like to convey to the County Executive and Board for each theme. Individual thoughts were then collected and grouped by theme. After that, members broke into groups, with one group per theme, tasked with reviewing the individual notes from fellow Task Force members and then drafting a statement that reflected the message for that theme. Individual notes are reflected in Appendix B, and the group statements for each key theme are provided below.

Importance of fiscal responsibility

- Continue to focus on measurable cost-cutting, and efficiency improvements and publicize wins.
- Push the state for equitable funding and release of some portion of surplus funds to counties and municipalities.
- Continue actions to maintain Aaa/AAA bond rating and other fiscal processes and checks and balances.

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Targeted budgetary service level reductions and enhancements

- Allocate funds to preserve the services most valued by the community:
  - Public safety
  - Infrastructure
  - Potential shared services
- Eliminate the expansion of services for the sake of spending projected surplus from sales tax, etc.

Desire to explore revenue options

- There is an appetite for a sales tax of 0.5% to a minimum of what is needed to balance the budget.
- The "Waukesha Way" needs to be honored by utilizing grants, collaboration, and all other revenue options and savings that are currently being used during tight budget times.
- There is recognition that extra sales tax revenue can be shared with local municipalities to address similar budgetary issues.

Support for infrastructure and economic development

- All commenters but 2 indicated it is an essential priority. 1 indicated infrastructure development should favor commercial development. 1 indicated that if the sales tax went to debt reduction, then the future of infrastructure development would be more economical.
- Overall, the answers were that infrastructure development is something that should not be reduced but that it needs to be maintained or increased.

Evaluate shared services and shared revenue

- There is support for the concept of shared services among similarly sized communities, recognizing that larger communities like Brookfield have higher service expectations due to their advanced infrastructure. This difference in service levels can present challenges in partnerships with smaller communities. As an example, the City of Brookfield can respond to an accident within five minutes of notice at any location within the city.
- Shared revenues are also essential to address the universal structural funding challenges faced by local municipalities. While a sales tax is a short-term solution, it is the most viable alternative to raise revenue in the current environment. It is imperative that the state legislature develops a sustainable funding model that provides local governments with more flexibility.

At the conclusion of the Task Force session, the County Executive thanked each of the members for their commitment and dedication to this important work. Members were notified that Raftelis would present the results of the fiscal health assessment and Task Force work to the County Board of Supervisors at the end of August at which time the final report would be shared with the Board and Task Force.

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Conclusion

Waukesha County has a longstanding history of prudent financial management and efficient use of taxpayer resources to provide valued services to residents. County staff are to be commended for their ability to accurately forecast service needs alongside available resources. State-imposed growth restrictions on the largest local revenue source – property tax levy – have led to increased fiscal constraint, especially in the past five years as the County has grappled with an increasing cost to continue providing services that exceed annual revenue growth. Despite these challenges, the County has effectively managed to meet service level expectations with the lowest per capita spending levels in the state.[46]

Future financial projections indicate the need for more extensive policy actions to balance resident service priorities with fewer available resources. The Budget Task Force was created to provide guidance and direction for the County's financial future over the next decade. The work they conducted over the course of four in-person sessions reflects their dedication and commitment to the County's future success. The key themes that emerged from the Task Force helped to both build awareness within the community about the fiscal realities the County faces and provide invaluable policy guidance for the County Executive and County Board of Supervisors as they weigh critical policy decisions in the near term that will chart a path to financial sustainability in the long-term.

[46] Forward Analytics, The Green Book, A Book of County Facts, 6th Edition. 2023. https://www.forward-analytics.net/wp-content/uploads/2023/09/Waukesha-County-Insert.pdf.

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APPENDIX A:

Scenario Prioritization Voting Results

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The following figures illustrate the distribution of responses for statements about options for addressing the budget gap. A total of 29 individuals provided feedback. All statements are rated on a scale from one (least agreement) to 10 (most agreement).

Feedback on the County's Overall Strategy Moving Forward

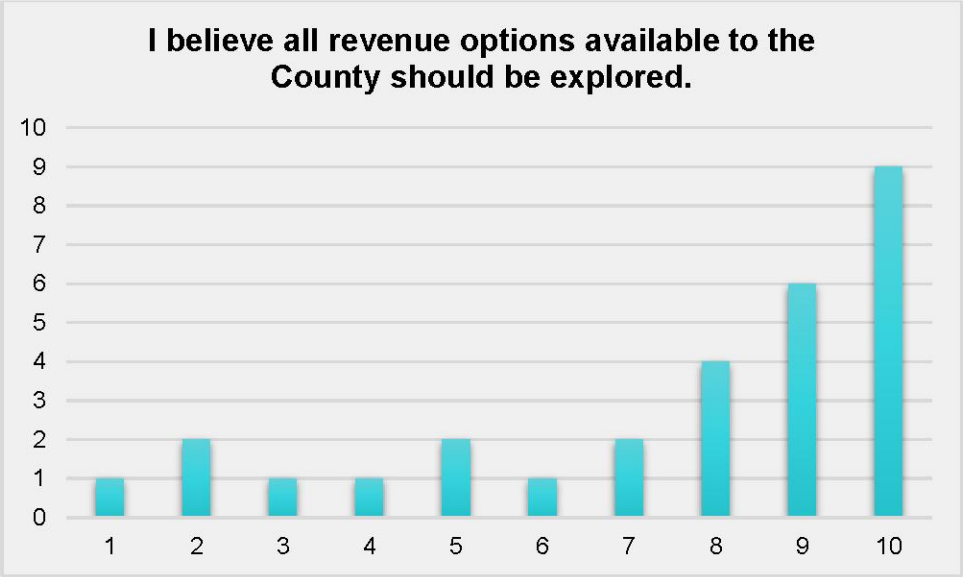

Figure 19: Task Force Agreement Rating on New Revenue

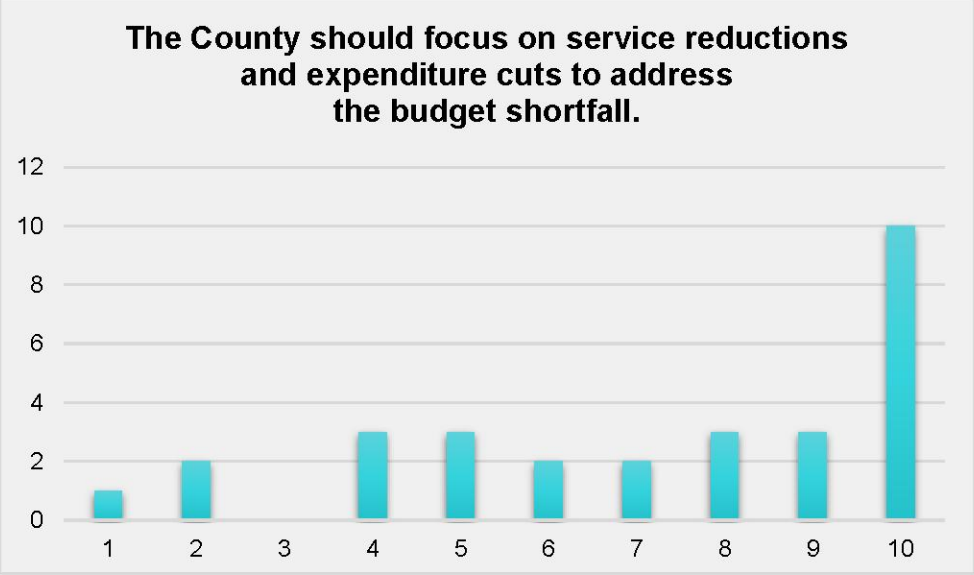

Figure 20: Task Force Agreement Rating on Service Reductions

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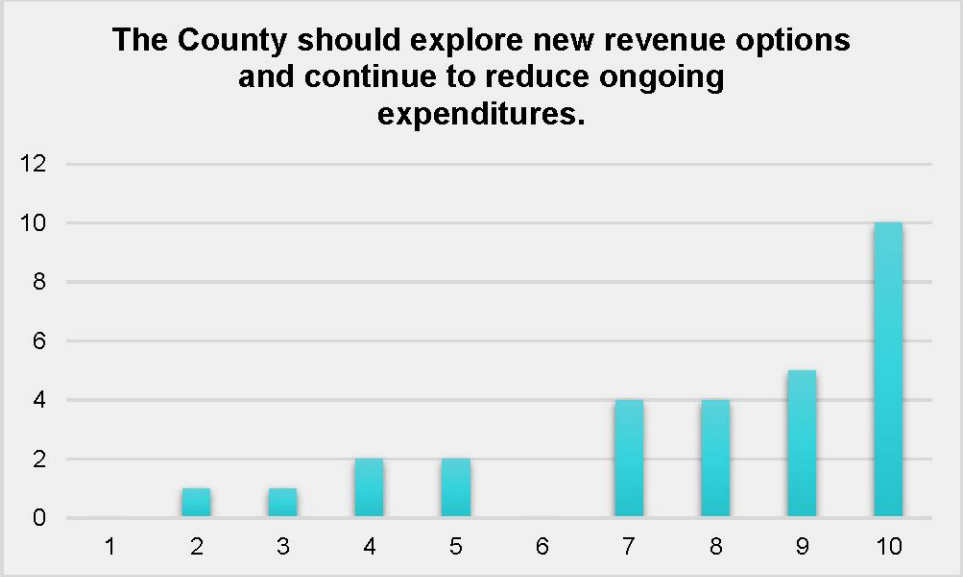

Figure 21: Task Force Agreement Rating on New Revenue and Service Reductions

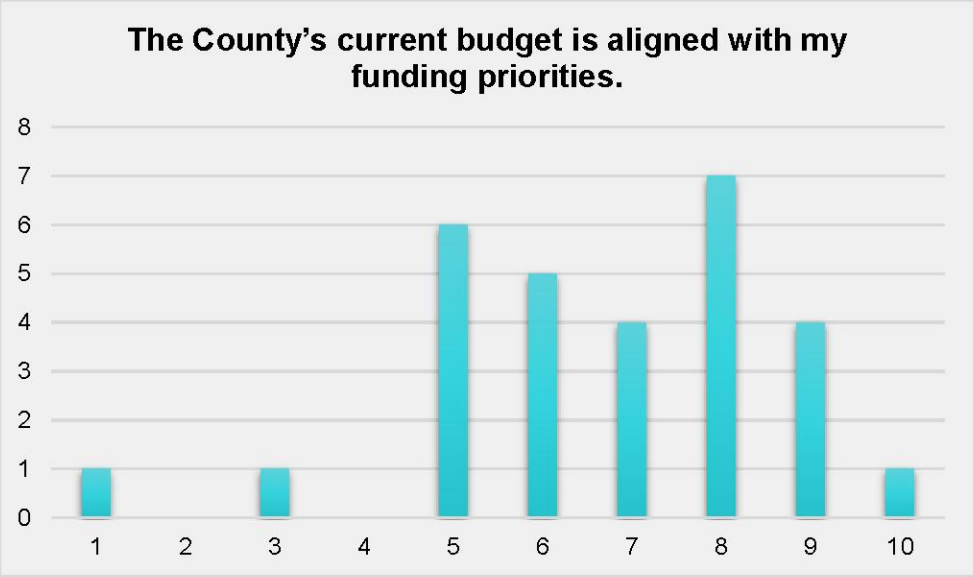

Figure 22: Task Force Agreement Rating on the Current Budget

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Feedback on Revenue Generation Options

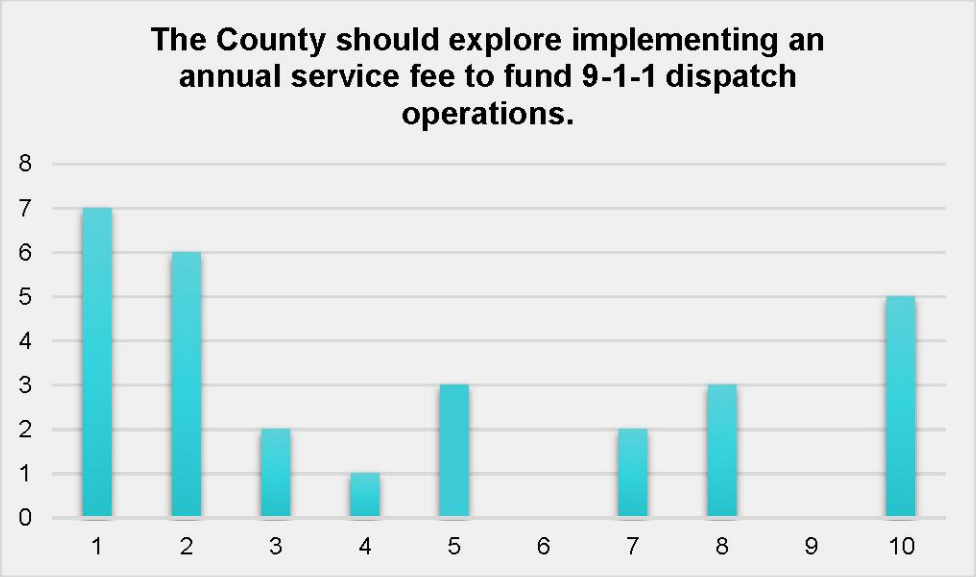

Figure 23: Task Force Agreement Rating on a 9-1-1 Fee

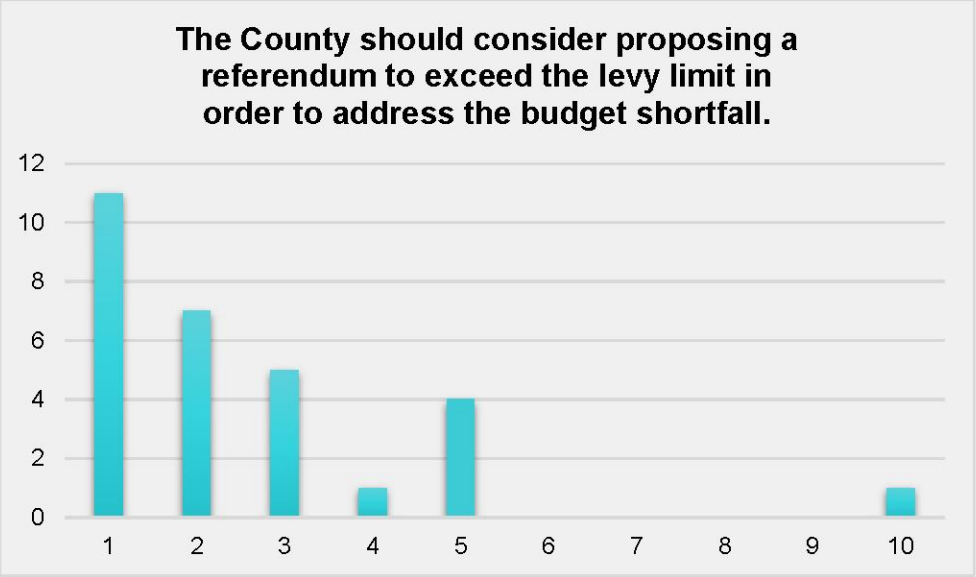

Figure 24: Task Force Agreement Rating on a Levy Increase Referendum

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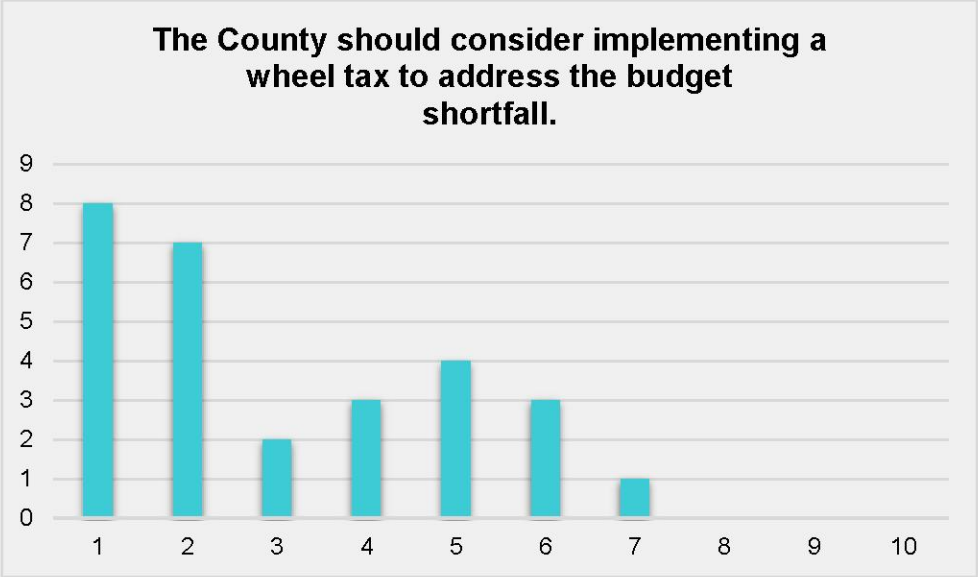

Figure 25: Task Force Agreement Rating on a Wheel Tax

Feedback on Sales Tax Strategy Options

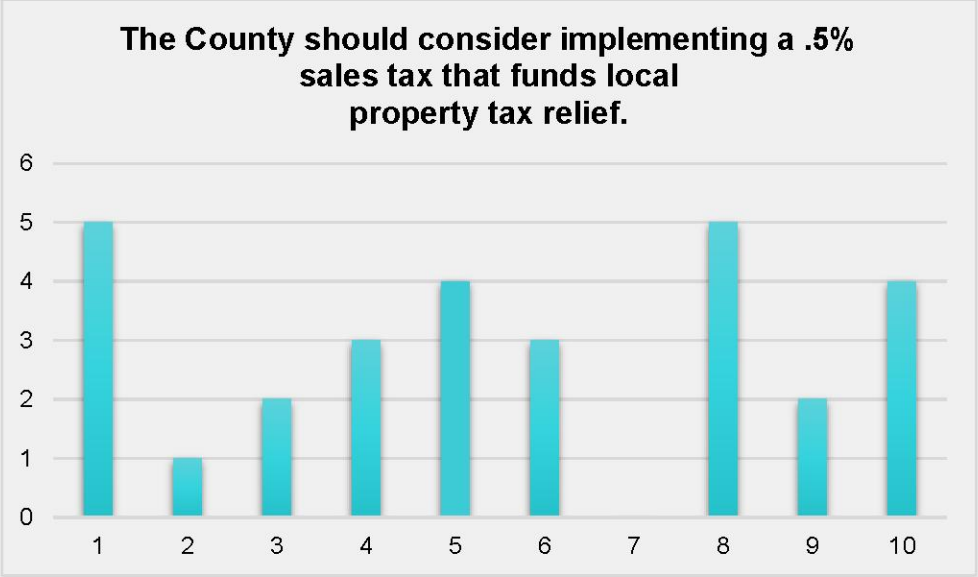

Figure 26: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief

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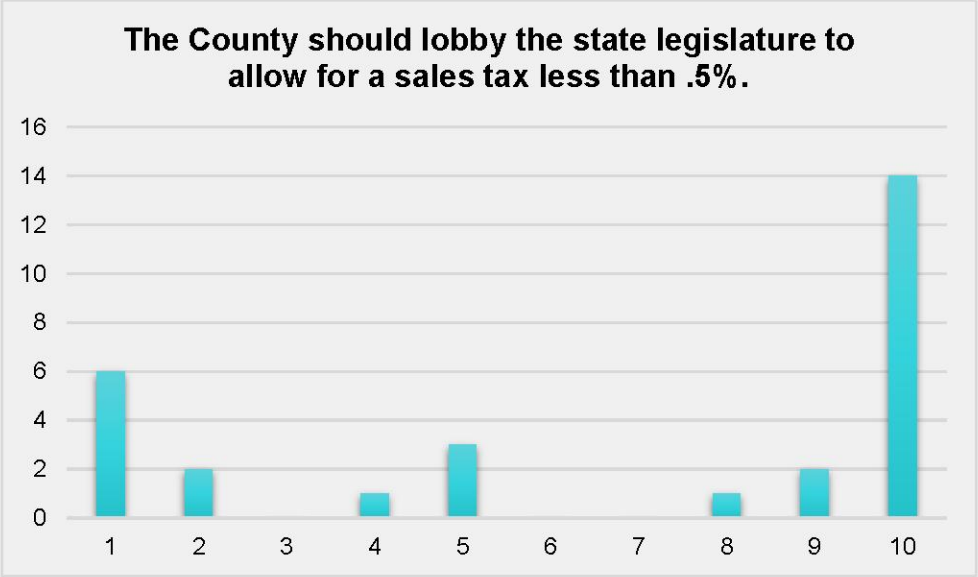

Figure 27: Task Force Agreement Rating on a Sales Tax of Less Than 0.5%

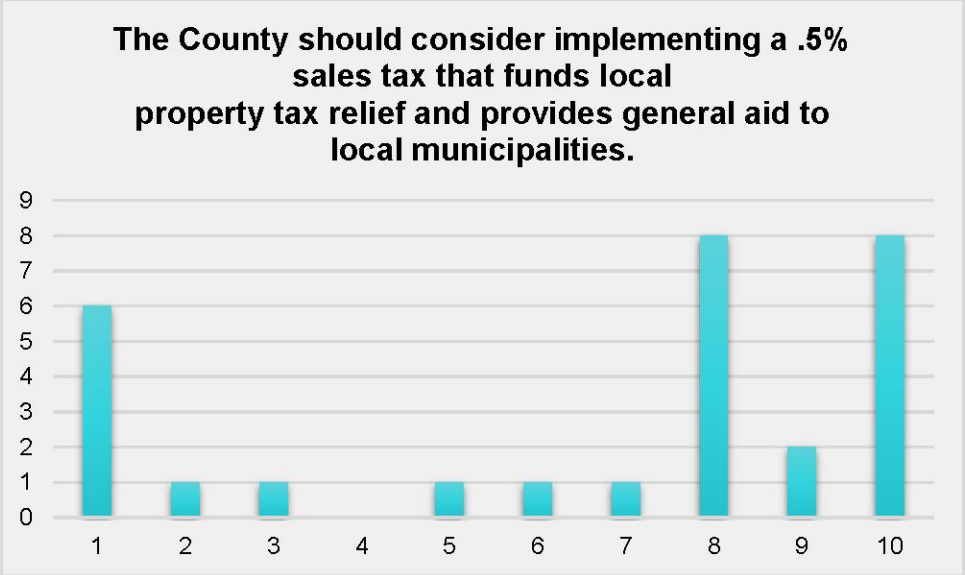

Figure 28: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and General Municipal Aid

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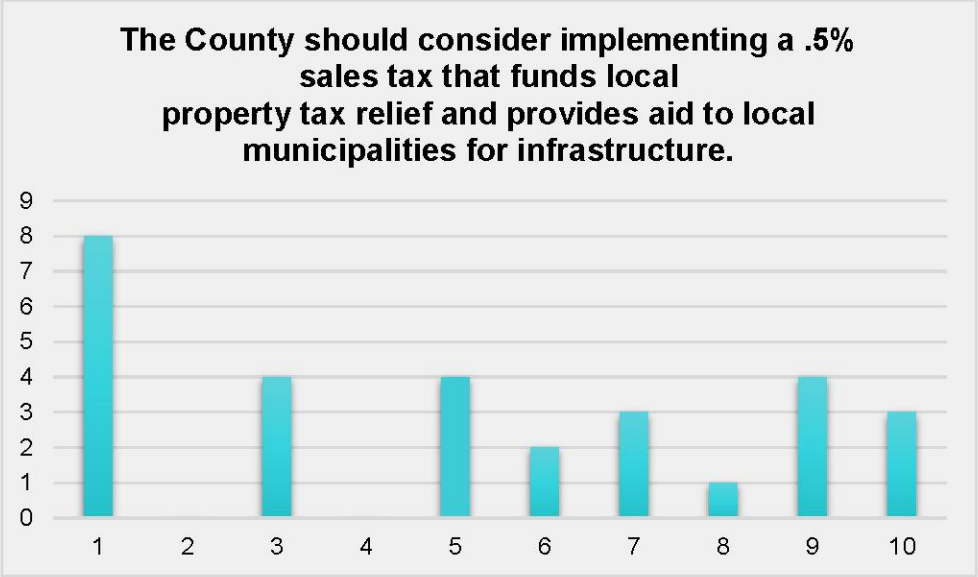

Figure 29: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Municipal Aid for Infrastructure

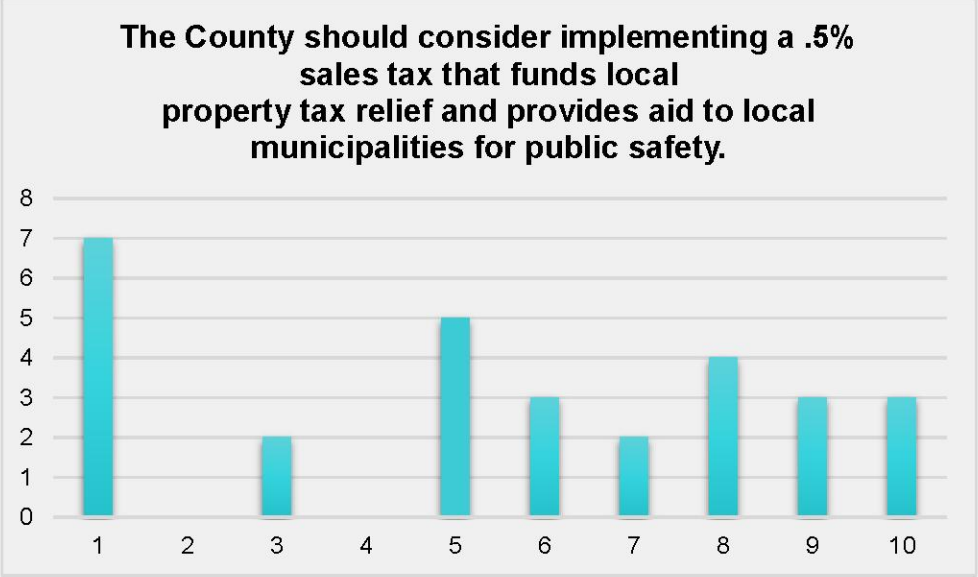

Figure 30: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Municipal Aid for Public Safety

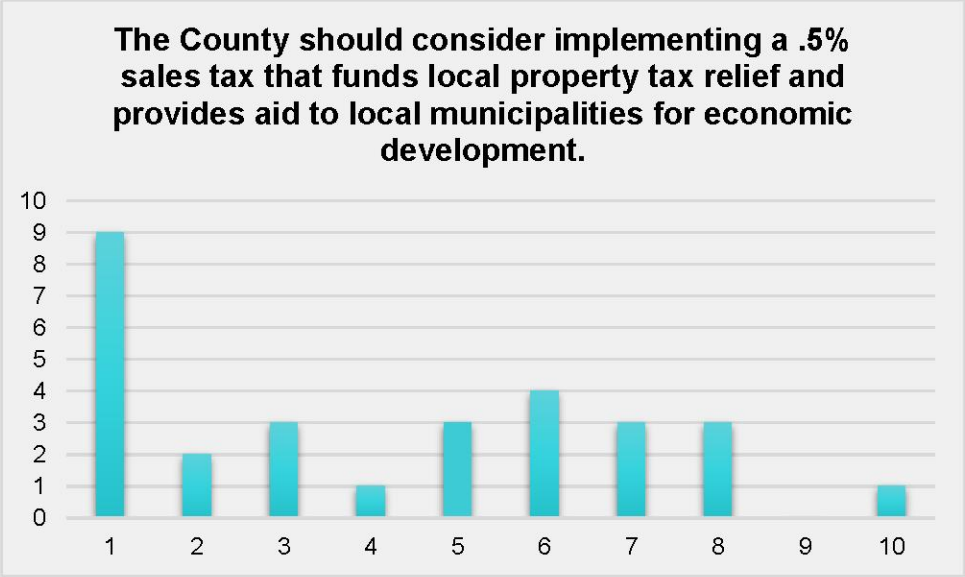

Figure 31: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Municipal Aid for Economic Development

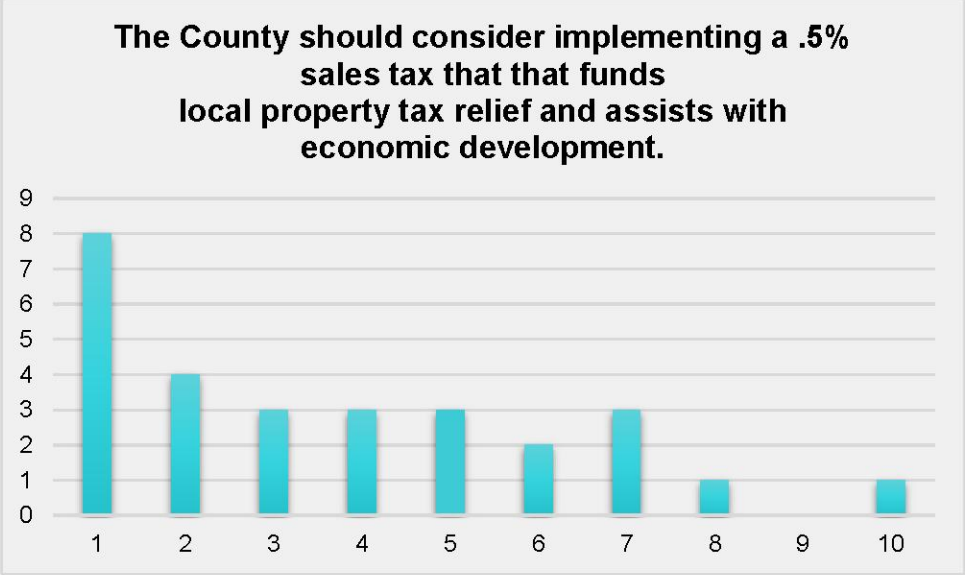

Figure 32: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Economic Development

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Feedback on the Process

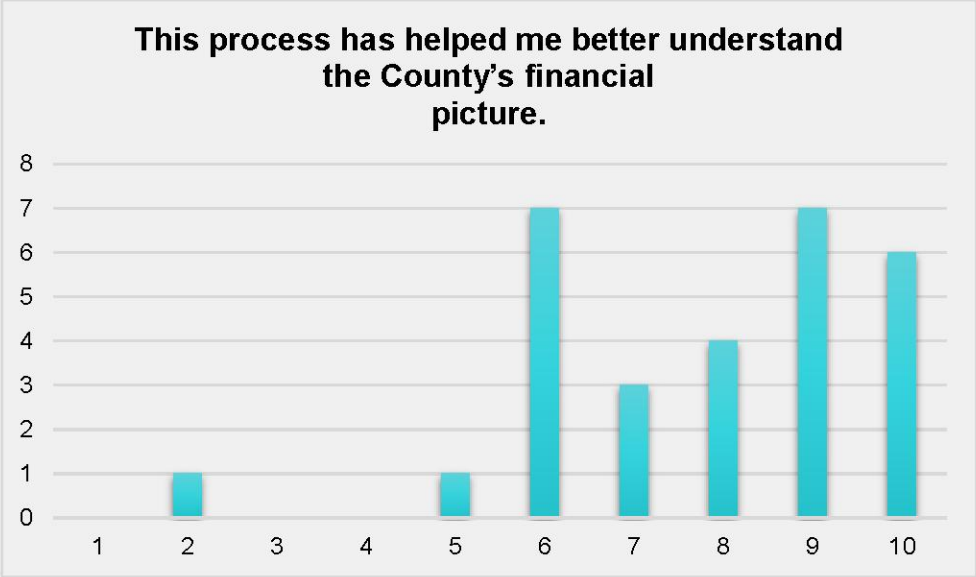

Figure 33: Task Force Agreement Rating on the Effectiveness of the Task Force Process

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APPENDIX B:

Task Force Member Comments by Key Theme

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The following table captures the individual Task Force member comments for each of the five key themes identified. The comments are transcribed verbatim from the last session.

Task Force Member Comments by Theme

Importance of Fiscal Responsibility

- Use shared revenue to pay down debt and reduce County property tax. Leads to County budget that will not grow as fast due to inflation and increased costs as debt payment will significantly decrease.
- First and foremost [value] in running the County and formulating budgets.
- County should not collect more than needed to close critical services gap. Need to continue to lobby state to fix shared revenue and modernize property [tax] caps.
- I believe the County is already fiscally responsible.
- Push Madison for more funding.
- How best to address budget excesses – Why do they occur, can budgets be more precise, how best to use excess dollars at end of year.
- Maintain existing standard of fiscal responsibility, which allows us to provide/maintain a high level of services.
- The County should "sharpen the pencil" as required.
- Elected messaging; inherent by past decisions; current State communication; our County versus other similar county.
- Caution – The relief created by Sales Tax option could take focus off of need to constantly look for reduction options.
- Do not grow government.
- I believe County and municipal service levels are generally appropriate and would try to avoid major cuts.
- What does the future look like when we experience another budget shortfall in spite of a sales tax?
- [The] Waukesha Way is to emphasize fiscal restraint and only introduce a new tax as a last resort and only to the extent needed. Tools to use first: 1) use previous surplus; 2) sell surplus property; 3) increase user fees; 4) cut in shortage; 5) look for efficiencies (shared services).
- Maintain the AAA bond rating. Continue to be prudent with taxpayer resources.
- The Waukesha Way is to solve our fiscal problems through responsible spending. Sharpen the pencil.
- Should always be a priority under every revenue generation scenario.
- Focus on fiscal responsibility doesn't include generating more revenue than needed.
- How do we control size of government with so much money available?
- Maintain.

Targeted Budgetary Service Level Reductions and Enhancements

- Have municipalities pay the cost of shared dispatch.
- Big on collaboration of shared services. Is it the County's job to provide revenue to municipalities?
- Would like to see each department head['s] ideas on cost reductions. Also need administrative infrastructure across County organization. For example: telephones; does every department need marketing, communications, administrators, etc.
- Deep dive on service statistics, # and $ impact related to cost.
- The services that can be reduced currently; one year fix? [or] more than [that].
- Do not reduce services that enhance quality of life – Keep Waukesha County as a desirable place to live, etc.
- This is the first tool to use to balance the budget after use of the surplus.
- We must continue to provide a safe and secure place to live.
- Invest in maximum impact – safety, infrastructure, government functions.
- With 37 municipalities each responsible for their own public safety, why do we need to expand County Sheriff's department?
- Continue the important work of adjusting service levels and finding efficiencies – despite any revenue options.
- Explore reduction of Health & Human Services spending.
- I favor sharing services where feasible and more efficient. I believe the ½% sales tax revenue should be: 40% County, 20% Real estate tax reduction, 40% local governments.
- Think creatively about spending. There is room in all budgets to reduce spending. We should use a holistic approach taking all opportunities into account.
- Increase funding for services supporting families, veterans, and victims of domestic violence/abuse or trafficking.
- Some departments are fully funded by the services they offer, leave these alone. Some departments are fully tax level funding; if core service, leave alone. If partially funded by tax levy, focus some reduce.
- Clean up public safety budgeting issues.

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Desire to Explore Revenue Options

- Approve sales tax at 0.5%. 40% to municipalities, 20% to property tax relief, 20% to County budget, 20% to paying down debt.
- Consider increasing taxes for all who use County services (e.g., include non-residents).
- I would suggest a referendum first – if voted down, propose sales tax 5.3%. Sales tax is regressive hitting low income hardest and businesses. Would be head wind to economic development.
- Increased sales tax seems to be the only option that "solves" the problem.
- 1) Sales tax 0.5%. 2) Legislature work on shared revenues.
- Sales tax is the only responsible revenue increase option – collects revenue from other county's residents which we pay to them when we shop there.
- Implement a ¼% sales tax, increase so we do not collect more than we need.
- Explore grants in all areas. Donations and sponsorships to Parks & Health and Human Services. Last option sales tax at less than ½%.
- New revenue source as the last resort and then only take what is necessary to solve the budget issue. Taking more than needed is not responsible or the Waukesha Way. Plus eats at future needs. Partial sales tax is better.
- The conservative approach in this County necessitates communicating impact to educate residents, regardless of which option is selected.
- Explore state change to allow for less than 0.5%.
- Fees, naming rights, sponsorships, property tax, grow economy. Infrastructure and development best-in-class.
- Sustainability prediction, time implications.
- Each revenue option should be taken seriously. The wheel tax will provide some revenue although it is obviously not enough to offset the entire deficit.
- I believe the best revenue option is the ½% sales tax and I would not attempt to reduce that.
- Tough decision equals long-term solutions.
- If a sales tax is necessary and the state is essentially forcing the County's hand, think big. This is about a lot more than just a sales tax.
- Explore sale of County lands to resolve short-term deficits and allow expansion of tax increment.
- Exceed [property tax] levy: No. Vehicle registration fee: No. Sales tax: Yes, if… 1) reduce property taxes, 2) county ordinance has flexibility to adjust property tax levy, general fund, build a buffer into the plan.

Support for Infrastructure and Economic Development

- Paying down debt with sales tax $'s allows for future where infrastructure can become paid for with incoming dollars. Big win for all property owners.
- Most important responsibility for County and Government. We are behind in this area.
- Though not rated as high as Public Safety, extremely important to value to keep this County growing, attractive.
- Continue (or increase) focus on Economic Development to increase tax revenue on commercial (versus residential).
- Focus more on innovation. Waukesha Version 2.0.
- This area should be a strong priority.
- Infrastructure, Public Safety, and Health Services should be protected to the greatest extent possible.
- Think creatively about where we are able to reduce funding to Infrastructure and Development by identifying risk and proportionally addressing reductions.
- Maintaining existing infrastructure and focusing on new development will translate to economic growth, as strong infrastructure attracts business.
- I believe County and municipal expenditures on infrastructure and development are currently appropriate and would avoid major changes.
- Necessities now. 5 years from now.
- Roads are very important to residents and commerce. Investment here is usually appreciated and often noticed by taxpayers.
- Visibility to residents and visitors speaks volumes about our County.
- Continue economic development but maintain the character of the county—preserve the reason people moved here!
- High priority to continue to maintain and expand infrastructure allowing for housing/building development to expand. Creates an avenue for revenue growth under current state statutes.
- Roads are critical. Shared revenue if implemented needs to account for differences in infrastructure from cities, villages, and rural towns. For example, no public pools in the Town of Oconomowoc or Town of Eagle.
- Boost business and housing market growth. Draw businesses and homeowners from surrounding communities.

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Evaluate Shared Services and Shared Revenue

- All municipalities in County are not cities. Most towns in County do not want shared revenue but are very interested in shared services.
- Continue working on sharing services. Sales tax (40%) shared with municipalities based upon population.
- Look for strategies and cuts with the least reduction in core service to citizens.
- Explore all options to realize efficiencies by sharing services.
- Advantages and impacts, time implications.
- Encourage and explore opportunities to consolidate services among the County and municipalities.
- Shared services and revenues will help the cities with their own budget issues.
- I believe the County and municipal governments are currently fiscally responsible, and I would try to avoid major cuts.
- Share revenue to encourage municipalities to cooperate. Municipalities using 911 Dispatch should pay for service. Use shared revenue to encourage Fire & Rescue consolidation.
- Think creatively to combine services and reform to identify savings possibilities.
- Shared Revenue [from] 0.5% [sales tax], 50% County, 35% Municipalities, 15% Tax Relief.
- Budget issues impact local municipalities same as County—great opportunity to get property tax relief for County and local tax bills.
- Brainstorm more options for shared services—e.g., public road plowing and maintenance, mowing near roads, charging for 911.
- Remain committed to intentional, creative eye to consolidate services whenever possible.
- Focus on shared services, collaboration, and consolidated services.
- Shared Services and Revenue → Slippery slope, what happens if County needs to grow?
- Benefits to municipalities, directly benefits residents, making tough revenue decisions more palatable
- Believe there is limited (small amount) revenue to be shared. Likely some communities will be uncooperative (recall 9-1-1 consolidation). Overall a great idea.
- Yes, to splitting excess revenue to communities with simple ordinance, but vigorous accounting calculations.

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APPENDIX E: RICHARDS RANCH FISCAL IMPACT REPORT

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CITY OF SANTA MARIA AND COUNTY OF SANTA BARBARA

RICHARDS RANCH FISCAL IMPACT STUDY

ADMINISTRATIVE REVIEW DRAFT

JULY 24, 2025



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Executive Summary

This report identifies the estimated fiscal and economic impacts of the Richards Ranch Project on the City of Santa Maria and the County of Santa Barbara.

Background and Study Objectives

The project proponent, MD3 Investments, proposes to construct a mixed-use project on the border of the City of Santa Maria in the unincorporated community of Orcutt. The project proponent and the County have proposed annexing the project into the City of Santa Maria. The Santa Barbara County Local Agency Formation Commission requires that a proposed annexation consider the fiscal impacts of an annexation to ensure that municipal services can be provided to the project. A fiscal impact study considers the costs and revenues to the City and County associated with the project, especially tax revenues and services such as public protection.

The project proponent had a prior fiscal impact study prepared by the Natelson Dale Group, Inc. This analysis relies heavily upon data from that study, but Willdan has made its own judgments regarding methodology and assumptions and has modified the analysis accordingly. The analysis assumes that the project will be annexed into the City of Santa Maria, which has implications (most notably, services are provided by the City of Santa Maris, tax and fee revenues accrue to the City, and the municipal property tax allocation is shared between the City and the County). As part of the evaluation process, the City and the County have engaged Willdan Financial Services to evaluate the Natelson report and prepare an independent fiscal impact analysis.

Summary of Results

Following is a summary of the analysis, also included below in Table 1, explained in further detail in the body of the report.

- The projected impact to the City of Santa Maria general fund is a fiscal surplus of $93,000 annually.
- The projected impact to the County of Santa Barbara general fund is a fiscal surplus of $276,000 annually.
- Additionally, the report calculates the rate of property tax sharing at which the City and County would have an estimated fiscal impact of approximately zero. For the City this figure is 30 percent, and for the County 33 percent.[1]

[1] Consistent with the Natelson report, the Willdan analysis assumes that the City receives fifty percent of the fire district revenue and twenty-five percent of general fund property tax revenue generated by the project, for an overall share of approximately thirty-eight (38.4) percent. This calculation is explained in further detail in Table 19.

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Table 1
Summary of Results
Richards Ranch Fiscal Impact Analysis

Item	Amount
City Net Fiscal Surplus (at 25/50% share, 38% overall)	$ 92,989
City "breakeven" property tax share	30%
County Net Fiscal Impact (at 75/50% share, 62% overall)	$ 275,823
County "breakeven" propety tax share	33%

Willdan Financial Services, 2025

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1. Introduction

MD3 Investments has proposed construction of a mixed residential and commercial project in Orcutt, an unincorporated community adjacent to the City of Santa Maria. The City and County are considering annexation of the project into the City. The City and County have engaged Willdan to prepare a report that estimates the fiscal impacts of the project after annexation, building on a prior report prepared by the Natelson Dale Group, Inc., for the project proponent. The proposed project will consist of 484 multi-family rental and single-family for-sale residential units and 195,000 square feet of commercial development, including a retail center and mini storage. Tables 2 and 3, on the following pages, detail the residential and commercial elements of the project, and estimate the assessed value (based on sales price) and expected residents and employees for the project.

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In Table 2, Willdan has increased the estimated residents in each development type to more closely match the average household size of 3.7 in Santa Maria. Willdan has also reduced the estimated monthly rent and townhome sales price based on its evaluation of the Santa Maria market.

Table 2
Residential Project Description
Richards Ranch Fiscal Impact Analysis

Type	Units	Value/DU	Total Value	HH Size	Tot Residents
Apartments					
1-BR	120	410,032	49,203,819	1.5	180
2-BR	176	503,221	88,566,875	2.5	440
3-BR	88	615,048	54,124,201	3.5	308
Total/Mean	384	499,726	191,894,895	2.42	928
Townhomes	100	600,000	60,000,000	3.75	375
Grand Total/Mean	484	520,444	251,894,895	2.69	1303

Sources: Willdan Financial Services, Inc.; The Natelson Dale Group, Inc.

Willdan Financial Services, 2025

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Table 3 provides detail regarding the commercial component of the project, including 94,000 square feet of commercial strip center and a 101,000 square foot mini storage facility.

Table 3
Commercial Project Description
Richards Ranch Fiscal Impact Analysis

Type	Sq. Feet	Employees/ 1K sf	Employees	AV/sf	Assessed Value
Commercial Strip Center	93,863	2	188	410	38,483,830
Mini Storage	101,265	N/A	3	150	15,189,750
Total/Mean	195,128		191		53,673,580

Source: The Natelson Dale Group, Inc.

Willdan Financial Services, 2025

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2. Methodology

Willdan has prepared a model based in broad terms on the analysis prepared by Natelson. In broad terms, the fiscal analysis uses two basis methods of estimating revenues and expenditures. For most categories the model assumes that revenues and expenditures will increase in proportion to the project, by using the existing per capita figures for the City and County and applying the expected new residents and employees in the project to estimate the impact on each item. For certain items Willdan uses a “case study” approach, in which the details of the project are used to estimate certain items. For example, Willdan uses estimated taxable sales to project sales tax revenue and expected assessed value to estimate property tax revenue.

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3. Fiscal Impacts

Revenues

Table 4 provides a more detailed summary of the expected revenues and expenditures expected from the project for the City of Santa Maria. As shown in Table 4, the major revenue sources are taxes, including Measure U, and the major expenditure categories are public safety. Willdan has adjusted these from the Natelson methodology. The most notable change in Table 4 is the exclusion from the analysis of the County Measure A revenue, which is administered separately used primarily for capital projects (and therefore not a general fund revenue to the City and not generally available to fund services). As shown in Table 4, Willdan projects a surplus of $93,000 annually for the City.

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Table 4
City Net Fiscal Impacts (annual recurring)
Richards Ranch Fiscal Impact Analysis

Fund	Amount
General Fund	
Property Tax	$ 368,217
Property Tax In Lieu of VLF	288,926
Sales and Use Tax	186,435
Public Safety Tax	641
Franchises	41,380
Business Licenses	2,602
Property Transfer Tax	11,467
Licenses, Permits & Fees	1,310
Revenue from Other Agencies	2,326
Recreation Programs	1,850
Recreation Income	2,964
Aquatics	2,697
Other Misc.	713
Measure U Transaction and Use Tax	$ 164,260
Total General Fund Revenue	$ 1,075,787
Other Revenues	
County Measure A	N/A
State Gas Tax	51,503
Total Other Revenues	**$ 51,503**
Total Revenues	**$ 1,127,290**
Expenditures	
Police	$ 552,015
Fire	243,617
Public Works	31,980
Recreation and Parks	141,087
Community Development	16,108
General Government	$ 49,493
Total Expenditures	$ 1,034,301
Net	**$ 92,989**

Sources: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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Table 5 details the estimated revenues and expenditures from the project for the County of Santa Barbara. Although the analysis assumes annexation (and therefor provision of primary services by the City of Santa Maria), there are still County expenditures that reflect County services provided to all residents within the County (as opposed to certain County services, such as public protection, that are provided primarily to residents of unincorporated areas). As shown in Table 5, Willdan projects a surplus to the County of $276,000 annually, primarily from the retention of significant property tax revenues and the public safety sales tax.

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Table 5
County Net Fiscal Impacts (annual recurring)
Richards Ranch Fiscal Impact Analysis

Fund	Amount
General Fund	
Property Tax	$ 588,439
Property Tax In Lieu of VLF	205,683
Property Transfer Tax	11,467
Fines, Forfeitures & Penalties	11,265
Use of Money and Property	7,619
Intergovernmental Revenue State	704
Intergovernmental Revenue Federal	-
Public Safety Sales Tax	$ 80,077
Total General Fund Revenue	**$ 905,253**
Expenditures	
Policy and Executive	$ 32,434
Public Safety	324,151
Health and Human Services	109,469
Community Resources and Public Facilties	84,259
General Government and Support Services	75,636
General County Programs	$ 3,481
Total Expenditures	**$ 629,430**
Net	**$ 275,823**

Sources: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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Project Demographics

Table 6 details the estimated residents and employees for the project. The model uses two different measures of population for the purposes or estimating fiscal impacts. The first, residents, is simply the number of residents living in the new units. This figure is used to estimate revenues that are allocated by population, such as gas tax, and for services that are primarily for residents, such as parks and recreation (for the City) or health and human services (for the County). As second measure, "service population," is the sum of residents and 50 percent of the estimated new employees. This measure is used for proportional estimates for revenues and expenditures that are expected to be impacted by both new residents and new businesses, such as police and fire protection. Willdan has increased the resident estimate from the Natelson report but the employee estimate remains unchanged.

Table 6
Project Population
Richards Ranch Fiscal Impact Analysis

Item	Amount
Residents	1,303
Empoyees	191
Employee Weighting Factor	50%
Total Service Population	1,398

Sources: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

Santa Maria Revenue Projections

Table 7 below details the revenue calculations for the City of Santa Maria. The table summarizes the City budget and provides an estimation methodology where appropriate. In many cases the model assumes proportional growth in revenue, using the current ratio of revenue to population in the City to estimate the additional revenue from new development. In some case the methodology is "case study" in which case the calculation is provided on a subsequent table.

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Table 7
City of Santa Maria Revenue Calculation
Richards Ranch Fiscal Impact Analysis

Item	Revenue	Non-Recurring	Not Projected	Recurring Projected	Methodology/Units of Measure	Unit Amount	Revenue Factor	Projected Units	Percent Variable	Amount
Taxes										
Property Secured	$ 14,304,503	$ -	$ -	$ 14,304,503	Case Study	N/A	N/A	N/A	N/A	368,217
Property Unescured	506,424	-	506,424	-	Not Projected	N/A	N/A	N/A	N/A	N/A
In Lieu of VLF	10,884,750	-	-	10,884,750	Case Study	N/A	N/A	N/A	N/A	288,926
Sales & Use	31,793,709	-	-	31,793,709	Case Study	N/A	N/A	N/A	N/A	186,435
Sales & Use - Safety	394,157	-	-	394,157	Case Study	N/A	N/A	N/A	N/A	641
Franchises	4,979,094	-	-	4,979,094	Per Service Population	134,608	36.99	1,398	80%	41,380
Transient Occupancy	4,273,426	-	4,273,426	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Businccss License	818,500	-	-	818,500	Per Employee	48,000	17.05	191	80%	2,602
Property Transfer	310,896	-	-	310,896	Case Study	N/A	N/A	N/A	N/A	11,467
Subtotal Taxes	**$ 68,265,459**	**$ -**	**$ 4,779,850**	**$ 63,485,609**						**$ 899,668**
Licenses, Permits & Fees										
Construction Permits	$ 3,070,974	$ -	$ 3,070,974	$ -	Not Projected	N/A	N/A	N/A	N/A	N/A
Taxi & Mobile Home Fees	24,700	-	-	24,700	Not Projected	N/A	N/A	N/A	N/A	N/A
Criminal Fines & Penalties	157,660	-	-	157,660	Per Service Population	134,608	1.17	1,398	80%	$ 1,310
Subtotal	**$ 3,253,334**	**$ -**	**$ 3,070,974**	**$ 182,360**						**1,310**
Revenue from Use of Money and Property										
Interest Earned	$ 2,285,796	$ -	$ 2,285,796	$ -	Not Projected	N/A	N/A	N/A	N/A	N/A
Rental Income	673,717	-	673,717	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Subtotal	**$ 2,959,513**	**$ -**	**$ 2,959,513**	**$ -**						**$ -**
Revenue from Other Agencies										
Motor Vehicle License Fees	$ 112,660	$ -	$ -	$ 112,660	Per Capita	110,608	1.02	1,303	1	1,062
Homeowners' Tax Relief	50,416	-	-	50,416	Per Capita	110,608	0.46	1,303	1	475
Property Tax In Lieu	94,900	-	-	94,900	Per Service Population	134,608	0.71	1,398	1	789
Mandated Costs	43,401	-	43,401	-	Not Projected	N/A	N/A	N/A	N/A	N/A
P.O.S.T.	43,773	-	43,773	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Other Subventions	141,336	-	-	141,336	Not Projected	N/A	N/A	N/A	N/A	N/A
Subtotal	**$ 486,486**		**$ 87,174**	**$ 399,312**						**$ 2,326**
Charges for Service										
Recreation Programs	$ 196,260	$ -		$ 196,260	Per Capita	110,608	1.77	1,303	1	1,850
Recreation Income	314,478	-		314,478	Per Capita	110,608	2.84	1,303	1	2,964
Aquatics	286,200	-		286,200	Per Capita	110,608	2.59	1,303	1	2,697
Zoning & Subdivision Fees	690,950	690,950		-	Not Projected	N/A	N/A	N/A	N/A	N/A
Law Enforcement	979,921	-	979,921	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Fire Services	1,686,005	-	1,686,005	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Engineering Reimbursements	677,699	-	677,699	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Comm. Dev. Reimbursements	312,400	-	312,400	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Weed Abatement	-	-	-	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Services Rendered Other Agencies	1,085	-	1,085	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Eng. Plan Check & Inspections	853,981	853,981	-	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Impacted Soils	100,000	-	100,000	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Subtotal	**$ 6,098,979**	**$1,544,931**	**$ 3,757,110**	**$ 796,938**						**$ 7,511**
Other Revenue										
Prior Year & Damage Recovery	$ 3,000	$ -	$ 3,000	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Sale of Real Property	4,250	-	4,250	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Sale of Maps, Plans and & Other	134,660	-	134,660	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Other Misc. Revenue	85,746	-	-	85,746	Per Service Population	134,608	0.64	1,398	1	713
Operating Transfers In	4,627,624	-	4,627,624	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Cost Allocation Transfers	4,917,037	-	4,917,037	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Subtotal	**$ 9,772,317**	**$ -**	**$ 9,686,571**	**$ 85,746**						**$ 713**
Measure U										
Measure U Tax	$ 26,715,000	$ -	$ -	26,715,000	Case Study	N/A	N/A	N/A	N/A	164,260
Interest Income	171,354	-	171,354	-	Not Projected	N/A	N/A	N/A	N/A	N/A
Subtotal	**$ 26,886,354**	**$ -**	**$ 171,354**	**$ 26,715,000**						**164,260**
Total General Fund	**$ 117,722,442**	**$1,544,931**	**$ 24,512,546**	**$ 91,664,965**						**$ 1,075,787**
Other Fund Revenues										
County Measure A Sales Tax	7,456,129	-	7,456,129	-	Not Estimated	N/A	N/A	N/A	N/A	N/A
State Gas Tax	5,464,920	-	-	5,464,920	Per Capita	110,608	49.41	1,303	80%	51,503
Total Other Fund Revenues										**$ 51,503**
Grand Total Revenues										**$ 1,127,290**

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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Santa Maria Expenditures

Table 8 estimates the expenditures by the City of Santa Maria. For each expenditure item the model calculates the future expenditures from the current ratio of costs on a per capita or per service population basis.

Table 8
City of Santa Maria Expenditure Calulation
Richards Ranch Fiscal Impact Analysis

Item	Expenditures	Methodology/Units of Measure	Unit Amount	Revenue Factor	Projected Units	Percent Variable	Amount
Public Safety							
Police	$ 53,137,621	Per Service Population	134,608	395	1,398	100%	552,015
Fire	23,450,833	Per Service Population	134,608	174	1,398	100%	243,617
Subtotal Public Safety	**$ 76,588,454**						**$ 795,632**
Public Works	$ 3,848,022	Per Service Population	134,608	29	1,398	80%	31,980
Recreation & Parks	14,970,631	Per Capita	110,608	135	1,303	80%	141,087
Community Development	1,938,203	Per Service Population	134,608	14.40	1,398	80%	$ 16,108
Subtotal	**20,756,856**						**$ 189,175**
General Government							
Mayor & Council	$ 210,816	Per Service Population	134,608	1.57	1,398	25%	548
City Attorney	1,816,868	Per Service Population	134,608	13.50	1,398	25%	4,719
City Manager	13,045,242	Per Service Population	134,608	96.91	1,398	25%	33,880
Finance	3,984,369	Per Service Population	134,608	29.60	1,398	25%	10,348
Subtotal General Government	**$ 19,057,295**						**$ 49,494**
Grand Total Expenditures	**$ 116,402,605**						**$ 1,034,301**

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

County of Santa Barbara Revenues

Table 9 below details the revenue calculations for the County of Santa Barbara. The table summarizes the County budget and provides an estimation methodology where appropriate. In many cases the model assumes proportional growth in revenue, using the current ratio of revenue to population in the County to estimate the additional revenue from new development. In some case the methodology is "case study" in which case the calculation is provided on a subsequent table.

Table 9
County of Santa Barbara Revenue Calculation
Richards Ranch Fiscal Impact Analysis

Item	Revenue	Methodology/Units of Measure	Unit Amount	Revenue Factor	Projected Units	Percent Variable	Amount
Property Tax	$ 333,963,000	Case Study	N/A	N/A	N/A	N/A	805,589
Licenses, Permits and Franchises	3,597,600	N/A (unincorporated only)	N/A	N/A	N/A	N/A	N/A
Fines, Forfeitures & Penalties	$ 5,554,000	Per Service Population	551,543	10.07	1,398	80.00%	11,265
Use of Money and Property	3,756,500	Per Service Population	551,543	6.81	1,398	80.00%	7,619
Intergovernmental Revenue-State							
Motor Vehicle In Liue In Excess	$ 300,000	Per Capita	444,500	0.67	1,303	80%	704
Homeowners' Tax Relief	685,000	Not Estimated	N/A	N/A	N/A	N/A	N/A
Stat Off Hwy Mtr. Veh LF	1,000	Not Estimated	N/A	N/A	N/A	N/A	N/A
Subtotal	*$ 986,000*						*$ 704*
Intergovernmental Revenue-Federal	2,159,300	Not Estimated	N/A	N/A	N/A	N/A	N/A
Charges for Services	21,972,700	Not Projected	N/A	N/A	N/A	N/A	N/A
Misc Revenue	95,000	Not Estimated	N/A	N/A	N/A	N/A	N/A
Total General Fund Revenue	**372,084,100**						**825,176**
Prop 172 - Public Safety Sales Tax	48,831,700	Case Study	N/A	N/A	N/A	N/A	80,077
Total Revenues	**420,915,800**						**905,253**

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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County of Santa Barbara Expenditures

Table 10 estimates the expenditures for the County of Santa Barbara. For each expenditure item the model calculates the future expenditures from the current ratio of costs on a per capita or per service population basis.

Table 10
County of Santa Barbara Expenditure Calculation
Richards Ranch Fiscal Impact Analysis

Item	Expenditures	Operating Revenues	Recurring Revenue	Methodology/Units of Measure	Unit Amount	Revenue Factor	Projected Units	Percent Variable	Amount
Policy & Executive									
Board of Supervisors	$ 4,142,600	$ -	$ 4,142,600	Per Service Population	551,543	7.51	1,398	50%	5,252
County Executive Office	62,815,700	53,620,700	9,195,000	Per Service Population	551,543	16.67	1,398	50%	11,656
County Counsel	12,614,200	366,600	12,247,600	Per Service Population	551,543	22.21	1,398	50%	15,526
Subtotal General Government	**$ 79,572,500**	**$ 53,987,300**	**$ 25,585,200**						**$ 32,434**
Public Safety									
District Attorney	$ 34,344,300	$ 13,224,100	$ 21,120,200	Per Capita	444,500	47.51	1,303	50%	30,956
Probation	70,195,300	44,969,700	25,225,600	Per Capita	444,500	56.75	1,303	50%	36,973
Public Defender	20,289,300	557,200	19,732,100	Per Capita	444,500	44.39	1,303	25%	14,461
Court Special Services	12,916,000	5,289,300	7,626,700	Per Capita	444,500	17.16	1,303	25%	5,589
Fire	120,928,100	44,103,500	76,824,600	Per Service Population	551,543	139.29	1,398	50%	97,389
Sheriff (non custody ops)	109,045,400	49,665,600	59,379,800	Not Estimated	N/A	N/A	N/A	N/A	N/A
Sheriff (custody ops)	90,894,900	22,471,000	68,423,900	Per Service Population	551,543	124.06	1,398	80%	138,784
Subtotal Public Safety	**$ 458,613,300**	**$ 180,280,400**	**$ 278,332,900**						**$ 324,151**
Health & Human Services									
Public Health	$ 102,583,200	$ 87,758,600	$ 14,824,600	Per Capita	444,500	33.35	1,303	100%	43,457
Behavioral Wellness	175,660,900	171,167,600	4,493,300	Per Capita	444,500	10.11	1,303	100%	13,172
Social Services	222,738,400	205,562,700	17,175,700	Per Capita	444,500	38.64	1,303	100%	50,349
Child Support Services	11,272,000	11,272,000	-	Per Capita	444,500	-	1,303	100%	-
First 5, Children & Families	3,723,900	2,873,600	850,300	Per Capita	444,500	1.91	1,303	100%	2,493
Subtotal Health & Human Services	**$ 515,978,400**	**$ 478,634,500**	**$ 37,343,900**						**$ 109,469**
Community Resources & Public Facilities									
Agricultural Commissioner/W&M	$ 7,912,800	$ 5,804,400	$ 2,108,400	Not Estimated	N/A	N/A	N/A	N/A	N/A
Community Services	74,837,200	41,925,000	32,912,200	Per Service Population	551,543	59.67	1,398	50%	41,722
Planning & Development	29,853,200	22,524,600	7,328,600	Per Service Population	551,543	13.29	1,398	50%	9,290
Public Works	173,327,200	147,100,900	26,226,300	Per Service Population	551,543	47.55	1,398	50%	33,247
Subtotal Community Resources & P	**$ 285,930,400**	**$ 217,354,900**	**$ 68,575,500**						**$ 84,259**
General Government & Spport Services									
Auditor-Controller	$ 10,674,500	$ 1,407,000	$ 9,267,500	Per Service Population	551,543	16.80	1,398	50%	11,748
Clerk-Recorder-Assessor	21,695,100	7,042,600	14,652,500	Per Service Population	551,543	26.57	1,398	50%	18,575
Debt Service	1,246,900	1,384,900	-	Not Estimated	N/A	N/A	N/A	N/A	N/A
General Services	49,964,100	29,303,300	20,660,800	Per Service Population	551,543	37.46	1,398	50%	26,191
Human Resources	10,572,600	2,598,300	7,974,300	Per Service Population	551,543	14.46	1,398	50%	10,109
Information Technology	28,240,200	27,232,100	1,008,100	Per Service Population	551,543	1.83	1,398	50%	1,278
Treasurer-Tax Collector	9,579,200	3,477,800	6,101,400	Per Service Population	551,543	11.06	1,398	50%	7,735
Subtotal General Government	**$ 131,972,600**	**$ 72,446,000**	**$ 59,664,600**						**$ 75,636**
General County Programs									
General County Programs	11,090,700	8,345,100	2,745,600	Per Service Population	551,543	4.98	1,398	50%	3,481
Subtotal General Government	**$ 11,090,700**	**$ 8,345,100**	**$ 2,745,600**						**$ 3,481**
Total Expenditures	**$ 1,483,157,900**	**$1,011,048,200**	**$ 472,247,700**						**$ 629,430**

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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Sales Tax Revenues

Willdan has estimated the sales tax revenue that could be generated by the project, detailed in Table 11. For this analysis Willdan has calculated only the revenue from the commercial center. The Natelson analysis estimated both this revenue and the new taxable sales generated by new residents. Willdan believes this approach is too aggressive, as new stores do not themselves necessarily generate new sales and to any new sales to the City would come in significant part from the new residents. As a result, Willdan's approach to sales tax in mixed-use projects is to calculate both the on-site sales and the resident-generated sales and use the higher figure in its analysis, but not both.

Table 11
Onsite Taxable Sales
Richards Ranch Fiscal Impact Analysis

Land Use	Square Feet	Sales/SF	Total Sales	% Taxable (1)	Taxable Sales
Commercial Center	93,863	250	23,465,750	70.00%	16,426,025
Mini Storage	101,265	0	0	0	0
Total	195,128		23,465,750		16,426,025

(1) Not all establishments will sell goods, and not all goods sold will be taxable.

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

Table 12 calculates the revenue resulting from the onsite sales, both directly from the City's one percent share of sales tax collections and an allocation of countywide pools.

Table 12
Estimated Sales Tax Revenue
Richards Ranch Fiscal Impact Analysis

Item		Total
Total Taxable Sales	$	16,426,025
Local Sales Tax Rate		1.0%
Sales Tax Revenue	$	164,260
On-Site Sales Tax Revenue as a Shareo of Total Sales & Use Tax (1)		86.5%
Estimated Sales Tax Revenue Allocation Generated by Base Sales Tax	$	22,175
Total Revenue	**$**	**186,435**

(1) According to HdL and Natelson, 12-15% of a local jurisdiciton's total sales and use tax revenue are derived from their share of countywide pools.

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

The City of Santa Maria also has a local tax measure, Measure U, that collects an additional one percent of local taxable sales. Table 13 calculates the Measure U revenue generated by the project.

Table 13
Estimated Measure U Sales Tax Revenue
Richards Ranch Fiscal Impact Analysis

Item		Total
Total On-Site Taxable Sales	$	16,426,025
Total Resident Santa Maria Taxable Expenditures		-
Total Taxable Sales	$	16,426,025
Measure U Sales Tax Rate		1.0%
Total Measure U Sales Tax Revenue	**$**	**164,260**

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

Table 14 calculates the 0.5% public safety tax collected and the allocation between the County and the City.

Table 14
Estimated Public Safety Sales Tax Revenue
Richards Ranch Fiscal Impact Analysis

Item		Total
Total On-Site Taxable Sales	$	16,426,025
Total Resident Santa Maria Taxable Expenditures		-
Total Taxable Sales	$	16,426,025
Public Safety Sales Tax Rate		0.5%
Total Public Safety Sales Tax Revenue	$	82,130
County Revenue		
County Share of Public Safety Tax		97.5%
County Public Safety Tax Revenue	**$**	**80,077**
City Revenue		
City Share of Public Safety Tax		0.8%
City Public Safety Tax Revenue	**$**	**641**

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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Property Tax Revenues

The most significant source of revenue from the development of the project is property tax revenue, which is calculated in the following tables. Table 15 details the allocation of the basis ad valorem tax of one percent of assessed value for the proposed project parcel, tax rate area 080-041. The two allocations relevant to the analysis are the Santa Barbara County General Fund, 0001, and the SB County Fire Protection District, 2280. As shown in Table 15, the analysis assumes that twenty-five percent of the general fund tax and fifty percent of the fire district tax will be allocated to the City, with the remainder retained by the County.

Table 15
Propety Tax Allocation Factors
Richards Ranch Fiscal Impact Analysis

District	Name	TRA 080-041 (1)	Post Annexation City Allocation (2)	County Share Post Annexation
0001	Santa Barbara County General Fund	0.144139	25%	0.10810425
2140	CSA 5	0.006563		
2280	SB County Fire Protecton District	0.168935	50%	0.08446750
2400	SB County Flood Cntrl/Wtr Cnsrv	0.002668		
2510	Orcutt Flood Zn 3	0.005465		
2670	North County Lighting District	0.008701		
3050	Santa Barbara County Wtr Agency	0.003431		
3210	Santa Maria Public Airport Dist	0.011144		
3320	Santa Maria Cemetary Dist	0.005800		
4160	SB Mosquito/Vector Dist	0.000186		
4500	Cachuma Resource Cnsrv Dist	0.000479		
7401	Orcutt Union Elem Dist General	0.235767		
8301	Santa Maria Jt HS Dist General	0.195338		
9401	Allen Hancock CC Dist General	0.051965		
9801	County School Srvc Fund	0.035912		
9802	ERAF	0.123508		
Total (3)		1.000001		0.19257175

(1) Tax Rate Area
(2) Analysis assumes that 25 percent of GF revenue and 50 percent of fire revenue go to City.
(3) Figures from Natelson and should add up to exactly 1. Willdan has not had the opportunity to reconcile this number given the compressed time frame of the analysis. The difference is *de minimus* .

Source: The Natelson Group, Inc.; Santa Barbara County Auditor-Controller's Office

Willdan Financial Services, 2025

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Table 16 calculates the property tax revenues for the project for the City and County based on the assessed value from Tables 2 and 3 and the allocation factors in Table 15.

Table 16
Estimated Property Tax Revenue
Richards Ranch Fiscal Impact Analysis

Item		Amount
Estimated Project Assessed Value	$	305,568,475
Base Ad Valorem Tax		1.00%
Base Ad Valorem Revenue	$	3,055,685
City General Fund Revenue, Post Annexation		
City General Fund Post ERAF Share of AV Tax		3.6%
Total City Property Tax Post Annexation	$	110,111
City Fire District Revenue, Post Annexation		
City Fire District Post ERAF Share		8.45%
City Fire District Property Tax Post Annexation	$	258,106
County General Fund Revenue, Post Annexation		
County General Fund Post ERAF Share of AV Tax		10.8%
Total County Property Tax Post Annexation	$	330,333
County Fire District Revenue, Post Annexation		
County Fire District Post ERAF Share of AV Tax		8.45%
County Fire District Property Tax Post Annexation	$	258,106

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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In addition to the property tax factors, each jurisdiction receives additional revenue in lieu of vehicle license fee (VLF) revenue. This amount is calculated as a proportion of incremental additional assessed value applied to the previous year's VLF revenue. Table 17 calculates the incremental additional VLF swap revenue resulting from the development of the project for the City and the County.

Table 17
Estimated Vehicle License Fee (VLF)/Property Tax Revenue
Richards Ranch Fiscal Impact Analysis

Item		Amount
Santa Barbara County		
County VLF Swap Revenue (2024)	$	74,128,000
County AV, FY 2023-24	$	110,126,900,000
Project Value	$	305,568,475
Percentage Increase over Base AV		0.28%
Incremental Additional VLF Swap Revenue	$	205,683
City of Santa Maria		
City VLF Swap Revenue (2024)	$	10,884,750
City AV, FY 2023-24	$	11,511,734,000
Project Value	$	305,568,475
Percentage Increase over Base AV		2.65%
Incremental Additional VLF Swap Revenue	$	288,926

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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The City and County collect transfer tax upon the sale of real estate, $1.10 per $1,000 of valuation, divided equally. The fiscal model assumes that for sale residential units will be sold every seven years, and the commercial properties (including rental apartments) every twenty years. Table 18 calculates the average annual revenue that would be received from these transactions.

Table 18
Estimated Property Transfer Tax Revenue
Richards Ranch Fiscal Impact Analysis

Item	Residential (TH)	Residential (APT)	Commercial	Total
Estimated Property Value	$ 60,000,000	$ 191,894,895	$ 53,673,580	$ 305,568,475
Mean holding period (years)	7	20	20	
Tax Rate (1)	0.055%	0.055%	0.055%	
Annual Revenue	$ 4,714	$ 5,277	$ 1,476	$ 11,467

(1) The City and County Share a transfer tax of $1.10 per $1,000 of valuation.

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

Integral to the projection of the fiscal impacts of the project to the City and County is an assumption regarding the allocation of the property tax generated by the project. Consistent with the Natelson study, this analysis assumes a split between the City and County of 25%/75% for the general fund revenue and 50% each for the fire district revenue, for an overall allocation of 38%/62%. These calculations are included in Table 16, above. Additionally, Willdan has estimated the minimum property tax revenue needed for each municipality to be fiscally neutral (a net impact of approximately $0, or “breakeven”). Table 19 calculates the minimum property tax allocation for the City and County to achieve breakeven. As shown in Table 19, City must receive at least 30 percent of the property tax revenue to remain fiscally neutral, and the County must receive at least 33 percent of the property tax revenue to remain fiscally neutral.

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Table 19
Property Tax "Breakeven" Analysis
Richards Ranch Fiscal Impact Analysis

Item		Amount
Estimated Project Assessed Value	$	305,568,475
Base Ad Valorem Tax		1.00%
Base Ad Valorem Revenue	$	3,055,685
GF Allocation TRA 080-041		14.41%
Revenue	$	440,443
Fire District Allocation TRA 080-041		16.89%
Revenue	$	516,212
Total Combined GF and FD Allocation TRA 080-041		31.31%
Revenue	$	956,655
City Breakeven Estimate		
City General Fund Revenue, Post Annexation		
City General Fund Post ERAF Share of AV Tax		4.32%
Total City Property Tax Post Annexation	$	132,133
City Fire District Revenue, Post Annexation		
City Fire District Post ERAF Share		5.07%
City Fire District Property Tax Post Annexation	$	154,864
Resulting City Fiscal Impact	**$**	**11,769**
Percentage Allocation of Project Property Tax Revenue		**30%**
County Breakeven Estimate		
County General Fund Revenue, Post Annexation		
County General Fund Post ERAF Share of AV Tax		4.76%
Total County Property Tax Post Annexation	$	145,346
County Fire District Revenue, Post Annexation		
County Fire District Post ERAF Share of AV Tax		5.57%
County Fire District Property Tax Post Annexation	$	170,350
Resulting County Fiscal Impact	**$**	**3,081**
Percentage Allocation of Project Property Tax Revenue		**33%**

Source: The Natelson Dale Group, Inc.; Willdan Financial Services

Willdan Financial Services, 2025

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APPENDIX F: NHA'S REQUIRED MUNICIPAL ADVISOR DISCLOSURES

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

Fiduciary Duty

NHA Advisors, LLC ("NHA") is registered as a Municipal Advisor with the U. S. Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB"). As such, NHA has a fiduciary duty to the Town and must provide both a Duty of Care and a Duty of Loyalty that entail the following.

Duty of Care:

a) exercise due care in performing its municipal advisory activities;
b) possess the degree of knowledge and expertise needed to provide the Town with informed advice;
c) make a reasonable inquiry as to the facts that are relevant to the Town's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Town; and
d) undertake a reasonable investigation to determine that NHA is not forming any recommendation on materially inaccurate or incomplete information; NHA must have a reasonable basis for:
    i. any advice provided to or on behalf of the Town;
    ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Town, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Town securities; and
    iii. any information provided to the Town or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

NHA must deal honestly and with the utmost good faith with the Town and act in the Town's best interests without regard to the financial or other interests of NHA. NHA will eliminate or provide full and fair disclosure (included herein) to the Town about each material conflict of interest (as applicable). NHA will not engage in municipal advisory activities with the Town as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Town's best interest.

Conflicts of Interest and Other Matters Requiring Disclosures

As of the commencement date of the Project, there are no actual or potential material conflicts of interest, other than those potential conflicts noted below, that NHA is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If NHA becomes aware of any material potential conflict of interest that arises after this disclosure, NHA will disclose the detailed information in writing to the Town in a timely manner.

Pursuant to MSRB Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of NHA and its associated persons.

The following are potential conflicts of interest to be considered.

- NHA represents that in connection with the issuance of municipal securities, NHA may receive compensation from the Town for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the

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requirements of MSRB Rule G-42, NHA hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding NHA' ability to provide unbiased advice to enter into such transaction. The contingent fee arrangement creates an incentive for NHA to recommend unnecessary financings or financings that are disadvantageous to the Town, or to advise the Town to increase the size of the issue. This potential conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Town.

- NHA' fees under this potential agreement may be based on hourly fees of NHA' personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for NHA to recommend alternatives that would result in more hours worked. This conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Town.
- NHA' fees under this potential agreement may be a fixed amount established at the outset of this potential agreement. The amount is usually based upon an analysis by the Town and NHA of, among other things, the expected duration and complexity of the transaction and the scope of services to be performed by NHA. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, NHA may suffer a loss. Thus, NHA may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Town.
- The fee paid to NHA increases the cost of investment to the Town. The increased cost occurs from compensating NHA for municipal advisory services provided.
- NHA serves a wide variety of other clients that may, from time to time, have interests that could have a direct or indirect impact on the interests of another NHA client. For example, NHA serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Town. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, NHA could potentially face a conflict of interest arising from these competing client interests. NHA fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the Town.
- Gerald Craig Hill, the Managing Principal of NHA is currently serving as an outside director for the HdL Companies based in Diamond Bar, CA. HdL Companies is a software and professional services consulting company providing revenue data and collections information to local governments, potentially including NHA's clients. HdL Companies have affiliates including, but not limited to, HdL Coren & Cone. From time to time, NHA utilizes the services of HdL Coren & Cone for its clients. NHA is mindful of this conflict of interest and fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith when this situation arises.
- NHA does not have any affiliate that provides any advice, service, or product to or on behalf of the Town that is directly or indirectly related to the municipal advisory activities to be performed by NHA.
- NHA has not made any payments directly or indirectly to obtain or retain NHA' municipal advisory business.
- NHA has not received any payments from third parties to enlist NHA' recommendation to the Town of its services, any municipal securities transaction, or any municipal finance product.
- NHA has not engaged in any fee-splitting arrangements involving NHA and any provider of investments or services to the Town.

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- NHA does not have any legal or disciplinary event that is material to the Town's evaluation of the municipal advisory or the integrity of its management or advisory personnel.
- NHA does not act as principal in any of the transaction(s) related to this potential agreement.

Legal Events and Disciplinary History

NHA does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Town may electronically access NHA' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

www.sec.gov/edgar/searchedgar/companysearch.html

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If NHA makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Town and is within the scope of the engagement, NHA will determine, based on the information obtained through reasonable diligence of NHA whether a municipal securities transaction or municipal financial product is suitable for the Town. In addition, NHA will inform the Town of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which NHA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Town; and
- whether NHA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Town objectives.

If the Town elects a course of action that is independent of or contrary to the advice provided by NHA, NHA is not required on that basis to disengage from the Town.

Municipal Securities Rulemaking Board Rule G-10 Disclosure

Pursuant to MSRB Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- NHA is currently registered as a Municipal Advisor with the SEC and MSRB.
- Within the MSRB website at www.msrb.org, the Town may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

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Record Retention

Effective July 1, 2014, pursuant to the SEC record retention regulations, NHA is required to maintain, in writing, all communication and created documents between NHA and the Town for five (5) years.

If there are any questions regarding the above, please do not hesitate to contact NHA.

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SEPTEMBER 22, 2025

TOWN OF LOS GATOS

PROPOSAL FOR STUDY 3: ASSET LIABILITY MANAGEMENT STUDY

PROVIDED IN RESPONSE TO

REQUEST FOR PROPOSALS DATED AUGUST 20, 2025:

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

SUBMITTED BY

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

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1. COVER LETTER

September 22, 2025

Attn: Gitta Ungvari, Finance Director
Finance@losgatosca.gov
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

RE: Request for Proposals for Study 3: Asset Liability Management

Dear Ms. Ungvari,

NHA Advisors, LLC ("NHA") is pleased to submit this proposal to provide municipal advisory services to the Town of Los Gatos (the "Town") in relation to its Asset Liability Management ("ALM") Study requested as Task 3/Study 3 in your August 20th RFP. Please note that NHA Advisors has also submitted as part of a team including Raftelis and Willdan for Task 1/Study 1 and Task 2/Study 2. Our role in that proposal is a Team Manager. For Task 3/Study 3, NHA is the sole service provider. In addition to the scope requested in the Town's RFP, we are also submitting an unsolicited proposal in this document for what we call Task 4 - a funding plan for long-term wildfire risk mitigation for the Town.

NHA, as a registered municipal advisor and has an extensive practice in advising public agencies in California on asset/liability issues for CalPERS, and for the long-term management of debt. We are also familiar with OPEB management issues for our client base.

With respect to our proposed Task 4/Study 4, NHA is a leader statewide in the development of funding plans for climate change adaptation, including wildfire risk. Detailed background on our experience in CalPERS and debt management, as well as wildfire risk reduction funding, is contained in this proposal.

Collaboration is key to our approach: As with our proposal for Study 1 and Study 2, collaboration is key to our approach for Study 3. We see a key output of Study 3 as framing key scenarios to be analyzed by the completed Study 1 fiscal condition model. The future performance of CalPERS can have a major impact, good or bad, on the fiscal condition of the Town. Major new development, including its infrastructure needs can have an equivalent impact. Finally, we see the use of the Study 1 model as a key tool in determining whether the Town's current and future projected cash reserves are sufficient to handle "Black Swan" events.

As noted in our cover letter for the combined Study 1 and Study 2 Proposal, NHA team staff have extensive and long-term experience in translating complex CalPERS and debt burden analysis into decision support packages that are clear, actionable and accessible to governing bodies and the public. We have deep experience in multi-lateral negotiations between multiple stakeholders over both debt funding and financial management issues.

As requested in the RFP, we accept the provisions of the sample contract contained in the RFP. While we emphasize our team commitment to collaboration, we also will accommodate the Town individually selecting one of our team members for a particular task but not selecting other team members for their assigned tasks.

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We are very pleased to deliver this proposal for the kind of integrated financial management work that we see as integral and pivotal for the future of Los Gatos, as well as so many other local governments in our team's collective client base.

We are proud of the reputation we have earned as a trusted municipal advisor and are excited about the potential to work with the Town.

As requested in the RFP, NHA provides the following statements as part of this cover letter:

- Mark Northcross is the primary contact authorized to bind the firm.
- NHA Advisors confirms acceptance of the Town's Sample Consultant Services Agreement

Please feel free to contact us directly with any questions regarding this proposal.

Thank you for your consideration.

Mark Northcross
Principal
Mark@NHAadvisors.com
(415) 785-2025 x2002

Mike Meyer
Vice President
Mike@NHAadvisors.com
(415) 785-2025 x2004

NHA Advisors, LLC
4040 Civic Center Drive, Suite 200, San Rafael, CA 94903

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2. COMPLETED CERTIFICATION FORMS

Conflict of Interest Statement

ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

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

No other relationships may have an impact on this contract or Project.

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

To our knowledge, no other clients have a financial interest with an impact on this contract or Project.

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

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is

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interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on September 22, 2025 [date], at San Rafael [city], California [state].

NHA Advisors LLC Proposer Name (Person, Firm, Corp.)	Principal Title of Authorized Representative
4040 Civic Center Drive, Suite 200 Address	Mark Northcross Name of Authorized Representative
San Rafael, CA 94903 City, State, Zip	
9/22/2025 (Date)	(Signed)

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Non-Collusion Declaration

ATTACHMENT 2 – NON-COLLUSION DECLARATION

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

I am the Principal [Insert Title] of NHA Advisors LLC ,[Insert name of company, corporation, LLC, partnership or joint venture] the party making the foregoing proposal.

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

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 9/22/2025[date], at San Rafael [city], CA[state].

By: _____

Name: Mark Northcros

Title: Principal

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References

ATTACHMENT 3 - REFERENCES

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

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

1. City of Ukiah — 300 Seminary Avenue, Ukiah CA 95482
   Name of Agency — Agency Address
   Dan Buffalo — Finance Director
   Contact Name — Contact Title
   (707) 463 - 6220 — dbuffalo@cityofukiah.com
   Contact Telephone — Contact Email Address
   July 2016 - Present — One Time Bond Financing: $112,500; Annual Updates $7,500
   Contract Period — Contract Amount

   CalPERS Pension Stakeholder Education, Cost Management Strategy Evaluation, UAL Restructuring (Lease Revenue Bond), Internal Pension Reserve Policy Analysis, ADP/Fresh Start Analysis, Ongoing Stakeholder Updates/Workshops

   Description of services performed including costs.

2. City of Walnut Creek — 1666 North Main Street, Walnut Creek CA 94596
   Name of Agency — Agency Address
   Kirsten LaCasse — Administrative Services Director
   Contact Name — Contact Title
   (925) 943 - 5810 — lacasse@walnut-creek.org
   Contact Telephone — Contact Email Address
   October 2024 – March 2025 — $15,000
   Contract Period — Contract Amount

   CalPERS Pension Stakeholder Education, Cost Management Strategy Evaluation, Customized Section 115 Trust Model, 115 Trust Deposit/Withdrawal Analysis, Policy Recommendations

   Description of services performed including costs.

3. City of Riverside — 3900 Main Street, Riverside, CA 92522
   Name of Agency — Agency Address
   Edward Enriquez — Assistant City Manager/CFO and Treasurer
   Contact Name — Contact Title
   (951) 826 - 5553 — eenriquez@riversideca.gov
   Contact Telephone — Contact Email Address
   2018 to Present — Pre-Financing Consulting: $25,000; One Time Financing $125,00; Annual ongoing: $7,500 - $15,000
   Contract Period — Contract Amount

   CalPERS Pension Stakeholder Education, Cost Management Strategy Evaluation, $430 Million POB, Pension Policy Development, Customized Section 115 Trust Model, 115 Trust Deposit/Withdrawal Analysis, Annual Stakeholder Updates, POB Performance Comparison, "CalPERS Challenge" Assistance (CalPERS Challenge | City Manager's Office)

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See previous page

Description of services performed including costs.

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

Signature of Proposer	Name	Date
	Mark Northcross, Principal	9/22/2025

Statement Regarding Insurance Coverage and Worker's Compensation Insurance Acknowledgement Certificate

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

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

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

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

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

Mark Northcross, NHA Advisors LLC
Name of Proposer (Person, Firm, or Corporation)

Signature of Proposer's Authorized Representative

Mark Northcross, Principal
Name & Title of Authorized Representative

September 22, 2025
Date of Signing

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3. SCOPE COMMENTS AND METHODOLOGY

As noted in our cover letter, we believe that the collaborative partnership of NHA Advisors, Raftelis and Willdan will ensure a truly comprehensive approach to executing all three requested studies in an integrated manner for the Town of Los Gatos. While NHA has similar experience to Raftelis in developing the type of long-range forecasting model that will be a core component for Study 1, the experience required for Study 3 is most in line with the qualifications of NHA, specifically related to debt management (bonds, pension, OPEB) and capital funding strategies. As the #1 ranked municipal advisor to California cities for bond funded capital projects, while also having served over 100 CalPERS members on pension cost management strategy and policy, NHA is well suited to carrying out Study 3, while seamlessly weaving in the various scenario impacts to the work being completed in Studies 1 and 2.

Study 3: ALM Study Scope Comments and Methodology

For our engagement related to the scope of services identified under Section E of the RFP, specifically under the "Study 3 – Asset Liability Management (ALM) Study" heading, NHA proposes the approach and timeline described below. As required by the RFP, this material can be considered as a stand-along proposal for NHA to prepare Study 3, should the Town choose to retain NHA, but not Raftelis and/or Willdan.

Task 3.1: Inventory & Evaluate Liabilities

- **Data Collection and Review** – Review last 10 years of CalPERS actuarial reports, Section 115 Trust statements, and other internal documentation related to the Town's recent track record of Additional Discretonary Payments and policy driven set asides (as discussed here: Town Pension and OPEB Plans Information (updated 10-18-2022) | The Los Gatos CA Official Site!)

- **Model Development** – Using data taken directly from CalPERS actuarial reports and the CalPERS Pension Outlook Tool, NHA will develop a customized model for the Town that includes detailed amortization base analysis as well as a customized Section 115 Trust smoothing model. These models will assist in quickly analyzing the impacts of various ADP and/or Section 115 trust strategies, with simple excel outputs that can be easily incorporated into the Long-Range Financial Modeling occuring in Study 1.

- **CalPERS ALM Study Update** – The Town's proposed schedule for this project dovetails perfectly with the CalPERS ALM study that will be completed this November. New actuarial assumptions (discount rate, inflation, mortality, etc.) will be announced and by Deceember, should be able to be modeled out which will proviee the most accurate long term picture of the Town's future pension liabilities.

Task 3.2: Funding Needs and Risk Reduction Analysis:

- **Cost Management Strategy Analysis** – once the "baseline" has been established using the fresh results of the CalPERS ALM study, a variety of cost management strategies will be analyzed, including ADPs, Section 115 Smoothing and Fresh Start accelerated payment options. These scenarios will necessarily be informed by the results of the long-range forecasting model to better understand financial resources and constraints.

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- **Funding Needs and Risk Reduction Analysis** – as part of the cost management strategy evaluation, multiple scenarios related to future "downside risk" will be incorporated to see how these strategies might play out in the future if various assumptions aren't met. NHA will frame scenarios for analysis using the Task 1/Study 1 fiscal conditions model. These include potential recessionary scenarios, poor investment returns by CalPERS, and significant changes to future actuarial assumptions, like the discount rate. The ability of new development to support infrastructure needs, as forecast by Willdan and the Task 1/Study 1 model, will be evaluated. Where appropriate, NHA will recommend potential revenue enhancements to address projected shortfalls. NHA is flexible as to what these scenarios look like and beyond our own recommendations, will be collaborating with Town Staff, Raftelis and Willdan to ensure cohesion between the 3 studies.

- **Stakeholder Engagement and Feedback (Optional)** – NHA will be available to meet with staff and stakeholders as much as needed during the process. It may be helpful to have multiple meetings, with the initial ones focused on educating stakeholders about how the pension liability works, how the Town has been tackling it in the past, and what things might be impacting these costs moving forward. After "setting the table" with this basic education, subsequent meetings can be focused on the pros/cons of various cost management strategies and the impact they might have on other key variables being assessed in these studies: namely, capital funding opportunities and reserve levels.

Task 3.3: ALM Modeling:

- **ALM modeling for Fund Balance sustainabcility and Risk Exposure**: NHA will work with Raftelis and Willdan to frame scenarios for "Black Swan" events to test fund balance sustainability and risk exposure. NHA will recommend mitigation measures, including revenue enhancements, for scenarios where the Town's cash reserves are projected to be inadequate. For the start of a discussion about "Black Swan" scenarios, we offer the following suggestions:
    - Sustained national economic downturn
    - Major natural disaster, such as an earthquake or wildfire. Consider modeling fiscal impact with minimal FEMA support, based on current proposals from the Trump administration.
    - Sustained weak financial performance from CalPERS
    - A reduction in the CalPERS actuarial discount rate

- We see two key elements for ALM modeling, both of which need to inform the Task 1 fiscal condition model:

    - Potential long term cash flow impacts from the Town's CalPERS obligations. Our task here, as we see it, is to develop a range of scenarios for such variable as CalPERS financial performance an a potential lowering of the CalPERS actuarial discount rate for scenario analysis through the Task 1 fiscal condition model. As part of this analysis, NHA will offer options for revenue enhancements/tax increases legally available for cities in California.

    - Capacity of the General Fund to fund or finance major future infrastructure needs. For this deliverable we will (1) discuss with Town staff their existing CIP and (2) and discuss with Town

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staff the potential infrastructure needs for new development. Note that Activity 2 under the Task 1 Raftelis proposal includes analysis of the Town's CIP. Based on the Task 2 Willdan fiscal impact model, we will determine how much of the infrastructure needs for new development can reasonably be expected to be funded through (1) impact fees or (2) directly by developers or (3) any long term fiscal surplus arising from new development. Where there are gaps, we will design scenarios, in conjunction with the Town's current CIP, to run under the Task 1 fiscal condition model. We will look at both pay-go and long-term lease revenue bond financing options. As part of this analysis, NHA will offer options for revenue enhancements/tax increases legally available for cities in California.

Task 3.4 Reserve Guidance:

- **Reserve guidance, recommendations and policy refinements:** Based on the results of the prior work, and feedback from staff and the Town's stakeholders, NHA will provide strategy and policy recommendations that aim to secure long term sustainablity and risk mititgation, using future cash reserves as projected by the Task 1/Study 1 model as a key metric.

- We will use the outcomes from the Study 1 Fiscal Condition Analysis with Five-Year Forecast to determine the adequacy of the Town's current cash reserves to meet the defined "Black Swan" events, and offer suggestions for increased reserved levels, if so indicated.

Task 3.5 Execution (As Needed)

- To the extent that the Town needs assistance from NHA to help execute on a preffered strategy, NHA can spearhead those efforts on the Town's behalf working directly with CalPERS, the Town's Section 115 Trust provider and investment advisor, actuaries, and others.

Optional Study 4: Wildfire Risk Mitigation Consulting Scope Comments and Methodology

The following material is provided by NHA for an optional Study 4 as an unsolicited proposal. We believe that NHA can deliver a major value to the Town through developing a realistic funding plan for wildfire risk mitigation, primarily through the long-term reduction of what are called "ladder fuels" along the Town's wildland urban interface ("WUI") with the Santa Cruz Mountains. As required by the RFP, this material can be considered as a stand-along proposal for NHA to prepare Study 4, should the Town choose to retain NHA, but not Raftelis and/or Willdan.

Specific NHA Qualifications for Study 4 - NHA is the leading municipal advisor in the State of California on funding for climate change adaptation. Since 2017 we have prepared funding plans for the following adaptation projects:

- **Resilient by Design**, a nine Bay Area county-wide collaboration to develop sea level rise adaptation and funding plans, funded by the Rockefeller Foundation.
- **Funding Pathways for Adaptation to Climate Change in California**. Describes public finance funding options for wildfire risk reduction, sea level rise adaptation, drought and extreme heat in California. Prepared under a grant from the Resources Legacy Fund.

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- **Municipal Advisor to the Town of Paradise.** Assist the Town in funding recovery through funding wildfire risk mitigation at the parcel, community and regional levels. Developing a funding strategy for the recovery of downtown Paradise.
- **Oakland Alameda Adaptation Committee.** Prepared a funding and governance plan for long term funding for sea level rise for the section of San Francisco Bay stretching from the Bay Bridge to the Oakland Airport.
- **Illustrative Statewide Budget for Wildfire Risk Mitigation.** Prepared an illustrative budget for combined state, regional and local government intervention to reduce wildfire risk statewide, including cost estimates and potential public finance funding mechanisms. Prepared under a grant from the Resources Legacy Fund.
- **Paradise Recreation and Parks District.** Preparing a funding plan for full implementation of a 30,000-acre wildfire buffer zone around the greater Paradise community. The plan includes funding for acquisition of easements and/or fee title for high priority parcels, as well as treatment costs. Polling for a parcel tax is part of the program, as well as grant applications to both FEMA and CalFire. The work is funded under a grant from the Governor's Office of Planning & Research.

Framing Our Approach - The key element in our approach is to address the major disconnect between good wildfire risk reduction practices by both public agencies and property owners in California and the insurance industry. The bottom line and increasingly intense, political issue is tax payers and property owners losing coverage or receiving huge premium increases despite doing good risk mitigation work. From our experience both in Paradise, and statewide, we see two major reasons for this:

a. There is a difference of opinion between the important "local knowledge" of community level fire safety professionals and the catastrophe modelers ("cat modelers") used by the insurance industry to determine risk from a windstorm-driven wildfire. The primary risk driving non-renewals and premium increases in California is that of a windstorm driven wildfire. To deliver not only more public safety to the Los Gatos community, but better insurance availability as well, the local knowledge is ideally supplemented by data from a cat model of a windstorm driven wildfire igniting in the Santa Cruz Mountains.

b. The information on wildfire risk mitigation work needs to be made available to cat modelers in a fully "curated" way. That means it is regularly updated and verified as being accurate. It also means, ideally, that the data is available through a GIS on a parcel specific level. This needs implies two other major needs: regular inspections of parcels and a curated "data commons" for wildfire risk mitigation information. The biggest challenge for the data commons is maintaining confidentiality for homeowners.

Based on our extensive experience in Paradise in particular, we offer the following scope of services:

- **Task 4.1 Identify Treatment Areas of Highest Priority**: Work with local fire safety professional to identify the areas in the Santa Cruz Mountains south of the Town that have the highest priority for treatment for wildfire fuel reduction on a long term basis. Support any ongoing work regarding "Zone Zero", or a 5' defensible space zone around structures. Retrofit home hardening work for structures in the Town we believe to beyond the scope of this analysis. Both the scale and the

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level of funding needed, in our opinion, are beyond what is plausible for a public funding intervention.

  - **Task 4.1a** (optional): Retain a "cat modeler" (catastrophe modeler used by insurance companies) to model windstorm driven wildfire pathways from an ignition point south of Town into the Town. This work identifies priority parcels for treatment that might differ from local fire safety professionals.

- **Task 4.2 Develop Annual Treatment Budget for Wildfire Risk Mitigation**: Work with local fire safety professional to develop an annual budget for treatment for priority parcels. Local fire safety professionals will provide guidance on likely costs per acre for different types of treatment in the greater Santa Clara County area, types of treatment recommended and the appropriate recurrence interval for such treatment. In addition, based on work being done in other jurisdictions, such as the Marin Wildfire Prevention Authority and the Town of Paradise, prepare a budget for funding annual inspections of parcels within the proposed buffer zone, as well as parcels within the Town.

- **Task 4.3 Present Preliminary Results:** Present the preliminary results of Task 2 to senior management at the Town, and with approval from the Town, present the preliminary results to senior management at neighboring cities, such as the Cities of Monte Sereno, Saratoga, Los Altos Hills and San Jose. Based on NHA's work on climate change adaptation in both the wildfire and sea level rise space, we believe regional collaboration between vulnerable public entities is the best pathway to success. Our goal would be to use the preliminary results of Task 2 as an illustration of what could be accomplished through regional collaboration for a wildfire buffer zone for Santa Clara County's WUI along the Santa Cruz Mountains.

  - **Task 4.3a** (optional): If Task 3 results in strong interest from other neighboring cities, we will work with staff at all stakeholders to develop a non binding MOU on collaboration to develop a funded regional entity to deliver long term wildfire fuel reduction in the cities collective WUI with the Santa Cruz Mountains

- **Task 4.4 Funding Plan Development:** Develop a funding plan to deliver the Task 2 budget. We will look at Prop 3 grants, FEMA Hazard Mitigation Grants, any potential General Fund support, and then solve for the level of a parcel tax required to fully fund the budget.

  - **Task 4.4a:** (optional). Develop both the cost analysis, similar to Task 2, and the funding analysis, as in Task 4.4, for other cities party to the potential non-binding MOU.

- **Task 4.5 Present Refined Cost & Funding Plan:** Present the combined cost and revenue budget to the Town and any parties to a potential non-binding MOU.

- **Task 4.6** (optional): Work with the Town and other stakeholders to determine how a "data commons" for wildfire risk mitigation work by the Town and/or parties to the MOU could be established.

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- Task 4.7 (optional): Retain a polling consultant to gauge the feasibility of any parcel tax required to deliver full funding for the wildfire buffer zone.

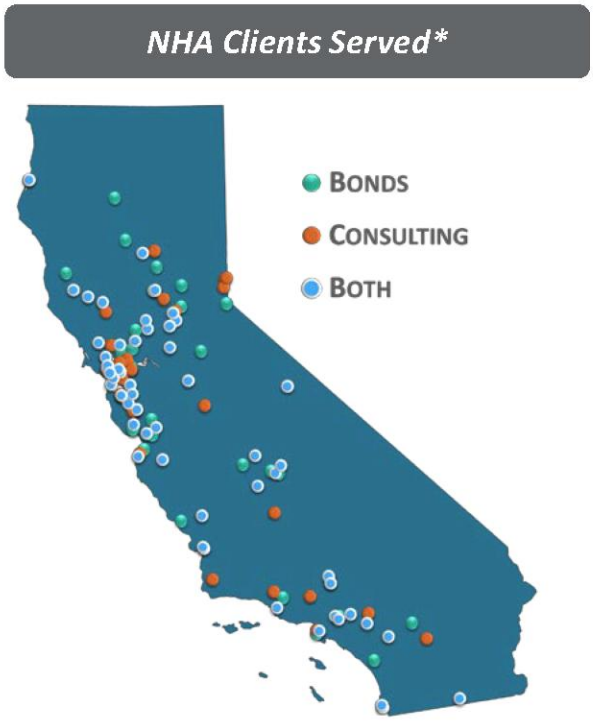
4. EXPERIENCE AND EXPERTISE

Firm Qualifications

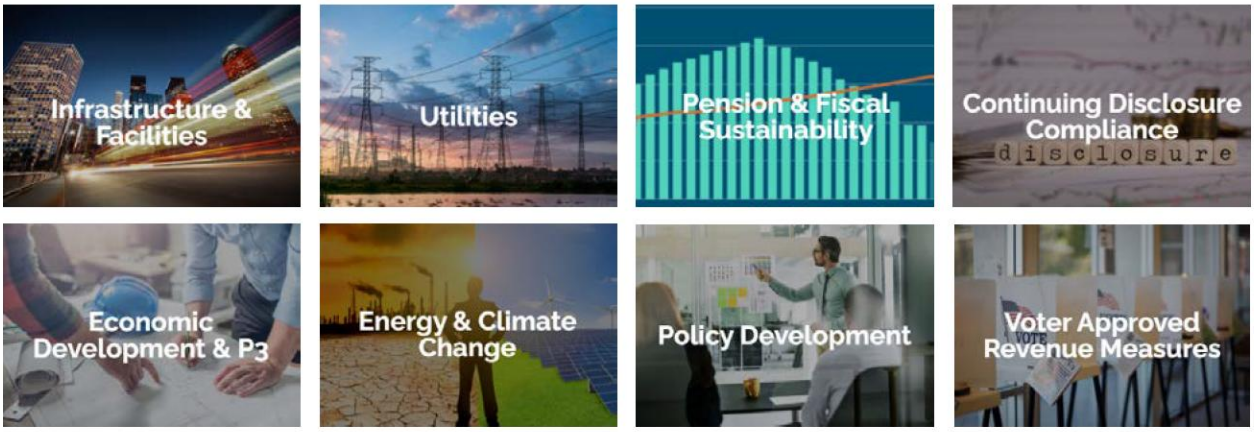
NHA Advisors, LLC is an Independent Registered Municipal Advisor registered with the SEC and MSRB and headquartered in San Rafael, California. NHA has been providing municipal advisory services (like the size and scope requested by the Town's RFP) to California cities, special districts, and other public agencies since 2000 (formerly known as Northcross Hill & Ach, Inc. from 2000-2011). NHA has provided comprehensive financial and consulting services to over 175 public agencies throughout California, with a primary focus on California cities. NHA's bond and consulting groups are currently working with public agencies to develop project funding solutions, financial policies, pension liability, fiscal sustainability and climate adaptation strategies.

NHA's experience with California cities spans from rural, small cities to major metropolitan agencies, which informs NHA of the problems facing public agencies across the State and *allows NHA to bring creative examples and solutions to our clients.* We understand the time and staff resource constraints required to develop funding strategies and financing plans and believe our holistic approach allows us to be an "extension of staff" that will integrate with Town staff to provide the best solution and process for projects. Combined, the NHA team has over 190 years of individual experience of providing these services.

Regarding special consulting projects, NHA has developed eight specialized practice groups that focus on key areas within municipal finance. These groups enable us to provide guidance on a wide range of



*Dots represent client engagements from 2012 - Present



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municipal finance issues. Of particular note is our Pension and Fiscal Sustainability Practice Group, which has been actively engaged with agencies across California. A summary of this work is also included below.

Beyond bond financings, many clients rely on NHA for strategic financial planning, policy advice, and cross-collaboration with other engineers and consultants to support Town staff on a wide range of issues. NHA's eight practice groups address critical financial expertise like revenue measures (ad valorem, special tax, assessment and parcel taxes), voter-approval processes, budgetary projection work, as well as climate change impacts (e.g., wildfire risks), pensions, P3/economic development negotiations, and post-issuance compliance (continuing disclosure and arbitrage rebate) to provide meaningful ideas and advice to our clients when those issues arise. Since 2018, NHA staff has completed over 400 advisory projects, many of which did not result in a financing. *Our "extension of staff" style has become a core component of our services and a critical benefit to many of our public agency clients*

NHA has eight registered municipal advisors dedicated to California cities and special districts. NHA is led by Principals Craig Hill, Mark Northcross, and Eric Scriven, each of whom have 30+ years of public finance experience. The Principals are supported by three Vice Presidents, an Associate, and three Analysts (two of whom are in process of passing their Series 50 Licensing examination to become licensed Municipal Advisors). NHA professionals maintain their Series 50 License in good standing. NHA's services to the Town will be provided through NHA's sole office in San Rafael, California.

Pension Consulting and Community Engagement

Over the past 10 years, NHA's Pension Group, led by Mike Meyer, has worked with more than 100 California public agencies, to help develop strategies and policy to better manage CalPERS liabilities. The table below highlights some of the agencies we have recently worked with, and the type of services requested. Our expertise and services include technical quantitative analysis on historical trends and projected costs, sensitivity/risk analysis and scenario modeling, translating options to address rising costs (i.e., Section 115 Trust, UAL pay-downs (ADPs), Hard and Soft Fresh Starts, pension bonds, etc.), and presenting findings and alternatives to elected officials, staff, and union representatives at public and informal meetings. NHA's ability to translate complex information and be agile in meeting our clients' needs is one of our strongest attributes (based on comments from existing clients). We expect that our skill in translating information will be helpful in properly engaging with the Los Gatos community during the duration of this project.

Mike Meyer has been a frequent speaker (recently for CDIAC, CSMFO, Govinvest) on the subject of pension liability management and our Pension Group consistently publishes newsletters, called "NHAlerts" when there is pertinent information that we feel our local agency clients and their stakeholders should be aware of. You can find our most recent NHAlert here: CalPERS Beats Expectations Again | NHA Advisors.

Recent Work Product (Appendix A): NHA worked with the City of Walnut Creek in early 2025 to (1) educate stakeholders about their CalPERS pension liability, (2) provide stress testing scenario modeling to account for potential changes to the discount rate in the future, (3) develop a customized model that helped optimize the timing and amounts of Section 115 Trust deposits and withdrawals, and (4) review and support potential changes to the City's pension funding policy. The presentation in Appendix A showcases our ability to translate the complex world of CalPERS and develop dynamic tools that allow for prudent, long term decision making by stakeholders.

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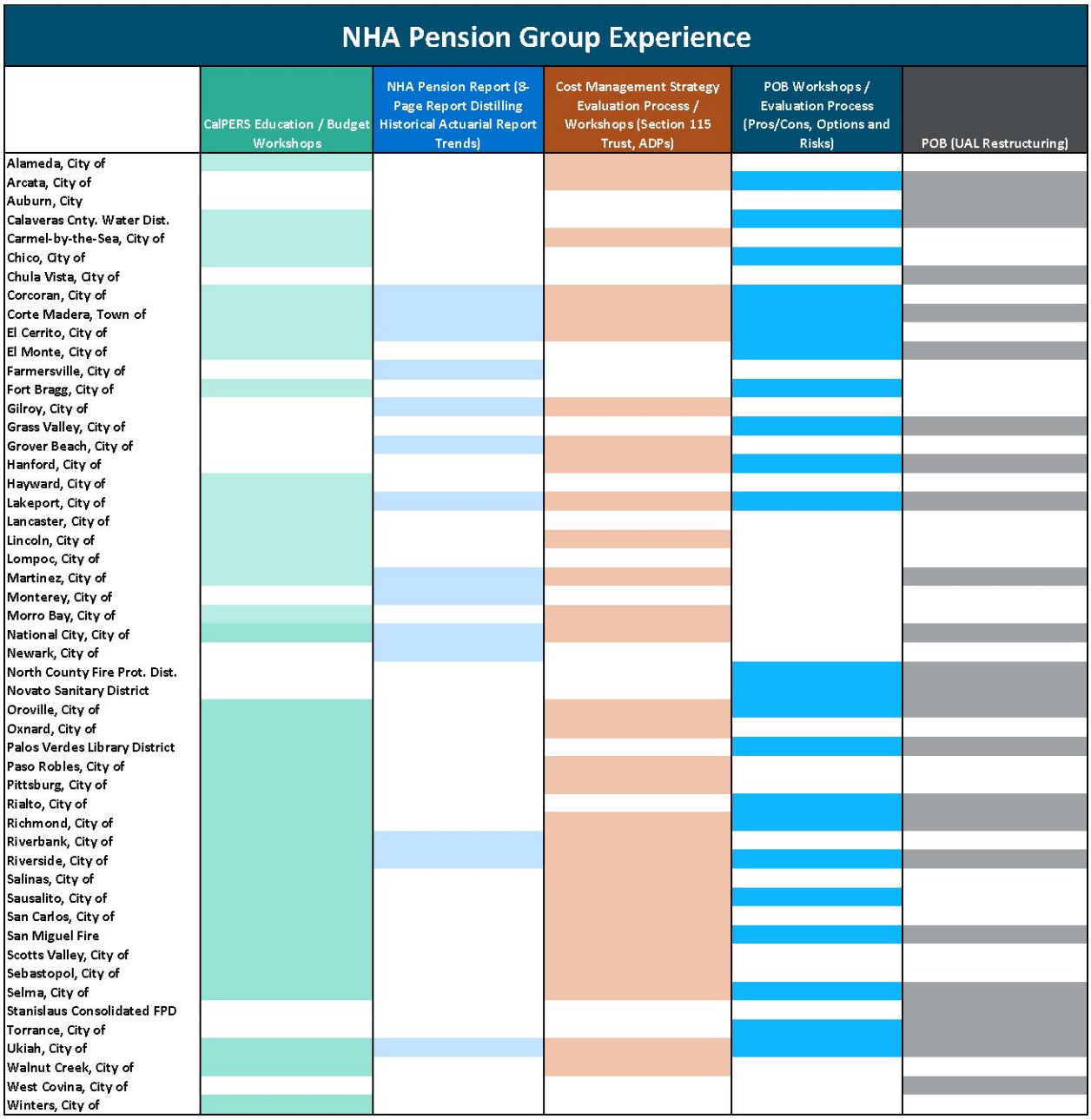

Top-Ranked Municipal Advisor to Cities

Over the past five years (since 2020), NHA has been the #1 municipal advisor, by number of bond transactions for **California cities** *(Source: California State Treasurer as of July 15, 2025; excludes commercial paper and conduit financings; January 2020-present)*. Financing amounts have ranged from below $1,000,000 to over $400,000,000 and have included all methods of sale (competitive sale, negotiated sale, and private placement). *Our work in developing holistic funding plans to meet the infrastructure needs of our local agency clients will be extremely useful with helping the Town of Los Gatos evaluate the pros and cons or various capital funding tools available.*

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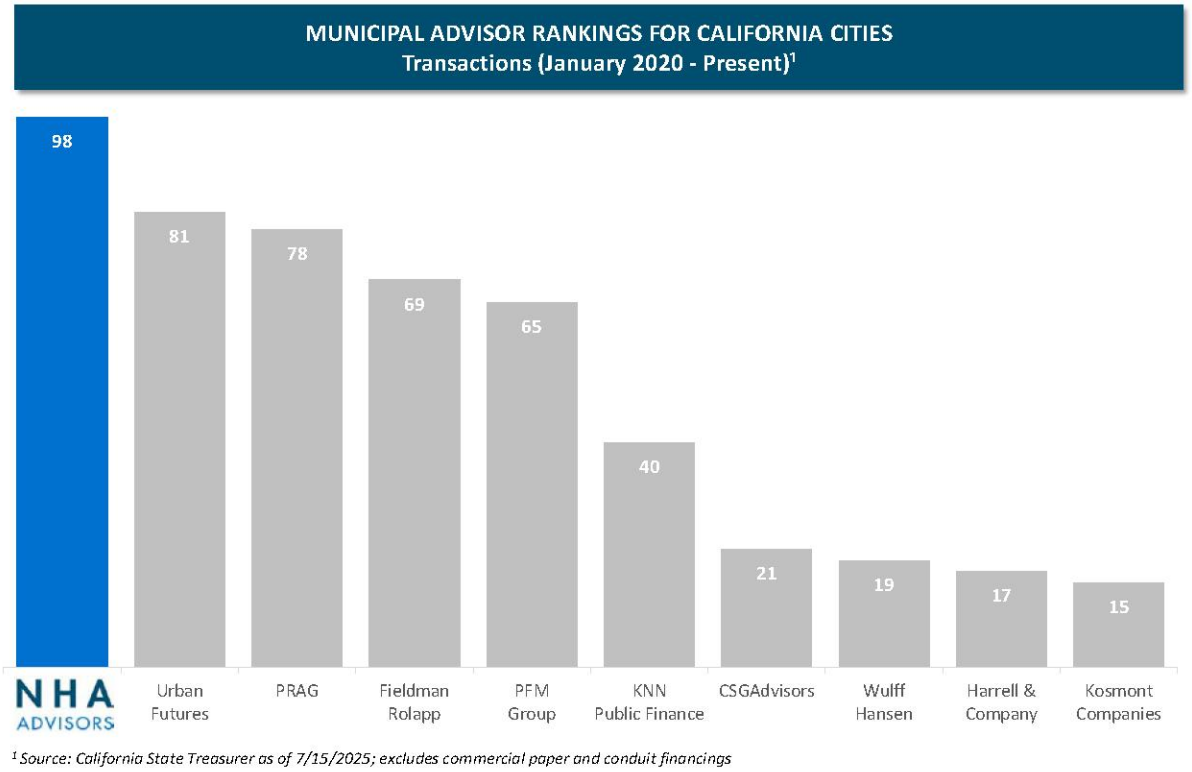
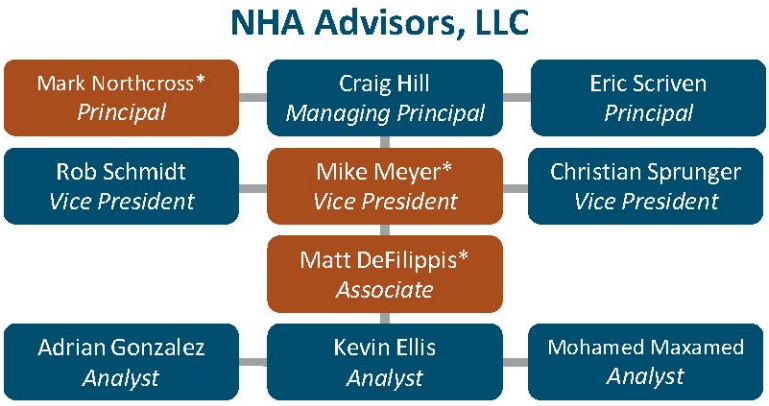


[1] *Source: California State Treasurer as of 7/15/2025; excludes commercial paper and conduit financings*

5. KEY PERSONNEL AND RESUMES

NHA Team Assigned to the Town

NHA's proposed project team will consist of the following advisors: Mark Northcross (Principal), Mike Meyer (Vice President), and Matt DeFilippis (Senior Analyst). Mark Northcross will serve as the day-to-day relationship manager for the Town. An organization chart of the NHA team identifying the staff assigned to the Town is shown to the right. Additional members of NHA can be made available as expert resources to the Town as needed.



Assigned to Support The Town for this Engagement

All advisors providing financial advisory services to the Town will be managed out of the San Rafael, CA office. All advisors providing financial advisory services to the Town will be available for the full duration of the contract. Information regarding each team member's experience and qualifications is described below. Full resumes are included as **Appendix C**.

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Mark Northcross, Principal. *Role: Lead Advisor*

Mr. Northcross has more than 40 years of public finance experience in California. He is a leading advisor on climate change infrastructure and leads NHA's alternative financing practice that focuses on "holistic" funding solutions, with special emphasis on SRF, WIFIA, Federal and State grants. Mr. Northcross has also managed the formation of CFDs for P3's throughout the State since 1987 and is a leader in California in negotiating both public-private partnerships for both land-secured debt and redevelopment. He holds a B.A. in Social Sciences from the University of California, Irvine. He maintains his MSRB Series 50 License.



Mike Meyer, Vice President. *Role: Project Manager*

Mr. Meyer has worked in public finance for 21 years, with over half of his time spent as an underwriter. Mr. Meyer manages NHA's Pension and Fiscal Sustainability Group and has analyzed pensions and POB structuring solutions since 2006. He has worked on each of the firm's pension consulting and POB engagements over the last five years, totaling $1.7 billion in par. Mike is also an experienced generalist, having completed over 200 bond financings using all types of structures, including utility revenue, lease revenue, sales tax and transportation revenue, TABs, and land secured. Mr. Meyer holds a B.S. in Management Science, from the University of California, San Diego. He maintains his MSRB Series 50 License.



Matt DeFilippis, Senior Analyst. *Role: Quantitative Support & Project Support*

Mr. DeFilippis will provide credit, quantitative, and research support to the assigned NHA team. Mr. DeFilippis has worked in public finance since 2021. Since then, he has provided project management and deal support on a variety of California financings totaling over $450 million in par. Mr. DeFilippis' recent projects have included educational workshops on pension cost management, general fund forecasting, and credit rating analysis. Mr. DeFilippis holds a B.A. in Applied Mathematics, from the University of California, Berkeley. He maintains his MSRB Series 50 License.

Subcontractors for Study 3 (ALM Study)

None.

Subcontractors for Optional Study 4 (Wildfire Risk Mitigation)

Other than the potential of retaining a Geographic Information System ("GIS") mapping consultant for managing the parcel database as part of the wildfire buffer zone analysis and consulting, NHA does not plan to use any subcontractors for this engagement. NHA does not have a pre-selected GIS mapping consultant for this engagement and would coordinate with the Town for engaging any future consultant to ensure we comply with the Town's bidding practices.

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6. TIMELINE AND WORK PLAN

Study 3 (ALM Study) Timeline

Based on the scope of services identified in the Town's RFP for Study 3 (ALM Study), NHA proposes the following realistic schedule. This schedule assumes that the Town enters into contract negotiation and execution the week of September 29, 2025, as outlined in the RFP.

Task	Estimated Completion Date
3.1: Inventory & Evaluate Liabilities	December 2025
3.2: Funding Needs & Risk Reduction Analysis	March 2026
3.3: ALM Modeling	March 2026
3.4: Reserve Guidance	April 2026
3.5: Execution (As Needed)	TBD based on Desired Strategy

Optional Study 4 (Wildfire Risk Mitigation) Timeline

Based on the proposed Scope of Services identified in Section 3 of this Proposal for the Optional Study 4, we propose the following schedule for delivery of NHA's services. This schedule assumes that the Town enters into contract negotiation and execution the week of September 29, 2025, as outlined in the RFP.

Task	Estimated Completion Date
4.1: Identify Areas of Highest Priority	November 2025
4.2: Develop Annual Treatment Budget for Wildfire Risk Mitigation	December 2025
4.3: Present Preliminary Results	February 2026
4.4: Funding Plan Development	March 2026
4.5: Present Refined Cost & Funding Plan	April 2026

Consequently, we estimate that completion of the non-optional tasks will take about 6 months from the date of engagement. Below is a summary of the estimated timeline for the additional optional services identified under Study 4:

- Optional Task 4.1a (Retain Cat Modeler) will take about 8 weeks, not counting going out to RFP.
- Optional Task 4.3a (Develop MOU for Collaboration Across Cities) will take approximately 8 weeks from start to finish.
- Optional Task 4.4a (Funding Plan for Other Cities pursuant to MOU) can proceed concurrently with Task 4.4.
- Optional Task 4.6 (Data Commons Work) will take an additional 16 weeks, in our experience.
- Optional Task 4.7 (Polling Consultant Engagement) will take an additional 12 weeks

7. SAMPLES OF COMPARABLE PROJECTS

Sample 1: Pension Expense Modeling for the City of Walnut Creek

As mentioned above under Section 4, NHA worked with the City of Walnut Creek in early 2025 to (1) educate stakeholders about their CalPERS pension liability, (2) provide stress testing scenario modeling to account for potential changes to the discount rate in the future, (3) develop a customized model that helped optimize the timing and amounts of Section 115 Trust deposits and withdrawals, and (4) review and support potential changes to the City's pension funding policy. The presentation in Appendix A

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showcases our ability to translate the complex world of CalPERS and develop dynamic tools that allow for prudent, long-term decision making by stakeholders.

Sample 2: Wildfire Buffer Zone Budget Modeling for the Greater Paradise Area

NHA prepared a detailed budget for annualized treatment costs and other expenses for a 30,000-acre community wildfire buffer zone for the greater Paradise area. Appendix B includes a slide deck prepared by NHA on funding the proposed Paradise Community Wildfire Buffer Zone.

8. DISCLOSURE OF ABSENCE OF LITIGATION OR DISCIPLINE OVER LAST FIVE YEARS

There have been no instances in the last five years where a client terminated NHA Advisors midway through a contract for providing advisory/consulting services.

There are no pending legal actions alleging violations of law against the firm, any partner of the firm, or any employee of the firm by any Federal or State regulatory agency.

No Conflicts of Interest and other Disclosures

NHA **has not engaged in any** finder's fees, fee splitting, payments to consultants, or other contractual arrangements which would constitute a real or perceived conflict of interest.

NHA **does not have** an affiliation or relationship with any broker-dealer, **nor has any** NHA personnel who would provide advice to the Town been has associated with a broker-dealer firm within the two years preceding this RFP.

NHA has **no** known conflicts of interest in serving as the municipal advisor to the Town. NHA has **no** financial, business or other relationship with the Town. NHA has **no** current clients who may have a financial interest in the outcome of this contract. NHA is **not** suspended from practice in the State of California. Further, NHA, focused upon cities as our core mission / business, does not serve any other public entities and so are free from those potential direct conflicts of interest that some of our competitors have from serving two different public agencies with differing goals or direct conflicts.

NHA, under its fiduciary duty as a SEC-Registered Municipal Advisor, must deal honestly and with the utmost good faith with the Town and act in the Town's best interests without regard to the financial or other interests of NHA. NHA will eliminate or provide full and fair disclosure to the Town about each material conflict of interest (as applicable). NHA will not engage in municipal advisory activities with the Town if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Town's best interests.

As a general statement, NHA represents that in connection with the issuance of municipal securities, NHA may receive compensation from the Town for services rendered. If this compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction then, consistent with the requirements of MSRB Rule G-42, NHA hereby discloses that such contingent and/or bond size-determined transactional compensation may present a potential conflict of interest regarding NHA's ability to provide unbiased advice to Town to enter into such transaction. This conflict of interest will not impair NHA's ability to give unbiased and competent advice or to fulfill its fiduciary duty to the Town. If NHA becomes aware of any additional potential or actual conflict of interest after this disclosure, NHA will disclose the detailed information in writing to the Town in a timely manner. NHA will never be

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compensated based upon the size of a transaction. NHA has a duty to reasonably establish its fees in relation to metrics that are fair and understandable to our clients such as amount of firm resources deployed, complexity of the deal, breadth of services rendered, risks associated with completion, among many other considerations.

9. REFERENCES

NHA's references will provide the Town with a frank, detailed evaluation of our approach and processes. We encourage you to reach out for more information about how NHA approaches projects with a goal of providing an unparalleled level of municipal advisory and consulting services.

References for Study 3 (ALM)

Reference: City of Ukiah	
Contact:	Dan Buffalo, Finance Director
Contact Address:	300 Seminary Avenue, Ukiah, CA 95482
Contact Phone & Email Address:	(707) 463-6220 | dbuffalo@cityofukiah.com
Start & End Date of Services:	July 2016 - Present
Description of Services:	CalPERS Pension Stakeholder Education, Cost Management Strategy Evaluation, UAL Restructuring (Lease Revenue Bond), Internal Pension Reserve Policy Analysis, ADP/Fresh Start Analysis, Ongoing Stakeholder Updates/Workshops **Fees Charged**: Pension Education, Stress Testing + Lease Revenue UAL Restructuring Bond: $112,500 Ongoing Annual Pension Update/Cost Management Strategy Analysis: $5,750 - $7,500

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Reference: Walnut Creek	
Contact:	Kirsten LaCasse, Administrative Services Director
Contact Address:	1666 North Main Street, Walnut Creek, CA 94596
Contact Phone & Email Address:	(925) 943-5810 | lacasse@walnut-creek.org
Start & End Date of Services:	October 2024 – March 2025
Description of Services:	CalPERS Pension Stakeholder Education, Cost Management Strategy Evaluation, Customized Section 115 Trust Model, 115 Trust Deposit/Withdrawal Analysis, Policy Recommendations **Fees Charged:** $15,000

Reference: Riverside	
Contact:	Edward Enriquez, Assistant City Manager/CFO and Treasurer
Contact Address:	3900 Main Street, Riverside, CA 92522
Contact Phone & Email Address:	(951) 826-5553| eenriquez@riversideca.gov
Start & End Date of Services:	2018 to Present
Description of Services:	CalPERS Pension Stakeholder Education, Cost Management Strategy Evaluation, $430 Million POB, Pension Policy Development, Customized Section 115 Trust Model, 115 Trust Deposit/Withdrawal Analysis, Annual Stakeholder Updates, POB Performance Comparison, "CalPERS Challenge" Assistance (CalPERS Challenge | City Manager's Office) **Fees Charged:** Pension Obligation Bond (POB): $125,000 Pre-POB Consulting: $25,000 Annual Pension Update/Cost Management Strategy Recalibration: $7,500 to $15,000

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Reference for Study 4 (Wildfire Risk Mitigation)

Reference: Paradise Recreation and Park District	
Contact:	Dan Efseaff, District Manager
Contact Address:	6626 Skyway, Paradise CA 95969
Contact Phone & Email Address:	(530) 872-6393 | defseaff@paradiseprpd.com
Start & End Date of Services:	2023 to Present
Description of Services:	Community Wildfire Buffer Zone Funding Plan for the Greater Paradise Region **Fees Charged:** $85,000 (funded in part through OPR Grant)

10. PRELIMINARY FEE SCHEDULES

Fee Schedule for Study 3 (ALM Study):

For work described in this proposal's Section 3 (Scope Comments and Methodology) for Study 3 (ALM Study), NHA proposes to a compensation structure based on time and materials required at the hourly rate schedule shown below. **We propose a not-to-exceed budget for these services of $50,000.** The table below provides the itemized fee proposal as requested in the RFP and provides a "low-end" estimate and a "high-end" estimate based on our experience on other projects.

Study 3 (ALM Study) - Budget Worksheet

Task	Blended Hourly Rate*	Estimated Hours (Low End)	Estimated Budget (Low End)	Estimated Hours (High End)	Estimated Budget (High End)
3.1: Inventory & Evaluate Liabilities	285	35.0	$9,975	45.0	$12,825
3.2: Funding Needs & Risk Reduction Analysis	285	35.0	$9,975	60.0	$17,100
3.3: ALM Modeling	285	35.0	$9,975	45.0	$12,825
3.4: Reserve Guidance	285	18.0	$5,130	25.0	$7,125
3.5: Execution (As Needed)	TBD	TBD	TBD	TBD	TBD
		Total Low-End Estimate	**$35,055**	**Total High-End Estimate**	**$49,875**

**Blended hourly rate assumes the following approximate allocations of work among NHA staff: principal 20%, vice president 30%, support staff 50%*

In-Person Meetings (Upon Request) – NHA will be available to attend virtual meetings and conference calls at the hourly rates shown above and the budget shown above factors in the time for virtual meetings and conference calls in order to deliver the study to the Town. In the event that the Town requests in-person meetings, NHA proposes a travel fee of $1,500 (per attendee) for each in-person meeting.

Fixed Fee	Fee
Engagement/Administrative Setup (Contract, Insurance, etc.)	$500

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Professional Services (Hourly)	2025 Rates[1][2]
Principal	$360
Director / Senior Vice President	$335
Vice President	$310
Assist. Vice President / Sr. Associate	$285
Associate	$260
Senior Analyst	$230
Analyst	$205
Administrative	$130

1) *Hourly rates will escalate by 3% annually each January 1st (rounded to the nearest five dollars based on the prior year's rounded amount).*
2) *Effective hourly rates shown in invoices may be reduced to incorporate non-billable time.*

Fee Schedule for Optional Study 4 (Wildfire Risk Mitigation):

For work described in this proposal's Section 3 (Scope Comments and Methodology) for Optional Study 4 (Wildfire Risk Mitigation Consulting), NHA proposes to be compensated based on time and materials required at the hourly rates shown in the section directly above. We propose a not-to-exceed budget for these services of $45,000. This budget is specific the Tasks 4.1, 4.2, 4.3, 4.4 and 4.5 discussed in that section and excludes the optional tasks in that scope. Should the Town desire the optional tasks, below is a summary of the budget for those tasks:

- Optional Task 4.1a (Retain Cat Modeler): The cost to retain a cat modeler would be a separate budget, based on the proposals received from cat modeling firms.
- Optional Task 4.3a (Develop MOU for Collaboration Across Cities): Time and Materials, subject to a fee cap of $15,000
- Optional Task 4.4a (Funding Plan for Other Cities Pursuant to MOU): Time and Materials, subject to a fee cap of $10,000

Expenses for Optional Study 4

Our $45,000 fee cap for the non-optional tasks already **includes** $6,000 potential expenses for retaining a consultant to prepare GIS layers for parcels within the proposed wildfire buffer zone, including priority treatment parcels.

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11. STATEMENT OF INSURANCE COVERAGE

As summarized in the table below, NHA meets the insurance requirements in the Town's Sample Consultant Services Agreement. NHA will maintain this coverage for the term of the contract if selected by the Town for this engagement.

Coverage Type	Town's Requirements in Sample CSA	NHA's Coverage
Carriers	N/A	• Valley Forge Insurance Company • Hartford Casualty Insurance Company • Underwriters at Lloyd's, London
General Liability (per occurrence)	$2M	$2M
General Liability (aggregate)	Not specified	$4M
Auto Liability	**$1M (per accident)**	**$1M (per accident)**
Worker's Comp (per occurrence)	$1M	$1M
Professional Liability	$1M per occurrence	$1M per occurrence / $2M aggregate

12. TOOLS, DATA SOURCES, AND USE OF AI

Our pension advisory practice utilizes multiple data sources, including data taken directly from CalPERS actuarial reports and the CalPERS Pension Outlook Tool. This data provides inputs into our proprietary models that we have developed over years of pension consulting and advisory experience. Validation of the accuracy of these tools is extremely important to us and we review the output of these models regularly as part of each engagement.

As noted above, we will retain a consultant to prepare GIS layers for priority treatment parcels. Here is a link to the GIS layers website our consultant prepared for Paradise: https://experience.arcgis.com/experience/767e8d6173de49efb4978e142b00c523

NHA uses an Enterprise Artificial Intelligence ("AI") in a **limited** capacity. We use an enterprise subscription (vs Open Web AI) to maintain privacy of our documents and control on the outputs. To date, we have not used AI as a tool to generate or develop any of our models, since most of our models were developed years before the advent of AI. Generally speaking, we approach the use of AI in any consulting or financing engagements with healthy dose skepticism while also seeking strategic ways we can benefit our clients through improving our efficiency on projects. We recognize that there is a concerted marketing effort underway across the globe to promote widespread AI adoption, but we also recognize that AI is a tool, **not** a replacement for an experienced advisory staff. Any outputs of AI must be thoroughly vetted and reviewed before being incorporated into any body of work to minimize the impact from any "hallucinations" in AI outputs producing a flawed product.

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APPENDIX A: SAMPLE OF PENSION EXPENSE MODELING FOR THE CITY OF WALNUT CREEK

PENSION TRUST & RESERVE ANALYSIS AND USE POLICY

CITY COUNCIL
MARCH 18, 2025

1

TODAY'S DISCUSSION

- **Pension Trust & Reserve Use Strategy**
  - Considerations
- **Pension Program Review**
  - Historical and Projected CalPERS Costs
- **Cost Management Strategy Overview**
  - Section 115 Trust Analysis
  - Scenarios
- **Takeaways and Recommendation**
  - Proposed Policy Language

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REQUESTED ACTION



Provide Feedback



Accept the report and adopt a Resolution establishing the Pension Trust and Reserve Use Policy

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THINGS TO CONSIDER….

- When do we use?
- How much do we use?
- What latitude should the policy provide?
- How can we be mindful of using one-time dollars for ongoing costs?
- How do we balance use with other reserves?

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CALPERS PENSION PROGRAM REVIEW AND COST MANAGEMENT STRATEGY ASSESSMENT

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MARCH 18, 2025

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Today's Discussion

I. Background on CalPERS Costs
II. Historical and Projected CalPERS Costs
III. Cost Management Strategy Overview
IV. City's Section 115 Trust
    I. Overview
    II. Objectives
    III. Analysis

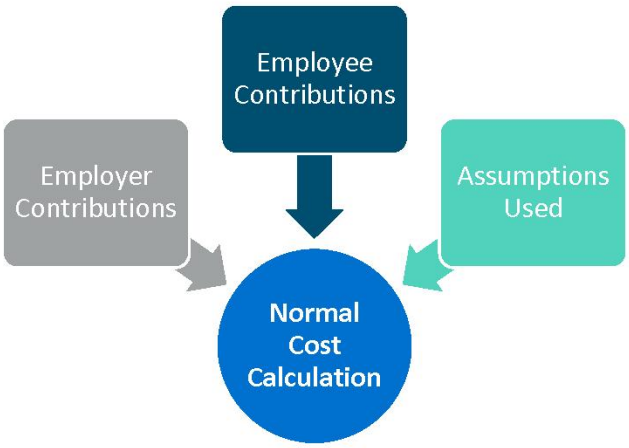
I. Background on CalPERS Costs

City of Walnut Creek CalPERS Summary

- The City has a $155M CalPERS Unfunded Accrued Liability (UAL), as of 6/30/2024, per the CalPERS Pension Outlook Tool projections
  - Miscellaneous Plan: $82M | Safety Plan: $73M
- City has been proactive in addressing rising pension costs
  - $28.7M in the Section 115 Trust as of 9/30/2024
  - $1.9M in the General Fund Pension Reserve
  - Effective funded ratio increases when including these assets
- The City makes two types of payments to CalPERS: Normal Cost & UAL

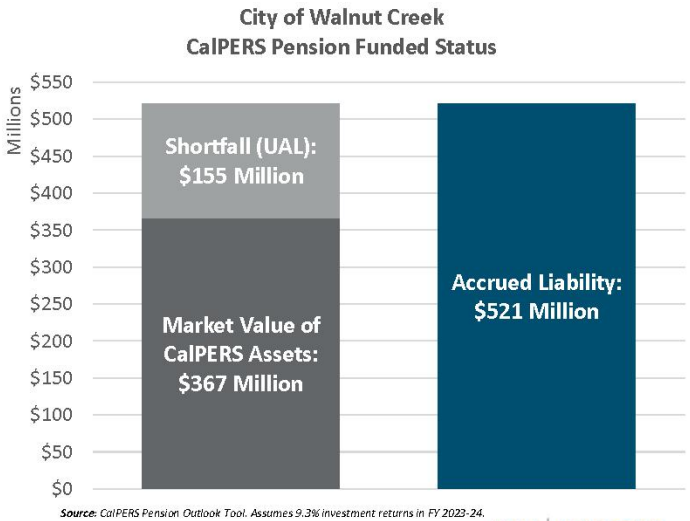
Normal Cost = Annual Cost for Current Employees

- Amount needed to fund future retirement benefits based on actuarial calculations (life expectancy, payroll increases, etc.)
- Benefits are funded as they are earned
- Maintains the long-term stability of the pension system



Unfunded Accrued Liability (UAL)

- Shortfall between the promised pension benefits and the funds currently available in the CalPERS system to pay for those benefits
- Increases or decreases based on CalPERS investment returns
  - Impacts amortized over 20 years
    - Irregular payment shape as UAL comprised of over 30 layers; each with its own term/shape
- **Funded Ratio**
  - $\frac{Market\ Value\ of\ Assets}{Accrued\ Liability} = 70.3\%$



Source: CalPERS Pension Outlook Tool. Assumes 9.3% investment returns in FY 2023-24.

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Discount Rate & Asset Liability Management ("ALM")

Discount Rate

- An assumed rate of return; a way to assess the risk of CalPERS' investment portfolio
- The interest rate charged on the City's UAL debt

Asset Liability Management

- Occurs every four years to balance the expected cost of pension payments with the expected investment returns
- Review of CalPERS' investment portfolios and retirement plan liabilities (based on demographic & economic factors, including membership, payroll growth, retirement ages, inflation, and life expectancy)

2025 ALM Study in progress

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Why CalPERS Costs Have Trended Higher

Historical PERS Returns
5-Year: 6.6%
10-Year: 6.2%
20-Year: 6.7%
30-Year: 7.7%

Then (late 1990s)...

- Robust investment returns (10%+)
  - Retirement plans were "Super-Funded" through the late 1990s
  - Earnings on funds were more than adequate to cover retirement costs
- Super-funded status induced widespread retirement benefits enhancements....
- Past funding policies led to contribution holidays and "free" benefit improvements

Now ...

- Sluggish investment returns (not meeting assumptions)
- Assumptions have changed/grown more conservative
  - Discount Rate: 8.25% → 7.00% → 6.80%
  - Inflation rate (prices going up)
  - Mortality rates (people living longer)
  - Shorter, more conservative amortizations

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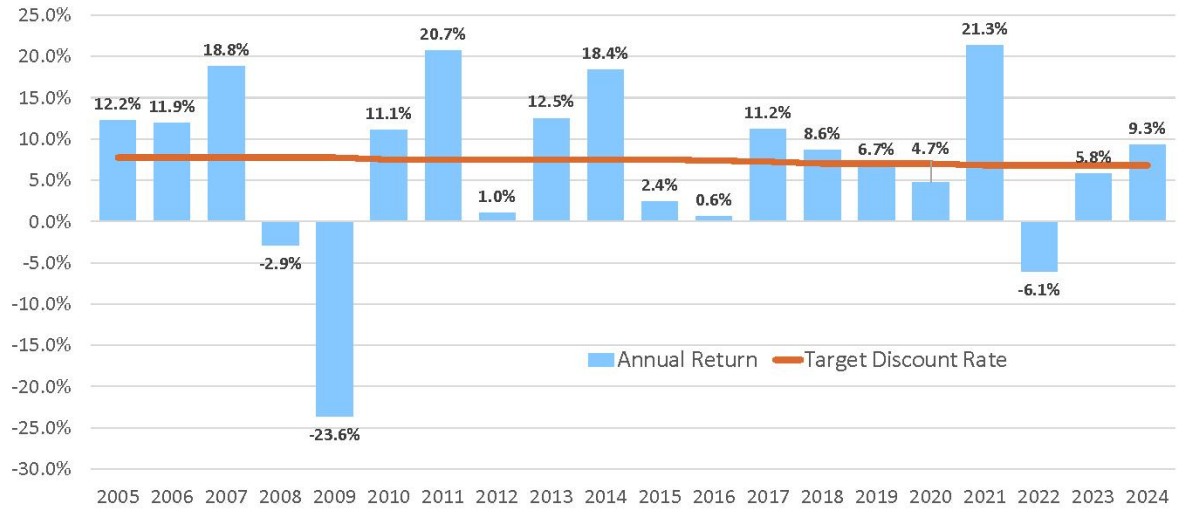
CalPERS Historical Preliminary Investment Returns (Time-Weighted)



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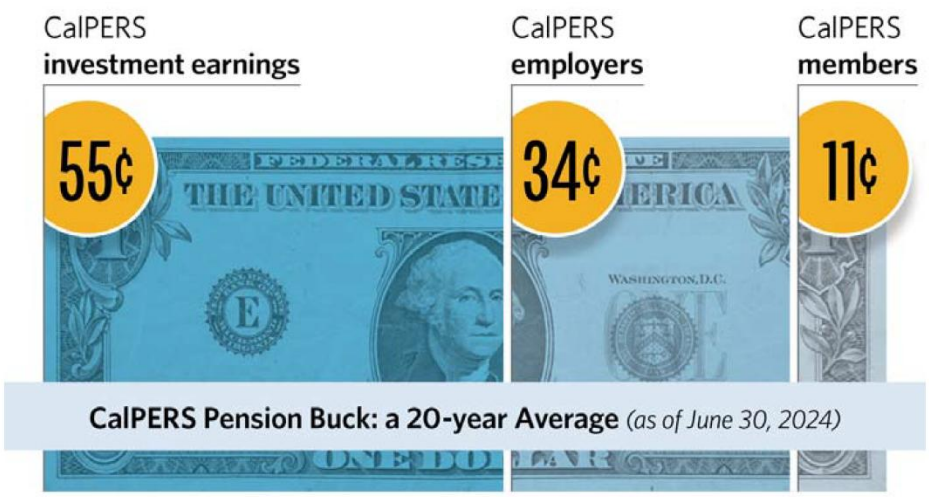
How CalPERS Benefits Get Funded

- Pre-2008 Investment earnings used to make up a higher percentage of total contributions
- As investments underperform assumptions, employers must make up the difference, unless the additional costs are negotiated with employees



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City's CalPERS Retirement Plans

- 2 Main CalPERS plans; Miscellaneous & Safety
  - **Miscellaneous:** 1,352 covered members; $82M UAL
  - **Safety:** 285 covered members; $73M UAL
- PEPRA (effective 2013) helpful to manage long term pension costs for new employees
  - Enacted revised benefit levels for new plan members
  - Higher employee contribution rates mean more normal cost is being paid by the employee
- **However, 98% of current UAL comes from Classic plans and is not impacted by PEPRA**

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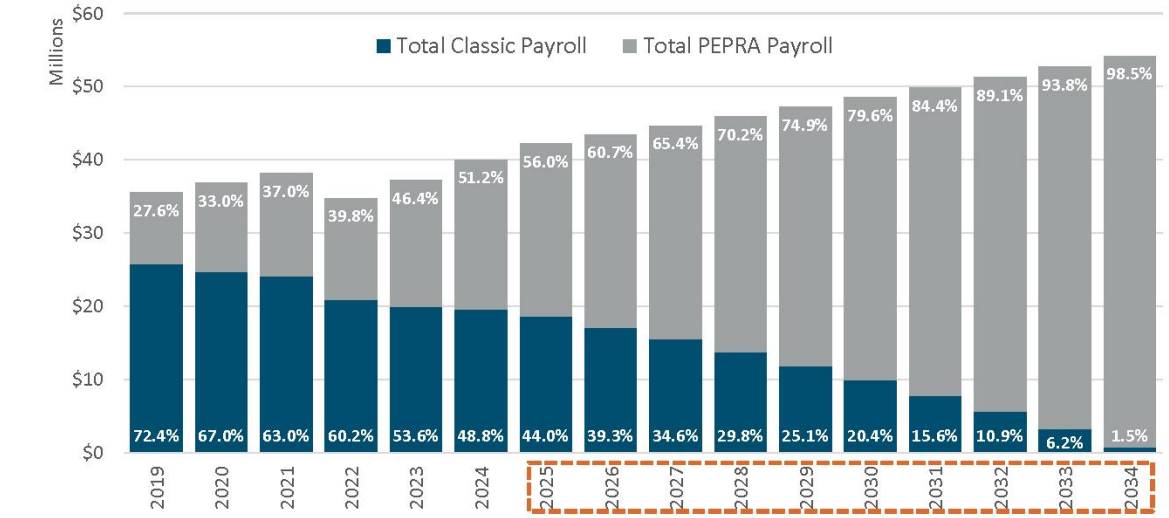
Historical & Projected PEPRA Transition

Classic vs. PEPRA % of Payroll



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Source: *2019-2024 payroll data is sourced from the City's CalPERS Actuarial Valuation Reports. 2025-2034 payroll data is sourced from the CalPERS Pension Outlook Tool. 2025-2034 projections assume the PEPRA % continues to grow at a historical average (2020-2024) of approximately 4.7 percentage points per year.*

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Projected

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II. Historical and Projected CalPERS Costs

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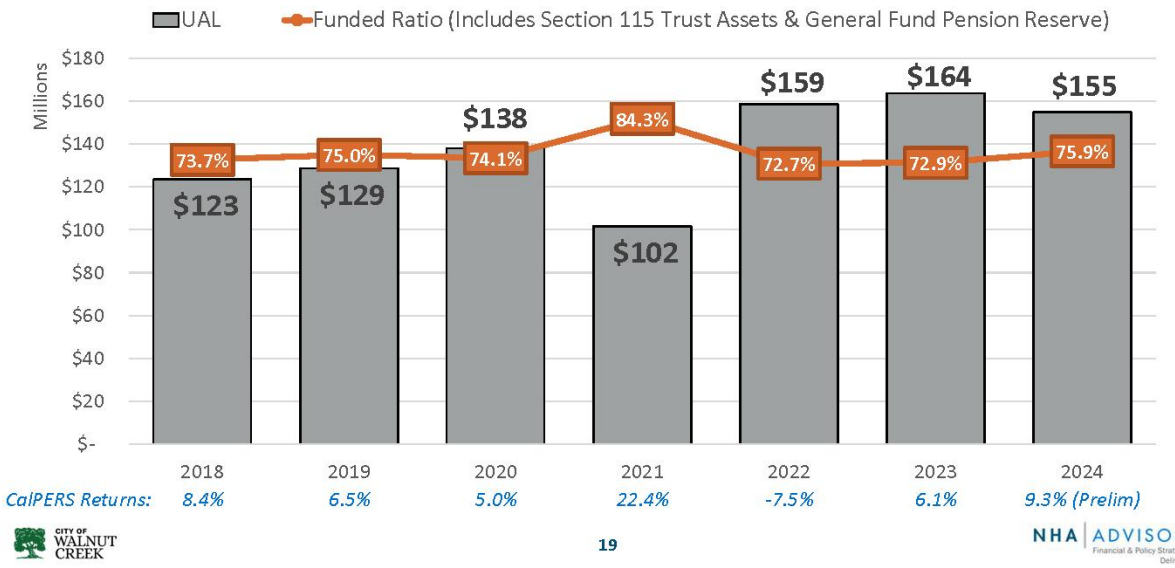
History of the City's UAL Balance & Funded Ratio

Funded Ratio includes Section 115 Trust Assets & General Fund Pension Reserve



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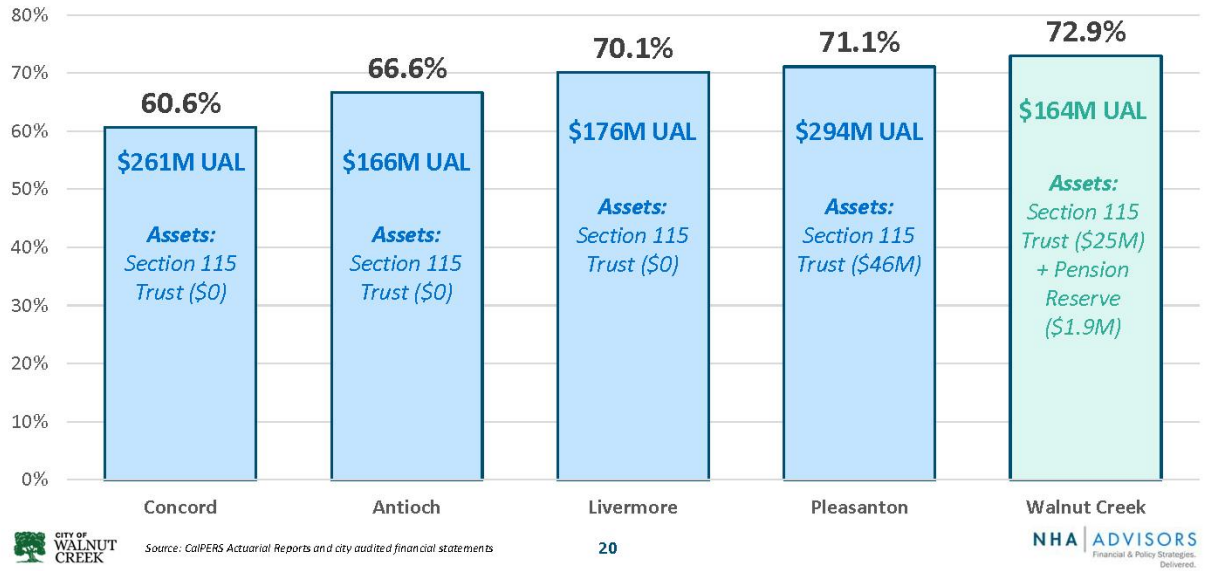
CalPERS Funded Ratio Comparison (As of June 30, 2023)

Funded Ratio Includes Trust Assets & Pension Reserves



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Source: CalPERS Actuarial Reports and city audited financial statements

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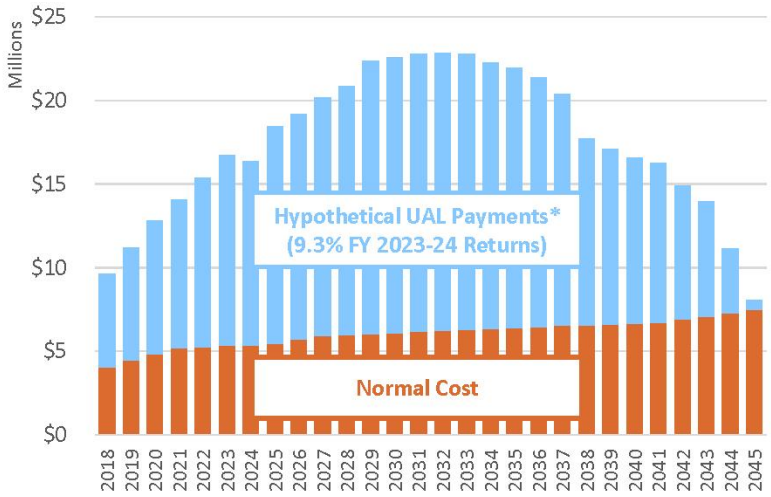
Historical & Projected CalPERS Payments (UAL + Normal Cost)

- UAL + Normal Cost payments projected to increase from $18M to $23M (+24%) by FY 2032
  - City's UAL payments rising to $16.6M by FY 2032
    - 28% higher than FY 2025 UAL payment ($13M)
  - Annual Normal Cost contributions going forward projected to range between $5.4M and $7.5M through FY 2045



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Source: CalPERS Actuarial Valuation Reports & CalPERS Pension Outlook Tool
**Assumes FY 2023-24 investment returns of 9.3% and 6.8% investment returns thereafter.*

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III. Cost Management Strategy Overview

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Pension Cost-Management Strategies – Not Mutually Exclusive

Prepay UAL early in Fiscal Year (≈ 3.3% discount) → *City Does This*

Negotiate Cost Sharing With Employees

- New employees already governed by lower cost/benefit PEPRA plans
- Negotiate cost sharing of the City's share

Use Cash Reserves to Pay Extra

- Section 115 Pension Trust – Separate trust solely dedicated to pension
  - City's annual UAL cost and Normal Cost can be supplemented with the Section 115 Trust
- Additional Discretionary Payments ("ADPs") – direct payments to CalPERS to reduce UAL
  - Can be funded with Section 115 or annual surplus (*not recommended at this time given City's projected budget deficits*)

IV. City's Section 115 Trust

Overview, Objectives & Analysis

Section 115 Pension Trust - Overview

- **What is it?** Restricted Account for pension
- **Advantages:**
  - Potential Higher Investment Returns in Managed Account
  - Longer-Term Benefit: Trust funds can grow over time and pay off a large % of UAL in the future
  - Shorter-Term Benefit: Apply funds to ***"smooth"*** payment spikes in UAL and/or Normal Cost
  - Flexibility – more investment options than CalPERS and the City can decide when and how to use
  - Potential shock absorber for volatility from CalPERS investment performance & assumption changes
- **Disadvantages:**
  - Doesn't directly reduce UAL until funds are transferred to CalPERS
  - Requires reserves/surplus contributions to build account balance
  - Investment risk (dependent on type of investment portfolio)

Section 115 Trust – City's Objectives

VOLATILITY MITIGATION: Mitigate budgeting impacts of increasing/fluctuating pension costs

LEVEL/LOWER ANNUAL PAYMENT: Use Trust judiciously to flatten the pension curve ("mountain peak")

LIQUIDITY: Maintain (don't fully deplete) minimum trust balance to protect against future unknowns

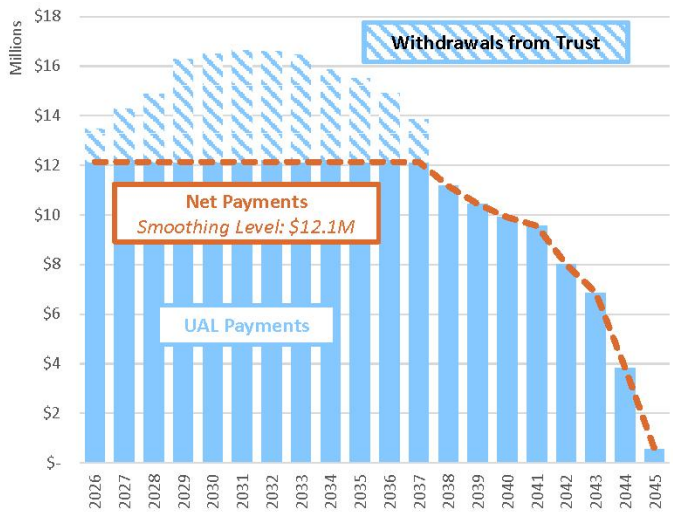
Section 115 Pension Trust & Pension Reserve

- City's Section 115 Pension Trust has $28.7 million of assets as of 9/30/2024
  - Balanced investment objective: 50% Equity / 50% Fixed Income
    - 10.89% investment return for FY 2024; 5.87% investment return since inception (FY 2019)
- Historical Contributions: Total = $19,876,600
  - August 2018: $13,895,400
  - April 2019: $2,989,000
  - July 2019: $2,992,200
- General Fund Pension Reserve has $1.9M
- **Key Considerations for City**
  - **Is it time to stop growing trust?**
  - **Timing and size of optimal withdrawals**
  - **How would a discount rate change or recession change the strategy?**

Section 115 Trust – Customized Modeling & Analysis

- Using a customized model that can be updated periodically
  - Model out various scenarios using CalPERS Pension Outlook Tool
  - Estimating withdrawals from the Trust to create different payment smoothing strategies
- **Scenarios**
  - **#1 – STATUS QUO;** 9.3% FY 2023-24 Returns, 6.8% Returns After, No Assumption Changes
  - **#2 – DISCOUNT RATE REDUCTION;** CalPERS lowers discount rate from 6.8% to 6.5%
  - **#3 – DEFICIT MITIGATION;** Withdrawals from Trust to mitigate City's forecasted deficits

Scenario #1 – STATUS QUO



Assumptions:

- **CalPERS Discount Rate:** 6.8% (no change)
- **CalPERS Investment Returns:** 9.3% in FY 2023-24; 6.8% thereafter
- **Beginning Trust Balance:** $28.7M (as of 9/30/2024)
- **Additional Trust Contributions:** $0
- **Trust Annual Investment Earnings:** 5.28%
- **Ending Trust Balance:** $0

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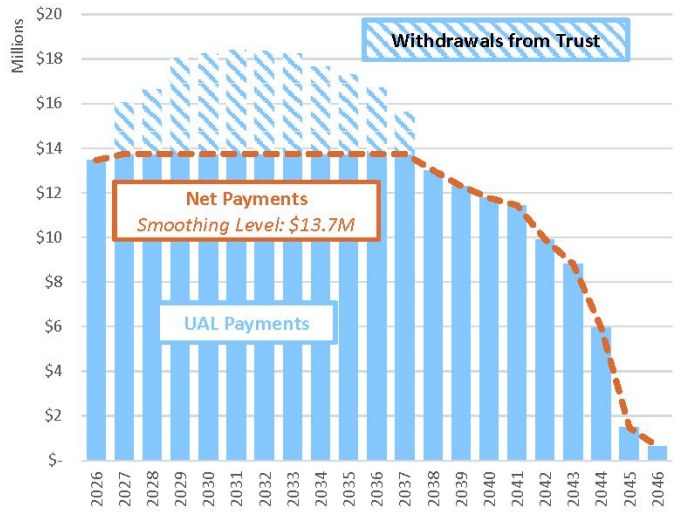
Scenario #2 – DISCOUNT RATE REDUCTION

6.5% CalPERS Discount Rate – UAL Increase from $155M to $175M



Assumptions:

- **CalPERS Discount Rate:** 6.5%
- **CalPERS Investment Returns:** 9.3% in FY 2023-24; 6.5% thereafter
- **Trust Balance:** $28.7M (as of 9/30/2024)
- **Additional Trust Contributions:** $0
- **Trust Annual Investment Earnings:** 5.28%
- **Ending Trust Balance:** $0

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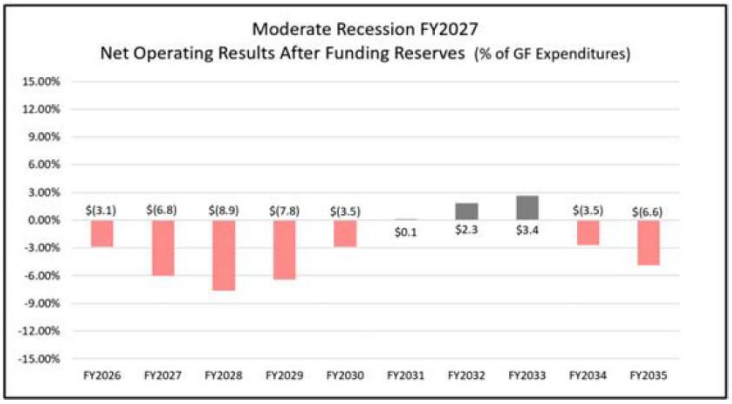
Scenario #3 – DEFICIT MITIGATION

Withdrawals from Trust to Mitigate City's Forecasted Deficits (Moderate Recession)



Assumptions:

- Assumes net operating results from City's Moderate Recession financial forecast
  - FY 2026-27 Recession: 18-month downturn; 3-year recovery
  - -2% Property Tax; -6.25% Sales Tax & TOT; -5% Other Revenues
- Assumes Trust offsets 100% of deficits through FY 2034 and a portion of the deficit in FY 2035, before exhausted

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Comparison of Trust Deposits and Withdrawals

	Scenario #1 (Status Quo)		Scenario #2 (Discount Rate Reduction)		Scenario #3 (Deficit Mitigation)	
Fiscal Year	Deposits to Trust	Withdrawals from Trust	Deposits to Trust	Withdrawals from Trust	Deposits to Trust	Withdrawals from Trust
2026	$0	$1,317,707	$0	$0	$0	$3,100,000
2027	$0	$2,124,510	$0	$2,306,566	$0	$6,800,000
2028	$0	$2,724,510	$0	$2,896,566	$0	$8,900,000
2029	$0	$4,164,510	$0	$4,306,566	$0	$7,800,000
2030	$0	$4,344,510	$0	$4,496,566	$0	$3,500,000
2031	$0	$4,484,510	$0	$4,636,566	$0	$0
2032	$0	$4,454,510	$0	$4,606,566	$0	$0
2033	$0	$4,334,510	$0	$4,486,566	$0	$0
2034	$0	$3,734,510	$0	$3,886,566	$0	$3,500,000
2035	$0	$3,384,510	$0	$3,546,566	$0	$723,598
2036	$0	$2,784,510	$0	$2,956,566	$0	$0
2037	$0	$1,704,510	$0	$1,886,566	$0	$0
2038	$0	$0	$0	$0	$0	$0
2039	$0	$0	$0	$0	$0	$0
2040	$0	$0	$0	$0	$0	$0
2041	$0	$0	$0	$0	$0	$0
2042	$0	$0	$0	$0	$0	$0
2043	$0	$0	$0	$0	$0	$0
2044	$0	$0	$0	$0	$0	$0
Total	**$0**	**$39,557,314**	**$0**	**$40,012,229**	**$0**	**$34,323,598**

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QUESTIONS



KEY TAKEAWAYS

- The trust is intended to be used.
- Pension costs are projected to increase through 2033; decrease beginning in 2034.
- City's healthy Section 115 Trust balance and reserve can be leveraged over the next 10-12 years.
- Staff recommends adopting a policy for the use of pension resources.

PROPOSED POLICY KEY PROVISIONS

- Only using the Pension Resources during deficit years to maintain service levels
- Balance use of the Pension Resources with other reserves
- Avoid relying on one-time funds for ongoing expenses
- General Fund surpluses may be deposited into the trust
- Continue pre-paying pension liabilities when feasible to achieve cost savings
- Take steps to ensure that the Pension Resources last until at least FY 2034

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RECOMMENDED ACTION

- Provide Feedback
- Accept the report and adopt a Resolution establishing the Pension Trust and Reserve Use Policy

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BACK-UP SLIDES BEYOND THIS POINT

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OBJECTIVES, POLICIES AND PRINCIPALS

Objectives:

- Mitigate budget impacts of increasing and fluctuating pension costs in a sustainable manner.
- Use the pension resources judiciously to flatten the curve of rising pension costs.
- Ensure the trust lasts at least until pension costs are projected to begin decreasing (estimated by CalPERS to be 2034 per Attachment 1)
- Be mindful of using one-time funds for ongoing costs; minimize withdrawals with a long-term plan for the use of the trust.
- Balance the use of the trust with other reserves during challenging economic conditions, when appropriate.

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OBJECTIVES, POLICIES AND PRINCIPALS *(CONTINUED)*

Policies and Guiding Principles:

- The Pension Resources may be utilized during fiscal years in which a structural deficit is present to ensure the continuation of existing service levels, and not to enhance or increase services.
- The trust would not be used to offset pension costs in years in which there is a structural surplus.
- Pension Resources will be used in a fiscally responsible manner. While the pension resources would be budgeted as a funding source, the amount withdrawn from the trust will be determined at year-end based on actual revenues compared to actual expenditures in the General Fund. To maximize investment earnings and ensure judicious use of the funding, only the amount budgeted, or actual amount needed to close the gap, whichever is less, would be withdrawn from the trust.
- In any fiscal year in which there is a year-end surplus in the General Fund, Council may choose to deposit some or all of the year-end surplus in the trust.

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OBJECTIVES, POLICIES AND PRINCIPALS *(CONTINUED)*

Policies and Guiding Principles:

- The Pension Resources are intended to be used under this policy through FY2034, when pension costs are projected to begin to decrease. At that time, all remaining funds, if any, would remain in the trust to offset future pension costs or until the City Council provides further direction.
- The City will continue to pre-pay the Unfunded Actuarial Liability (UAL) payment annually, when feasible, to achieve budgetary savings from the discount offered by CalPERS (half of the discount rate percentage).
- In any fiscal year in which there is a year-end surplus in the General Fund, Council may choose to deposit some or all of the year-end surplus in the trust.
- The Pension Resources are intended to be used under this policy through FY2034, when pension costs are projected to begin to decrease. At that time, all remaining funds, if any, would remain in the trust to offset future pension costs or until the City Council provides further direction.
- The City will continue to pre-pay the Unfunded Actuarial Liability (UAL) payment annually, when feasible, to achieve budgetary savings from the discount offered by CalPERS (half of the discount rate percentage).

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APPENDIX – ADDITIONAL RESOURCES

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Classic vs. PEPRA Pension Example Comparison

- Employee #1 is a Classic member and Employee #2 is a PEPRA member – both have served for 25 years and have a final average compensation of $125K
- Employee #2 will have a lower pension than Employee #1 due to a lower benefit factor, and will also retire at 57 years old instead of 50 years old like the Classic member
- The City will save money from PEPRA's lower pension amount and because PEPRA's pension may be paid out for a shorter amount of time due to retirement occurring 7 years later compared to Classic
- The difference in pension between Classic and PEPRA is even more apparent at higher compensation levels, as there is a pensionable compensation limit of approximately $175K for PEPRA and $330K for Classic

Service Credit		Benefit Factor		Final Compensation		Annual Pension
Employee #1 (Classic)						
25 Years	x	3.0% @ 50	x	$125,000	=	**$93,750**
Employee #2 (PEPRA)						
25 Years	x	2.7% @ 57	x	$125,000	=	**$84,375**

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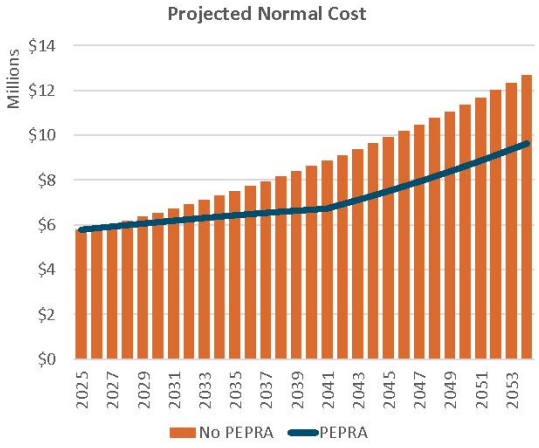
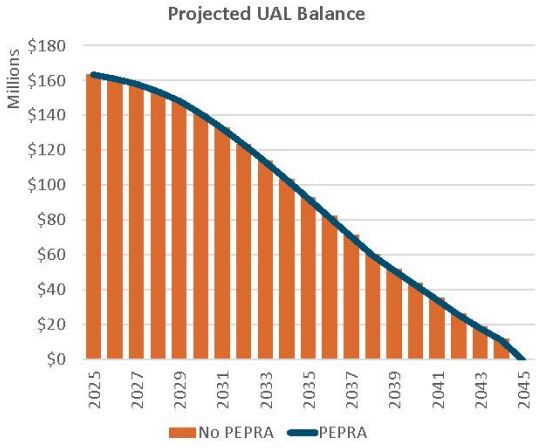
Cost of PEPRA vs. No PEPRA

- PEPRA is projected to lower Normal Cost and UAL costs for the City





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Source: CalPERS Pension Outlook Tool. Assumes no PEPRA implementation in orange bar projections.

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Additional Discretionary Payment ("ADP")

- **What is it?** City makes ADP directly to CalPERS and CalPERS eliminates payments associated with the portion of the UAL paid off, essentially giving the City credit at the discount/interest rate (currently 6.8%)
  - **Advantages:**
    - Reduced UAL / higher CalPERS funding ratio
    - Reduced future payments
    - Broader, less restrictive CalPERS investment portfolio has potential for higher returns
  - **Disadvantages:**
    - Requires reserves / surplus to fund
    - Re-investment and market timing risk with ADP funds
    - Less budgetary flexibility and investment control (vs. Section 115 Trust option)

Section 115 Trust vs. CalPERS ADP Comparison

OPTION	Section 115 Trust	CalPERS ADP
Reduced UAL & UAL Payments with CalPERS	No	Yes
Reduced Pension Liability in Financial Report (ACFR)	No (Show up as an asset on the City's financial statements)	Yes
Control of Investment Strategy	Yes	No
Funds Managed By	Trust Administrator	CalPERS
Flexibility in Uses	Yes	No
Enhanced Budgetary Flexibility	Yes	No
Savings	Varies; Depends on when City utilizes funds to pay liabilities	Immediate; Length of time varies based on which amortization component is paid off

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APPENDIX B: SAMPLE OF WILDFIRE BUFFER ZONE BUDGET MODELING FOR THE GREATER PARADISE AREA

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Draft Budget and Potential Parcel Tax Analysis for Wildfire Buffer Zone for the Greater Paradise Area

Preliminary Estimates on How to Fund Both Acquisition of a Wildfire Buffer Zone and Long-term Treatment

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July 30, 2025

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Our Goals for this Analysis

- Define sustainable, long-term wildfire fuel reduction funding
- Identify major cost drivers
- Recommend tax structure to meet funding needs
- Outline governance for funding + operations
- Set timeline for governance setup and tax measure

DRAFT

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Constraints on the Analysis

- Wide variation in treatment costs per acre
- No consensus on best treatment by region/vegetation/topography
- No proven link between mitigation spending and insurance benefits
- No regional governance entity ready to implement large-scale buffer zone

DRAFT

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A Draft Budget for Wildfire Risk Reduction for the Greater Paradise Area: Background

- PRPD has worked with both the Butte Fire Safe Council and Xyloplan to develop a list of priority parcels for wildfire fuel reduction
  - Targeted parcels protect structures in the Paradise, Concow and Magalia areas
  - The Xyloplan parcels are the result of a comprehensive fire spread model based on wind-storm patterns
  - The Butte Fire Safe Council parcels are based on local knowledge of local fire safety professionals
  - The PRPD team merged both parcel lists to come up with an approximately 900 parcel combined list comprising nearly 3,000 acres.
- Nevertheless, the original study in 2023 funded by The Nature Conservancy identified about 30,000 acres of area on the periphery of Paradise, Concow and Magalia that may require treatment
  - The prioritization process enables a more cost-efficient budget to be developed for long term wildfire risk mitigation

DRAFT

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Determining Treatment Costs for Target Parcels

- Multiple sources on treatment costs per acre for different treatments, landscape, and topography:
  - CalFire
  - Butte Fire Safe Council
  - County of Plumas
  - Sierra Nevada Conservancy
  - California Air Resources Board.....and many others
- There is no consensus regionally or statewide on treatment types, recurrence intervals or treatment costs for different climate zones and types of terrain
- **Approach:** use relatively **high treatment costs per acre,** and **lower (more frequent) recurrence intervals** for a conservative budget

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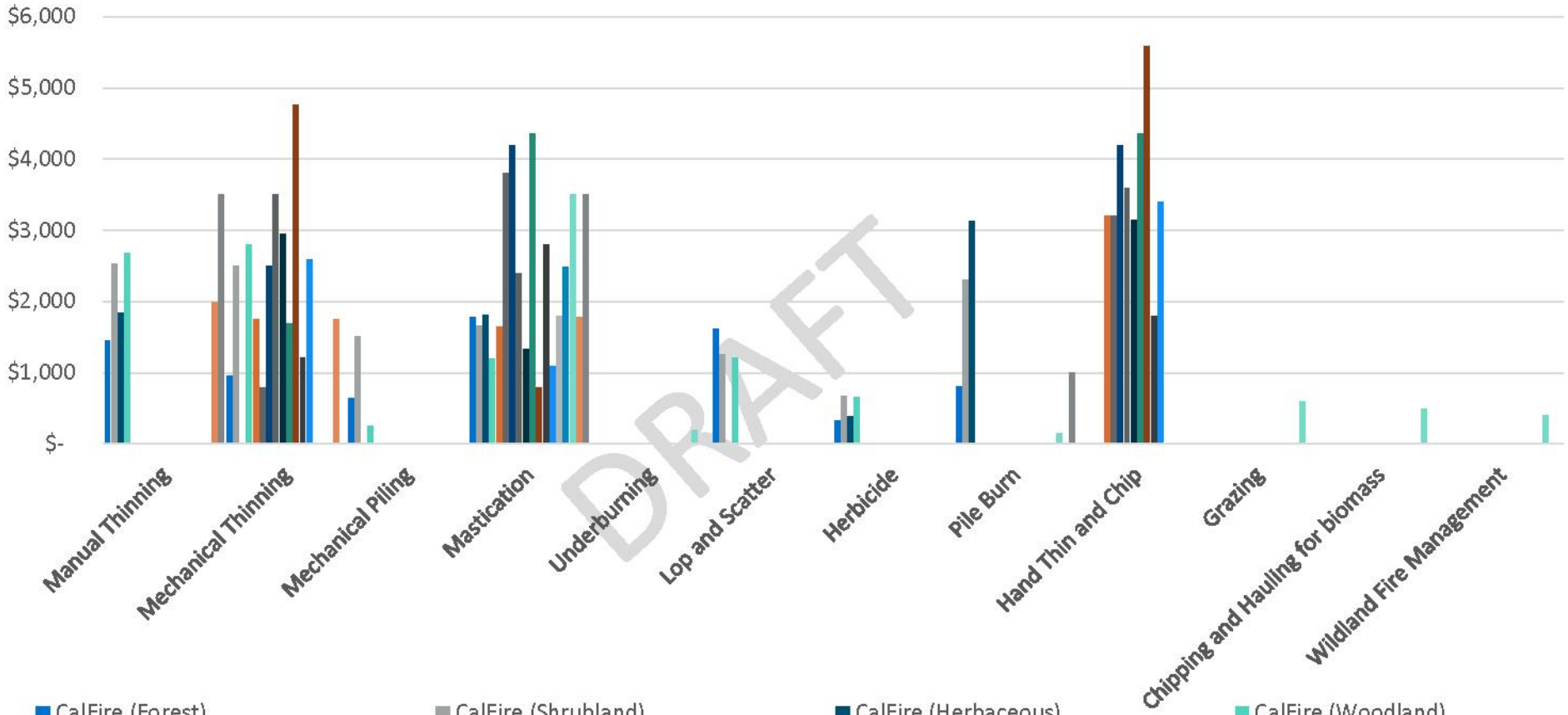
A Wide Rang of Treatment Cost Estimates



For more detailed cost estimates, see Appendix.

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Prevailing wage, Prescribed Burn and Grazing, First Treatment

- Prevailing wage likely to add 20% to costs for state/local wildfire treatments
- First-time treatment costs ~2.5x higher than long-term
- CalFire provides a liability insurance policy of $2 million for each prescribed burn
  - In the very unlikely event of an "escape", for a prescribed burn on private land, this limit is inadequate
  - While prescribed burns, notwithstanding the shortage of experienced staff, are scalable on public property, such burns are not scalable on private property
- Grazing, where appropriate, is a very effective low-cost treatment but scalability is uncertain
- **For purposes of a draft budget, we assume no prescribed burns and minimal grazing**

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Treatment Costs and Recurrence Interval Assumptions Used in this Analysis

	Evergreen Forest	Developed Open Space	Developed Low Intensity	Developed Medium Intensity	Developed High Intensity	Shrubland	Grassland/ Pasture	Mixed Forest	Deciduous Forest	Emergent Herbaceous Wetlands/Woody Wetlands	Fallow Cropland
Treatment Acres	1,238.66	143.28	33.01	5.41	0.99	1,190.43	295.54	2.13	27.11	11.86	1.15
Cost per acre	3,000	1,000	1,000	1,000	1,000	2,500	800	3,000	3,000		800
Treatment cost for land use category	3,715,981	143,279	33,010	5,408	988	2,976,063	236,434	6,397	81,331	-	921
Recurrence Interval	5	5	3	3	3	5	3	5	5	5	3
Annualized treatment costs	743,196	28,656	11,003	1,803	329	595,213	78,811	1,279	16,266	-	307

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Treatment Cost Overview

- Treatment costs are on the high side of the range
- Recurrence intervals are on the low side of the range
- **Annualized costs are about $1.5 million/year**
- These annual costs do not include administration – we estimate this at $500,000/year
- Consequently, we estimate that annual operating cost budget to be $4.5 million/year for the first 5 years, and then about $2 million per year thereafter
- These figures do not include any inflation assumptions

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Administrative Costs

- Fully scaled treatment for 600+ acres per year (3,000 acres on a 5-year recurrence interval) requires administrative organization
- The treatment crews need management, prescribed burns need liability insurance
- Acquisition of easements or fee title for nearly 3,000 acres will require experienced property negotiators, similar to those used for ROW acquisition
- There will be legal expenses for acquisitions of easements or fee title
  - If eminent domain needs to be used, this can be an expensive process

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Operational Cost Assumptions

Annualized Treatmenmt Costs (long term)	1,477,168
First time treatment costs multiplier	2.5
Annualized first time treatment costs	3,692,921
Annual Administrative Costs	500,000
Combined long term treatment and administrative costs	1,977,168
Combined treatment and administrative costs for first 5 years	4,192,921

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Target Parcel Acquisition Cost Assumptions

- PRPD retained Integra Realty to do a high-level appraisal of the costs of acquiring access to the circa 900 target parcels for treatment
  - While PRPD and Butte Fire Safe Council have had good experience using "good will" to gain access for treatment, we do not believe that a long term fully scaled budget should rely on 100% good will to provide access to key parcels on a regular basis
- There are three options for securing access
  - Purchase of fee title
  - Purchase of an easement
  - Long-term access to a parcel through the good will of the parcel owner
- Integra valued both fee title and easement acquisition costs, establishing a range from low to high for such costs

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Parcel Access Acquisition Cost Assumptions

	Integra Cost Estimates	
	Fee Title	Easement
Low	20,187,713	8,075,085
High	39,906,818	15,962,727

	Total Access Acquisition Cost Budget, Including Goodwill		
	Per cent	Cost (low)	Cost (high)
Acquisition	25%	5,046,928	9,976,705
Easement	65%	5,248,805	10,375,773
Good will	10%	-	-
Total	100%	10,295,734	20,352,477
Annualized over 5 years		2,059,147	4,070,495

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Why Debt Financing for Access Acquisition and First Treatment Costs?

- Costs for both access acquisition and first-time treatment costs make annual funding need much higher in the first 5 years
  - Assumes all 3,000 acres are "acquired" for access purposes in the first 5 years
  - Assumes all 3,000 acres receive a treatment, likely their first treatment, in the first 5 years.
- Expenses funded on "pay-go" basis means the annual tax requirements are much higher over the first 5 years
- Ballot approval will require disclosure of the highest potential tax, not an "average" tax over the life of the exaction
  - The higher tax for the first 5 years will result in more "no" votes on a ballot measure
- Debt Financing
  - Spreads costs evenly over time
  - Steadier tax rate
  - More electable measure
- **Bottom line: debt financing makes a tax measure more electable**

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Debt Financing Assumptions

	No Grant Funding		50% Grant Funding	
	Low Cost Scenario	High Cost Scenario	Low Cost Scenario	High Cost Scenario
Extra first time treatment costs	18,001,812	18,001,812	18,001,812	18,001,812
Access acquisition cost	10,295,734	20,352,477	10,295,734	20,352,477
Grant Funding Amount	-	-	14,148,773	19,177,145
Total to be financed	28,297,546	38,354,289	14,148,773	19,177,145
Annual Interest Rate	6.5%	6.5%	6.5%	6.5%
Annual debt service for first 5 years	3,460,000	4,340,000	2,210,000	2,320,000
Annual debt service for next 15 years	1,980,000	2,870,000	730,000	840,000

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Assumes all bonds are issued with a taxable interest rate., Debt service is higher in the first 5 years because the higher initial treatment costs are being funded by the bond issue. This means no treatment costs are funded on a "pay-go" basis over the first 5 years.

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Use of Grants

- FEMA and Prop 4 grants could significantly reduce access acquisition and first-time treatment costs, further reducing both the debt required and the annual budget
- There is uncertainty over the future of the FEMA BRIC program
  - Cal OES recommends that we consider applying for FEMA grants for access acquisition in a phased or "batched" process
- Several Prop 4 authorizations can potentially be used to fund either access acquisition or first-time treatment costs

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Tax Levy Options

- Local jurisdictions may raise funds, with voter approval, through the following mechanisms:

Tax Levy Option	Voter approval requirement	Key legal constraints	Tax levy sensitivity to land use, parcel size, vulnerability, etc	Scalability to meet annual funding requirements	Governance Requirement
Mello-Roos/parcel tax by Board/Council vote	2/3 vote of voters in area to be taxed	Needs to be structured to allow both capital funding through bonds and annual maintenance	Maximum sensitivity of all potential tax measures. Any objectively measurable metric can be used except for assessed valuation	Fully scalable	Any jurisdiction can create and administer a Mello Roos district
Mello-Roos/parcel tax by citizen circulated petition	Simple majority of voters in area to be taxed	Needs to be structured to allow both capital funding through bonds and annual maintenance	Maximum sensitivity of all potential tax measures. Any objectively measurable metric can be used except for assessed valuation	Fully scalable	Any jurisdiction can create and administer a Mello Roos district
Ad valorem tax for general obligation bonds	2/3 vote of voters in area to be taxed	Tax levy is based solely on assessed value. No other factors can be used	Assessed valuation is the only parameter	Can only be used for access acquisition, not for annual maintenance	Can be authorized by any local government entity
Assessment District	Majority protest of parcel owners within district	Must be solely for "special benefit". Community scale iork is not considered "special benefit".	Assessment levy must be directly pro rata to level of special benefit received by each parcel. Defining this for wildfire fuel reduction in the community would be very difficult.	Not scalable	Can be authorized by any local government entity
Sales tax dedicated to wildfire risk reduction	If dedicated solely to wildfire risk reduction, 2/3 vote is required	Tax levy is based solely on taxable sales within retail outlets within the taxing jurisdiction. Only County of Butte has the authority within the area of the prioritized parcels	Gross taxable sales is the only parameter	Tax base may be too small - gross taxable sale are about $150 million/year	Only the County or the Town of Paradise have this power
Sales tax for general purposes	Simple majority	Tax levy is based solely on taxable sales within retail outlets within the taxing jurisdiction. Only County of Butte has the authority within the area of the prioritized parcels	Gross taxable sales is the only parameter	Tax base may be too small - gross taxable sale are about $150 million/year	Only the County or the Town of Paradise have this power
Transient occupancy tax dedicated to wildfire risk reduction	If dedicated solely to wildfire risk reduction, 2/3 vote is required	Tax levy is based solely on gross room revenues on hotel/motel/VHR's within the taxing jurisdiction. Only County of Butte has the authority within the area of the prioritized parcels]	Gross room revenues is the only parameter	Tax base may be too small - gross room revenue is about $3 million/year	Only the County or the Town of Paradise have this power

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A Parcel Tax is Better than a Sales Tax or TOT increase

- The tax base for both sales tax and TOT in the Town of Paradise (where nearly all the outlets producing sales and TOT are located) is too small to support the projected annual budget requirement
- Only a parcel tax (otherwise known as a Mello Roos tax) allows for great flexibility in how the tax is levied on a given parcel (land use, parcel size, vegetation, vulnerability, etc.

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Sales Tax

Annual budget required with debt but no grants:	4,000,000
Approximate annual gross taxable sales in Town of Paradise	150,000,000
Sales tax rate required to fully fund budget	2.7%
Current combined sales tax rate in Town	8.75%
New combined tax rate	11.4%

Trensient Occupancy Tax

Annual budget required with debt but no grants:	4,000,000
Approximate annual gross room revenue in Tiown of Paradise	3,000,000
TOT tax rate required to fully fund budget	133.3%
Current TOT tax rate in Town	6.00%
New combined tax rate	139.3%

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What is the potential tax base for a parcel tax?

- Four public entities overlap the general area where the prioritized parcels for treatment are located:
  - Paradise Recreation and Parks District – 21,869 parcels
  - Paradise Unified School District – 20,639 parcels
  - Town of Paradise – 11,978 parcels
  - Paradise Irrigation District – 11,788
- While we believe that the actual boundaries for any tax to fund treatment for the prioritized parcels will need to be carefully considered, for purposes of this analysis, we will use the parcel count for PRPD
  - We included unsecured parcels as well as secured parcels because the unsecured parcels oftentimes represent leasehold estates

All parcel count figures are from the County of Butte for FY 2023-2024

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Scenario Design

- The key determinants of long-term annual costs are shown below:
  - Level of grant support
  - Whether or not debt is issued
  - Whether access acquisition costs are on the "low" or "high" side of the range determined by Integra
  - If bonds are issued, whether the bonds can be issued on a tax exempt or taxable basis
    - Since we determined that the overall difference in annual budget requirements resulting from the use of tax-exempt interest rates vs. taxable interest rates was less than 5%, we are just showing the taxable interest rate scenarios

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Scenarios Modeled for a Draft Budget

Low Access Acquisition		High Access Acquisition	
Grants	Debt	Grants	Debt
None	None	None	None
50%	None	50%	None
None	First 5 Years	None	First 5 Years
50%	First 5 Years	50%	First 5 Years

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Scenario 1 Estimated Cash Flows: Low Acquisition Costs, No Grant Funding, No Debt

Year	1	2	3	4	5	6	7	8	9	10
Acquisition/easement cost	2,059,147	2,059,147	2,059,147	2,059,147	2,059,147	-	-	-	-	-
Operational	3,692,921	3,692,921	3,692,921	3,692,921	3,692,921	1,477,168	1,477,168	1,477,168	1,477,168	1,477,168
Administration	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	**6,252,067**	**6,252,067**	**6,252,067**	**6,252,067**	**6,252,067**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**286**	**286**	**286**	**286**	**286**	**90**	**90**	**90**	**90**	**90**

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Annual budget requirement ranges from about $2 million/year to $6.25 million/year

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Scenario 2 Estimated Cash Flows: Low Acquisition Costs, 50% Grant Funding, No Debt

Year	1	2	3	4	5	6	7	8	9	10
Acquisition/easement cost	2,059,147	2,059,147	2,059,147	2,059,147	2,059,147	-	-	-	-	-
Operational	3,692,921	3,692,921	3,692,921	3,692,921	3,692,921	1,477,168	1,477,168	1,477,168	1,477,168	1,477,168
Overhead/Admin	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Less grant funding	(2,876,034)	(2,876,034)	(2,876,034)	(2,876,034)	(2,876,034)					
Total	**3,376,034**	**3,376,034**	**3,376,034**	**3,376,034**	**3,376,034**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**154**	**154**	**154**	**154**	**154**	**90**	**90**	**90**	**90**	**90**

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Annual budget requirement ranges from about $2 million/year to $3.4 million/year

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Scenario 3 Estimated Cash Flows: Low Acquisition Costs, No Grant Funding, Debt for First 5 Years Costs

Year	1	2	3	4	5	6	7	8	9
Annual Debt Service	3,457,075	3,455,475	3,457,050	3,456,150	3,457,450	1,980,300	1,980,250	1,981,950	1,980,075
Acquisition/easement cost	-	-	-	-	-	-	-	-	-
Operational	-	-	-	-	-	1,477,168	1,477,168	1,477,168	1,477,168
Overhead/Admin	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	**3,960,000**	**3,955,475**	**3,957,050**	**3,956,150**	**3,957,450**	**3,960,000**	**3,957,418**	**3,959,118**	**3,957,243**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**181**	**181**	**181**	**181**	**181**	**181**	**181**	**181**	**181**

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Annual budget requirement is about $4 million/year

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Scenario 4 Estimated Cash Flows: Low Acquisition Costs, 50% Grant Funding, Debt Financing for First 5 Year's Costs

Year	1	2	3	4	5	6	7	8	9	Years 10 through 20
Annual Debt Service	2,210,600.00	2,212,075.00	2,213,025.00	2,213,125.00	2,212,050.00	734,475.00	735,950.00	736,125.00	735,000.00	735,475
Acquisition/easement cost	-	-	-	-	-		-	-	-	-
Operational	-	-	-	-	-	1,477,168	1,477,168	1,477,168	1,477,168	1,477,168
Overhead/Admin	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	**2,710,600**	**2,712,075**	**2,713,025**	**2,713,125**	**2,712,050**	**2,711,643**	**2,713,118**	**2,713,293**	**2,712,168**	**2,712,643**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**124**	**124**	**124**	**124**	**124**	**124**	**124**	**124**	**124**	**124**

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Annual budget requirement is about $2.7 million/year

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Scenario 5 Estimated Cash Flows: High Acquisition Costs, No Grant Funding, No Debt

Year	1	2	3	4	5	6	7	8	9	10
Acquisition/easement cost	4,070,495	4,070,495	4,070,495	4,070,495	4,070,495	-	-	-	-	-
Operational	3,692,921	3,692,921	3,692,921	3,692,921	3,692,921	1,477,168	1,477,168	1,477,168	1,477,168	1,477,168
Overhead/Admin	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	**8,263,416**	**8,263,416**	**8,263,416**	**8,263,416**	**8,263,416**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**378**	**378**	**378**	**378**	**378**	**90**	**90**	**90**	**90**	**90**

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Annual budget requirement ranges from about $2 million/year to $8.25 million/year

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Scenario 6 Estimated Cash Flows: High Acquisition Costs, 50% Grant Funding, No Debt

Year	1	2	3	4	5	6	7	8	9	10
Acquisition/easement cost	4,070,495	4,070,495	4,070,495	4,070,495	4,070,495	-	-	-	-	-
Operational	3,692,921	3,692,921	3,692,921	3,692,921	3,692,921	1,477,168	1,477,168	1,477,168	1,477,168	1,477,168
Overhead/Admin	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Less grant funding	(3,881,708)	(3,881,708)	(3,881,708)	(3,881,708)	(3,881,708)	-	-	-	-	-
Total	**4,381,708**	**4,381,708**	**4,381,708**	**4,381,708**	**4,381,708**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**	**1,977,168**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**200**	**200**	**200**	**200**	**200**	**90**	**90**	**90**	**90**	**90**

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Annual budget requirement ranges from about $2 million/year to $4.4 million/year

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Scenario 7 Estimated Cash Flows: High Acquisition Costs, No Grants, Includes Debt

Year	1	2	3	4	5	6	7	8	9	10
Annual Debt Service	4,340,825.00	4,342,975.00	4,342,000.00	4,342,575.00	4,344,050.00	2,865,775.00	2,863,300.00	2,866,275.00	2,864,050.00	2,864,380
Acquisition/easement cost	-	-	-	-	-		-	-	-	-
Operational	-	-	-	-	-	1,477,168	1,477,168	1,477,168	1,477,168	1,477,168
Overhead/Admin	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	**4,845,000**	**4,842,975**	**4,842,000**	**4,842,575**	**4,844,050**	**4,845,000**	**4,840,468**	**4,843,443**	**4,841,218**	**4,841,548**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**222**	**221**	**221**	**221**	**222**	**222**	**221**	**221**	**221**	**221**

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Annual budget requirement is about $4.85 million/year

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Scenario 8 Estimated Cash Flows: High Acquisition Costs, 50% Grant Funding, Includes Debt

Year	1	2	3	4	5	6	7	8	9	Yearss 10 through 20
Annual Debt Service	2,315,675.00	2,315,200.00	2,319,200.00	2,317,025.00	2,318,675.00	838,500.00	842,375.00	839,625.00	840,575.00	840,270
Acquisition/easement cost		-	-	-	-		-	-	-	-
Operational	-	-	-	-	-	1,477,168	1,477,168	1,477,168	1,477,168	1,477,168
Overhead/Admin	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	**2,820,000**	**2,815,200**	**2,819,200**	**2,817,025**	**2,818,675**	**2,820,000**	**2,819,543**	**2,816,793**	**2,817,743**	**2,817,438**
Number of taxable parcels	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869	21,869
Average annual tax/parcel	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**

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Annual budget requirement is about $2.8 million/year

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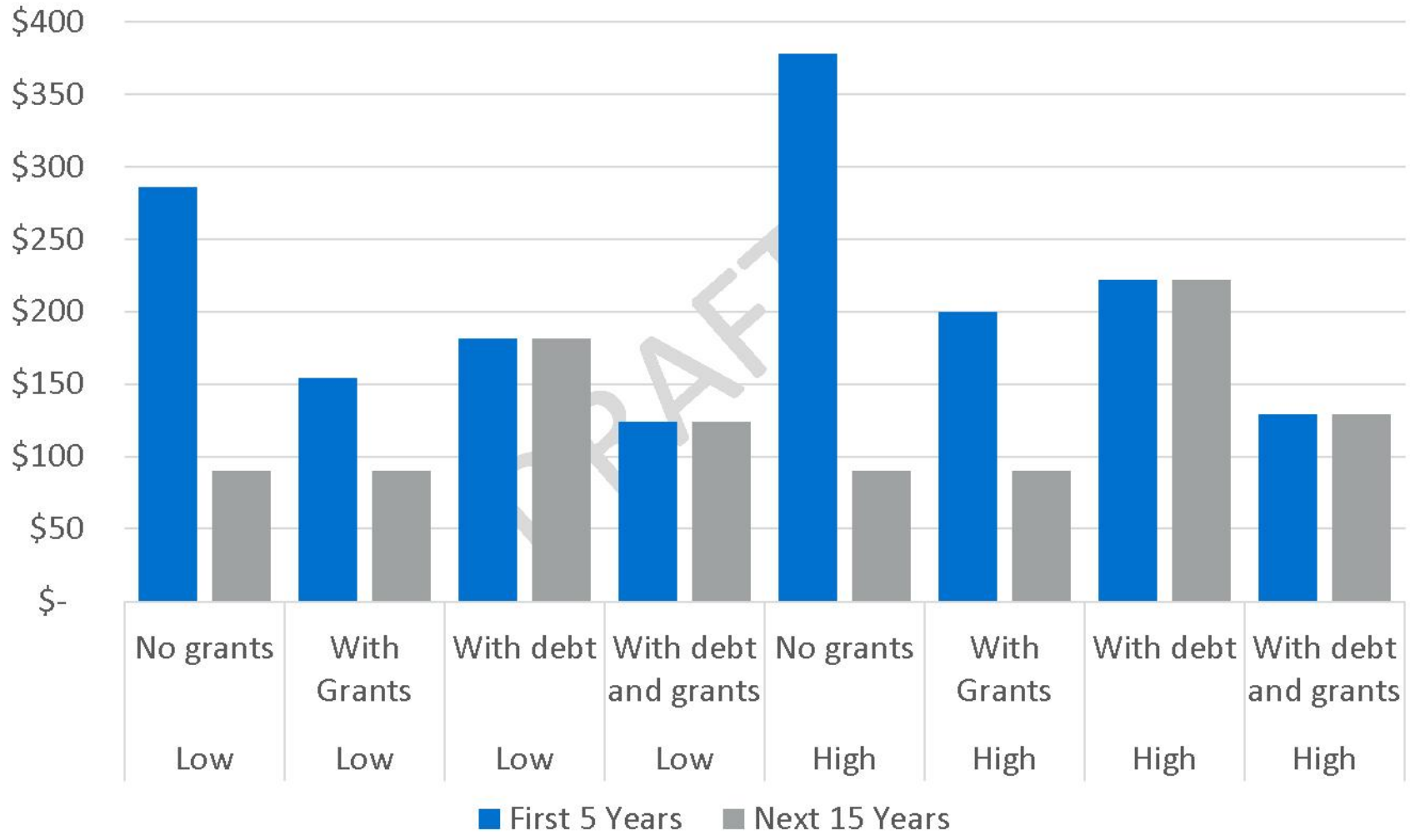
Summary of Estimated Average Annual Tax Per Parcel



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Major Cost Drivers

- 50% grant funding for access acquisition costs and first-time treatment costs reduce the annual budget requirements long-term by about 1/3
  - Assumes debt is used to fund access acquisition costs and first-time treatment costs
- Use of debt reduces the required budget over the first 5 years by about 40%
- Assuming the use of debt, the combined annual budget required for the "low" access acquisition costs is about 20% lower than the combined annual budget for the "high" access acquisition costs
- The annual budget for high acquisition costs, with both grants and debt, is 65% lower than the annual budget for high acquisition costs without grant and debts over the first 5 years
- Taxable interest rates on debt lower the annual budget by 5% compared with tax exempt interest rates

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Governance Requirements for the Wildfire Buffer Zone

- Governance entity needs the following powers:
  - Levy and administer a parcel tax
  - Hire staff and/or subcontractors to do wildfire risk reduction work
  - Acquire and own fee title or access easements for parcels in the buffer zone
  - Power of eminent domain to acquire and own fee title or access easements where required for wildfire risk reduction
  - Power to legislate and mandate wildfire risk reduction standards on private property owners
- The governance entity jurisdiction should include the following:
  - All parcels prioritized for treatment
  - All parcels benefitting from such treatment

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Governance Options

- The following stakeholders should be considered for collaboration under a new governance entity
  - Paradise Recreation and Park District
  - Town of Paradise
  - County of Butte
  - Butte Fire Safe Council
  - Camp Fire Collaborative
  - Rebuild Paradise
- California's Joint Powers Authority law allows NGO's to be voting members of a JPA
  - The NGO members cannot vote on amending the JPA, but can vote on budget and staffing issues
- We recommend that these stakeholders begin a dialogue on forming a governance entity to implement the wildfire buffer zone

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A Joint Powers Authority – Some Details

- JPA powers are limited to the powers share in common by all members of the JPA
  - This means its powers are the same as its least powerful member (excluding NGO's)
- There is often a concern amongst member public entities of a "loss of power" by turning over a key function to a JPA
- Cost sharing amongst the parties can become an issue
- These concerns can be resolved by seeking special State legislation to address loss of power concerns. Examples:
  - Requiring a super majority to approve certain actions
  - Specifying which types of projects can be undertaken by the JPA, and which can only be done by a member, but with JPA funding
  - "Locking in" the role of NGOs in the JPA

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A Ballot Measure in November, 2026?

- There is more than sufficient time to prepare a November 2026 regional ballot measure and governance entity for a wildfire buffer zone in the greater Paradise area
- If there is sufficient community support to get the measure on the ballot through a petition, approval would only require a simple majority
- There is also discussions in Sacramento about a statewide ballot measure for wildfire risk reduction on the November 2026 ballot
  - What if the statewide ballot measure matched local ballot measures with revenues?
  - What if CDI mandated a dollar or dollar reduction in insurance premium for parcel owners paying a parcel tax dedicated solely to wildfire risk reduction?
- **Key question: is there enough community support to not only do a successful citizen initiative for a ballot measure, but to get a 50%+1 successful vote?**

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Next Steps

- We begin the polling process
  - Survey question design
  - Polling system: phone calls, focus groups or both
- Determine the potential tax base
  - Identify zone of benefit for prioritized parcels
- Get detailed parcel data on all parcels within potential tax base
- Using polling data, develop an "electable" tax structure and levy maximum
- Present findings to all public, private and NGO stakeholders
- Start dialogue on implementation, including potential governance entity and ballot measure

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APPENDIX

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

A Wide Range of Treatment Cost Estimates: CalFire Treatment Cost Assumptions

	Costs per acre			
CalFire Treatments	Forest	Shrubland	Herbaceous	Woodland
Manual Thinning	1,461	2,534	1,851	2,683
Mechanical Thinning	957	2,500	N/A	2,807
Mechanical Piling	640	1,521	N/A	251
Mastication	1,788	1,669	1,813	1,198
Lop and Scatter	1,616	1,263	N/A	1,217
Herbicide	325	675	396	667
Pile Burn	810	2,303	3,125	N/A

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A Wide Range of Treatment Cost Estimates: Butte Fire Safe Council Treatment Cost Bid Results

	Bid Range for Treatment Costs Per Acre		
	Hand thin and chip	Mastication	Mechanical
2C Land	2,800-3,200	1,650	1,650-1,750
ECO	800-3,200	950-3,800	800-2,500
Firestorm	2,100-4,200	1,470-4,200	1,800-3,500
Paul Roen	3,600	2,400	2,950
Atlas	3,141	1,331	1,689
Bella	4365-5592	4,365	4,770
GE Forestry	1,800	800	1,220
Mountain View Reforestation	1,800-3,400	2,800	2,600
Professional Slashbusting	none	725-1,100	none
BK&Son	none	1,800	none
Red Mtn.	4,489	2,489	3,989
Average low	2,766	1,889	2,385
Average high	3,625	2,396	2,774

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A Wide Range of Treatment Cost Estimates: Butte Fire Safe Council Treatment Cost Assumptions

Butte County Treatments	Cost per acre
Mastication	3,500
Underburning	200
Grazing	600
Chipping and hauling for biomass	500
Pile burning in place	150
Wildland fire management	403

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A Wide Range of Treatment Cost Estimates: Plumas County Treatment Cost Assumptions

Plumas County	Evergreen Forest cost per acre
Manual Thinning	2,000
Mechanical Thinning	1,750
Mastication	1,788

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A Wide Range of Treatment Cost Estimates: Sierra Nevada Conservancy

	Costs ($)		
SNC Treatments	Low	Average	High
Mastication	600	1,500	3,500
Hand Thinning	600	1,800	3,500
Pile Burning	50	N/A	1,000

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APPENDIX C: RESUMES FOR ASSIGNED NHA TEAM

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Public Finance Professional Since:
1981

Expertise

- Public Policy
- Utility Financing
- Climate Change Infrastructure
- Development/Land-Secured Financing
- Economic Development
- Developer Negotiations
- Pension Financing

Education

- B.A. Social Sciences

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Mark Northcross, *Principal*

During a California public finance career that spans back to 1981, Mark Northcross has structured debt for nearly every kind of issuer and nearly every kind of revenue source legally available in the State.

Mr. Northcross is a leader in statewide work on climate change adaptation. He managed the delivery of a comprehensive funding guide for Resilience by Design, a Rockefeller Foundation funded program for the Bay Area. He works with the Bay Conservation and Development Commission, Bay Area Regional Collaborative, the Southern California Association of Governments and the Resources Legacy Fund on climate change adaptation issues. Mr. Northcross also serves on special climate change committees under the aegis of the City of Sacramento, the West County Wastewater District and the Coastal Hazards Adaptation Resiliency Group. With expertise in wildfire risk mitigation and funding, Mr. Northcross was invited by the Federal Reserve Bank of San Francisco to prepare an article on that subject for their Community Development Innovation Review publication, which was published in October 2019. A link to that article is available here: https://www.frbsf.org/community-development/publications/community-development-investment-review/2019/october/rebuild-to-fail-or-rebuild-to-adapt-how-cra-lending-can-guide-climate-change-disaster-response/

Mr. Northcross was an integral team member for the California Resilience Challenge project in the Town of Paradise. That project was completed in April 2023 and featured groundbreaking work quantifying potential reductions in fire related losses and in insurance premiums in the wildland-urban Interface through fire mitigation methods. More detail about that project can be found here: https://www.bayareacouncil.org/press-releases/new-study-shows-how-communities-in-the-wildland-urban-interface-can-drastically-reduce-fire-risk-and-reduce-insurance-premiums/

Mr. Northcross is also leader in negotiating both public-private partnerships and the workout of defaulted debt. He has negotiated public-private partnerships for the successful development of major mixed-use projects, including such diverse communities as Davis, Fort Ord Reuse Authority, Hemet, Mammoth Lakes, Palmdale, Rocklin, South Lake Tahoe, and West Covina. He is also a leader in negotiating joint ventures between different public agencies – with notable success in putting together bond funded risk sharing programs for cities, counties, and school districts in California.

With a practice in water and sewer financing dating back to 1983, Mr. Northcross is very active in water and sanitation policy issues in California. He presently serves on the California Association of Sanitation Agencies SRF committee.

Mr. Northcross also has hands-on experience as a CFO, serving since 2001 as treasurer for the West Point Inn Association, which runs a 117-year-old hike-in hotel in the parklands of Marin County.

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Public Finance Professional Since:
2003

Expertise

- Fiscal Sustainability
- General Fund Financing
- Pension Obligations
- Project Management
- Financial Modeling
- Credit Analysis and Presentations

Education

UC San Diego

- B.S. Management Science

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Mike Meyer, *Vice President*

Since 2003, Mr. Meyer has been providing a high level of support to California municipalities as an advisor, consultant, and an investment banker. He manages NHA's Pension and Fiscal Sustainability Group.

Mr. Meyer has executed all types of financings available to California municipalities, including pension obligation bonds, utility revenue (water/wastewater/storm drain), general fund backed leases, tax increment, general obligation, transportation, land secured, housing and sales tax transactions.

As the firm's resident pension expert, Mr. Meyer also manages NHA's Pension and Fiscal Sustainability Group, which has advised over 80 California local agencies on topics ranging from basic CalPERS education, to UAL cost management strategies (Section 115 Trusts, Additional Discretionary Payments, etc.), to UAL restructuring projects. In 2015, he led the firm's efforts to pioneer some of the first UAL "smoothing" transactions, which were executed as privately placed lease revenue bonds given that POBs were not feasible at that time. During the re-emergence of the POB market, Mr. Meyer worked on over $2.0 billion of pension bond transactions for cities, utilities districts and fire districts. This experience includes all types of UAL financing structures: both privately placed debt as well as publicly offered, validated and non-validated POBs, as well as alternative structured like lease revenue bonds and utility revenue bonds.

Mr. Meyer has worked on several unique financing programs in his career including the 2004 Vehicle License Fee (VLF) pooled financing (>100 different city participants), 2009 Beverly Hills OPEB Buyout, 2016 Berkeley Parking Revenue Bonds for a new downtown garage, transportation revenue secured financings (gas tax and local sales tax return) for Oxnard and Lancaster, and lease bonds to fund CalPERS UAL in the cities of Torrance, Ukiah, West Covina, Lakeport and Arcata.

Prior to NHA Advisors, Mr. Meyer served as a Principal with Eric Scriven (NHA partner) at p2 Capital Advisors (2012 to 2014), providing independent consulting and advisory work to numerous California public agencies. Prior to that, he served as a Vice President at De La Rosa Investment Bankers.

From 2013 to 2017, Mr. Meyer also helped coach the Division I UC Davis Men's Tennis team and obtain the program's first national ranking and NCAA tournament berth. Mr. Meyer enjoys being active and in nature, spending his free time backpacking, hiking, surfing, playing sports and is a dedicated practitioner of yoga and meditation.

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Public Finance Professional Since:
2021

Expertise

- General Fund Financing
- Pension Obligations
- Utility Financing
- Financial Modeling
- Credit Research and Presentations

Education

- B.A. Applied Mathematics

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Matt DeFilippis, *Senior Analyst*

Since joining NHA in 2021, Mr. DeFilippis has provided quantitative, research, and management support to his colleagues so that NHA can best serve California special districts and cities. His work has covered a variety of assignments, including CalPERS pension liability analysis and modeling, coverage analysis for utility financings, refinancing discovery and analysis, and more. Mr. DeFilippis has assisted on multiple financings for California agencies, totaling over $450 million in par.

Most recently, Mr. DeFilippis provided municipal advisory services on two California utility bond transactions that closed in late 2024 for the City of Gonzales and Laguna Beach County Water District. Mr. DeFilippis also assisted the city of Fort Bragg and Rincon del Diablo Municipal Water District in financing solar panels through an equipment lease/purchase agreement.

Mr. DeFilippis has provided advisory services to multiple California fire districts, including Sonoma County Fire District (2022 Pension Liability Refunding), San Miguel Consolidated Fire Protection District (2022 Pension Liability Refunding), and North County Fire Protection District in San Diego County (CalPERS pension analysis and financial forecast modeling).

When not working on bond financings, Mr. DeFilippis provides support for a variety of NHA's other projects, including financial forecast modeling and CalPERS pension liability analysis and education for public agencies.

Mr. DeFilippis received his B.A. in Applied Mathematics from the University of California, Berkeley.

In his spare time, Mr. DeFilippis enjoys exploring the outdoors, both on foot and on bike. Some of his favorite trips include backpacking Southern Oregon/Northern California, climbing Mount Shasta, and watching the sunrise from Half Dome.

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APPENDIX D: NHA'S REQUIRED MUNICIPAL ADVISOR DISCLOSURES

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Fiduciary Duty

NHA Advisors, LLC ("NHA") is registered as a Municipal Advisor with the U. S. Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB"). As such, NHA has a fiduciary duty to the Town and must provide both a Duty of Care and a Duty of Loyalty that entail the following.

Duty of Care:

a) exercise due care in performing its municipal advisory activities;
b) possess the degree of knowledge and expertise needed to provide the Town with informed advice;
c) make a reasonable inquiry as to the facts that are relevant to the Town's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Town; and
d) undertake a reasonable investigation to determine that NHA is not forming any recommendation on materially inaccurate or incomplete information; NHA must have a reasonable basis for:
    i. any advice provided to or on behalf of the Town;
    ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Town, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Town securities; and
    iii. any information provided to the Town or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

NHA must deal honestly and with the utmost good faith with the Town and act in the Town's best interests without regard to the financial or other interests of NHA. NHA will eliminate or provide full and fair disclosure (included herein) to the Town about each material conflict of interest (as applicable). NHA will not engage in municipal advisory activities with the Town as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Town's best interest.

Conflicts of Interest and Other Matters Requiring Disclosures

As of the commencement date of the Project, there are no actual or potential material conflicts of interest, other than those potential conflicts noted below, that NHA is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If NHA becomes aware of any material potential conflict of interest that arises after this disclosure, NHA will disclose the detailed information in writing to the Town in a timely manner.

Pursuant to MSRB Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of NHA and its associated persons.

The following are potential conflicts of interest to be considered.

- NHA represents that in connection with the issuance of municipal securities, NHA may receive compensation from the Town for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the

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requirements of MSRB Rule G-42, NHA hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding NHA' ability to provide unbiased advice to enter into such transaction. The contingent fee arrangement creates an incentive for NHA to recommend unnecessary financings or financings that are disadvantageous to the Town, or to advise the Town to increase the size of the issue. This potential conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Town.

- NHA' fees under this potential agreement may be based on hourly fees of NHA' personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for NHA to recommend alternatives that would result in more hours worked. This conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Town.
- NHA' fees under this potential agreement may be a fixed amount established at the outset of this potential agreement. The amount is usually based upon an analysis by the Town and NHA of, among other things, the expected duration and complexity of the transaction and the scope of services to be performed by NHA. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, NHA may suffer a loss. Thus, NHA may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Town.
- The fee paid to NHA increases the cost of investment to the Town. The increased cost occurs from compensating NHA for municipal advisory services provided.
- NHA serves a wide variety of other clients that may, from time to time, have interests that could have a direct or indirect impact on the interests of another NHA client. For example, NHA serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Town. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, NHA could potentially face a conflict of interest arising from these competing client interests. NHA fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the Town.
- Gerald Craig Hill, the Managing Principal of NHA is currently serving as an outside director for the HdL Companies based in Diamond Bar, CA. HdL Companies is a software and professional services consulting company providing revenue data and collections information to local governments, potentially including NHA's clients. HdL Companies have affiliates including, but not limited to, HdL Coren & Cone. From time to time, NHA utilizes the services of HdL Coren & Cone for its clients. NHA is mindful of this conflict of interest and fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith when this situation arises.
- NHA does not have any affiliate that provides any advice, service, or product to or on behalf of the Town that is directly or indirectly related to the municipal advisory activities to be performed by NHA.
- NHA has not made any payments directly or indirectly to obtain or retain NHA' municipal advisory business.
- NHA has not received any payments from third parties to enlist NHA' recommendation to the Town of its services, any municipal securities transaction, or any municipal finance product.
- NHA has not engaged in any fee-splitting arrangements involving NHA and any provider of investments or services to the Town.

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- NHA does not have any legal or disciplinary event that is material to the Town's evaluation of the municipal advisory or the integrity of its management or advisory personnel.
- NHA does not act as principal in any of the transaction(s) related to this potential agreement.

Legal Events and Disciplinary History

NHA does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Town may electronically access NHA' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

www.sec.gov/edgar/searchedgar/companysearch.html

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If NHA makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Town and is within the scope of the engagement, NHA will determine, based on the information obtained through reasonable diligence of NHA whether a municipal securities transaction or municipal financial product is suitable for the Town. In addition, NHA will inform the Town of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which NHA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Town; and
- whether NHA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Town objectives.

If the Town elects a course of action that is independent of or contrary to the advice provided by NHA, NHA is not required on that basis to disengage from the Town.

Municipal Securities Rulemaking Board Rule G-10 Disclosure

Pursuant to MSRB Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- NHA is currently registered as a Municipal Advisor with the SEC and MSRB.
- Within the MSRB website at www.msrb.org, the Town may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

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Record Retention

Effective July 1, 2014, pursuant to the SEC record retention regulations, NHA is required to maintain, in writing, all communication and created documents between NHA and the Town for five (5) years.

If there are any questions regarding the above, please do not hesitate to contact NHA.

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Town of Los Gatos

REQUEST FOR PROPOSALS

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

Date Issued: 8/20/2025

Proposal Submittal Deadline: 9/22/2025, by 4:00 p.m. Pacific Standard Time

Issued By:

Issued By:
Town of Los Gatos – Finance Department
110 E Main Street, Los Gatos, CA 95030
www.losgatosca.gov
Finance@losgatosca.gov

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

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Schedule of Activities (Tentative):

Activity	Anticipated Date
RFP Release	8/20/2025
Deadline for Questions	9/15/2025
Last Day to Issue Addenda	9/17/2025
Proposal Submission Deadline (4:00 p.m.)	9/22/2025
Proposal Evaluation	Week of September 22, 2025
Consultant Interviews (if necessary)	Week of September 29, 2025
Contract Negotiation and Execution	Week of September 29, 2025

Town Contacts:

Gitta Ungvari, Finance Director
Email: Finance@losgatosca.gov

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A. PURPOSE

The Town of Los Gatos is seeking proposals from qualified firms to perform one or combined studies including:

1. A Fiscal Condition Analysis with Five-Year and Long-Term Financial Projections, and or
2. A Fiscal Impact Analysis for proposed and planned growth.

And to provide a separate proposal not to be combined for the following

3. An Asset Liability Management (ALM) Study.

Proposers may submit responses for each of the first two studies individually and as a combined packaged. For the third study, the Town is looking for a proposal that is not combined with the first two studies.

The three studies are listed in priority order with the most time sensitive being the fiscal condition analysis with five-year and long-term financial projections. Based on the proposals, the Town will determine which of the proposals to accept with emphasis on the most time sensitive analysis.

The Town reserves the right, at its sole discretion, to cancel, withdraw, postpone, or modify this RFP at any time, including after receipt of proposals, without incurring any obligation or liability to any proposer. The Town also reserves the right, after contract execution, to terminate the agreement for convenience, without cause, upon thirty (30) days written notice, with no liability beyond payment for work satisfactorily performed to the date of termination.

Issuance of this RFP does not commit the Town to award a contract, to pay any costs incurred in the preparation of a proposal, or to procure or contract for any services.

B. OVERVIEW

The Town is undertaking this analysis to obtain an independent, data-driven assessment of its fiscal condition and near-term outlook. Current internal five-year projections indicate structural operating deficits, and the Town seeks third-party validation of assumptions, methodologies, and results to inform decision-making by staff, the Finance Commission, and the Town Council. The selected Consultant will evaluate historical trends and structural drivers, develop a transparent five-year multi-scenario forecast, and quantify risks, sensitivities, and reserve implications, while clearly distinguishing one-time from ongoing resources. The objective is to provide a public-facing foundation for budget strategy, service level planning, and proactive risk management.

Concurrently, the Town faces multiple large development proposals, including affordable housing projects associated with the General Plan and Housing Element. The Town requires a clear understanding of the net fiscal effects of this growth—revenues and costs, operating and capital, timing and step-cost triggers (e.g., staffing, equipment, facilities)—under best-case, baseline, and worst-case scenarios through 2040. In addition, the Town seeks to inventory and evaluate key asset-liability exposures (pension, OPEB, bonded debt, and unfunded infrastructure needs) to guide prudent funding strategies, reserve calibration, and long-term sustainability. Together, these efforts will produce integrated tools and findings that support transparent policymaking and durable fiscal health.

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At the April 14, 2025 Finance Commission meeting, the Commission recommended consolidating prior scope efforts for these studies into a single Request for Proposal process. The Commission approved eight key recommendations:

1. **Consolidate scopes** into a single RFP with three separate line items:
    - Fiscal Analysis and Five-Year Forecast
    - Long-Term Outlook (to 2040, aligned with the General Plan and Housing Element)
    - Optional standalone ALM Study
2. **Require scenario planning** using defined sets of assumptions for:
    - Best, worst, and most likely cases
    - National and macroeconomic conditions (e.g., recession, tariffs, labor costs)
    - Risk and opportunity matrix
    - Consultant's own recommended scenario modifications or additions
3. **Stakeholder engagement** including interviews with internal staff and external partners (e.g., Sewer District, Fire Department).
4. **Define accounting basis and format** (e.g., government-wide vs. fund-based reporting) to ensure clarity, usability, and reconciliation across documents.
5. **Include cost** as a decision matrix criterion to evaluate overall value of proposals.
6. **Require explanation of tools and methodologies**, including the use of AI, data sources, forecasting models, and technical platforms.
7. **Request work samples** similar to proposed scopes to assess consultant capability.
8. **Articulate specific questions** to be answered:
    - What is the Town's fiscal condition over the next five years? (Study 1)
    - What is the long-term financial outlook? (Study 1 and/or Study 2)
    - What is the fiscal impact of projected development under the 2040 Plan and Housing Element? (Study 2)

C. MINIMUM QUALIFICATIONS

To the satisfaction of the Town of Los Gatos, each proposer shall ensure their proposal, as applicable, includes sufficient information to facilitate the following

- Demonstrated experience conducting fiscal analyses and long-range financial forecasting for California municipalities.
- Familiarity with local government budgeting, finance, infrastructure liabilities, pensions, economic development analysis, and General Plan documents.
- Experience engaging with a wide variety of constituencies including but not limited to internal departments, elected officials, and other non-Town constituencies.
- Strong presentation, communication, and public reporting skills.
- Ability to deliver user-friendly financial models and documentation.

D. GENERAL PROVISIONS AND REQUIREMENTS

The Town may establish general provisions and requirements related to the work being performed including but not limited to:

1. Possession of all licenses required to perform services in California, if applicable.
2. Town approval required for any key personnel changes.
3. All deliverables must be provided in PDF and native editable formats.

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4. All materials prepared or supporting prepared deliverables become the property of the Town.

E. SCOPE OF SERVICES

Study 1 — Fiscal Condition Analysis with Five-Year Forecast

Objective. Provide a rigorous, view of the Town's current fiscal condition; produce a five-year multi-scenario operating forecast; quantify risks and opportunities; and deliver a transparent, staff-maintainable model aligned with GAAP, GFOA, and State Controller conventions. The work product will tie, where applicable, to other authoritative documentation such as the ACFR/CAFR, adopted budget, State Controller's Report, or other relevant document.

1) Project Initiation & Workplan

- **Kickoff meeting:** Confirm goals, deliverables, scope boundaries, schedule, and communication cadence; finalize the assumptions governance process (how assumptions are proposed, reviewed, approved, and versioned).
- **Detailed workplan:** Activities, dates, responsibilities, dependencies, and review milestones; identify critical path items.
- **Stakeholder map:** Identify internal staff, department contacts, and external partners (e.g., special districts) for interviews and data validation.

2) Data Intake, Validation & Controls

- **Minimum data (at least 10 years):** ACFR/CAFRs; California State Controller's reports; adopted budgets and mid-year updates; trial balances; revenue detail (property, sales, TOT, fees/permits/fines, franchise, business license, transfers); labor MOUs; position and pay schedules; CalPERS actuarial reports (normal cost, UAL, amortization bases, projected employer rates); OPEB actuarial valuations; debt schedules and official statements; CIP, deferred maintenance reports, and life-cycle/asset management reports; grants and one-time funds; reserve policies.
- **Data Quality Assurance/Quality Control:** Reconcile to audited financial statements or other applicable document; identify reclassifications and one-time items; maintain a Data Sources Register with date, owner, and quality notes. Implement process to ensure the accuracy, consistency, and completeness of the information presented in deliverables.
- **Accounting basis:** Specify fund-based vs. government-wide views used in analysis; provide crosswalks/reconciliations.

3) Methodology & Assumptions Framework

- **Method statement:** Document forecasting structure, drivers, and equations utilized; define how scenario variants are applied.
- **Assumptions log:** Centralized register for economic (AV growth, inflation/CPI, wage growth, medical trend), operational (vacancy, hiring, service levels), policy (fees, taxes), financial (interest rates, investment earnings), and actuarial (CalPERS/OPEB) assumptions. Include source, rationale, date, owner.
- **Standards compliance:** Where applicable, align with guidance from, but limited to, GAAP, GFOA best practices, and State Controller reporting.

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4) Fiscal Condition Assessment (Current State)

- **Liquidity & reserves:** Trends vs. policy targets; one-time vs. ongoing resource use; working capital indicators.
- **Revenues:** Composition, concentration, and volatility of General Fund revenues (property, sales, TOT, utility/franchise, fees/permits, transfers). Analyze seasonality, elasticity, collection risk, and extraordinary items.
- **Expenditures:** Personnel (base pay, steps, COLA, vacancy/backfill, overtime), benefits (health, workers' comp), pension and OPEB contributions, non-personnel (contracts, utilities, insurance, fleet, fuel), and internal service charges; identify structural cost pressures and unfunded mandates.
- **Liabilities & commitments:** Pensions (UAL by amortization base, rate trajectories), OPEB (pay-go vs. prefunding status), bonded debt (coverage, covenants), leases, and deferred capital/maintenance backlogs.
- **Structural balance:** Historical ongoing revenues vs. ongoing expenditures; reliance on one-time resources; identification of structural gaps.
- **Practices Modeling:** Provide data showing the historical and current condition based on recognized models, such as the ICMA Fiscal Trend Monitoring System, the League of California Cities Municipal Financial Health Diagnostic, or other tools appropriate to provide collective insight to fiscal condition.
- **Benchmarking (if applicable):** Contextualize key ratios versus peer agencies and/or recommended practice ranges.

5) Five-Year Operating Forecast (Baseline, Best-Case, Worst-Case)

- **Baseline ("most likely"):** Reflect adopted policies, existing MOUs, known program changes, and consensus macro assumptions.
- **Best-case:** Favorable macro trajectory (higher taxable sales, steady AV growth, stable TOT), improved investment returns, successful cost containment and vacancy savings.
- **Worst-case:** Recessionary path(s), slower or negative AV growth, elevated wage/medical inflation, lower TOT/consumer spending, state takeaways/mandates, and higher CalPERS rates or revised amortization schedules.
- **Revenue modeling:** Property tax (AV growth components, Prop 13 reassessment dynamics); sales tax (category mix, elasticity to income/price indices); TOT recovery curve; fees/permits (activity volumes/fee policy); other taxes and intergovernmental sources.
- **Expenditure modeling:** Wage steps/COLA per MOU; staffing plan and vacancy factors; health trend; CalPERS employer rates and UAL amortization payments; OPEB contributions; operations & maintenance inflation; known contracts and step-cost triggers.
- **Sensitivity analysis:** Run targeted shocks (e.g., ±1–2% AV growth, ±0.5–1.0 pts sales growth/elasticity, ±2–3% medical trend, ±50–100 bps investment earnings, pension discount-rate changes) and show fiscal effects. Determine reasonable and appropriate ranges for use in the analysis.
- **Reserves tracking:** Model policy floors, replenishment rules, and draw triggers under each scenario.

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6) Risk, Opportunity & Stress Testing

- **Risk/Opportunity Matrix:** Probability × impact scoring for high-leverage drivers (economy, tax base, tourism/TOT, labor/benefits, state policy, disasters, grant volatility); quantify fiscal exposure ranges.
- **Macro stresses:** Multi-year recession and recovery paths; interest rate shocks; investment earnings variance; inflation spikes.
- **Operational stresses:** Hiring lag or higher vacancy; higher overtime; insurance/premium shocks; major contract repricing; supply chain spikes.
- **Event stresses:** Disaster scenarios (i.e. wildfire/earthquake/flood) with plausible cost and revenue effects; state action (takeaways, deferrals).
- **Mitigation levers:** Revenue measures (policy options), expenditure pacing, capital deferral windows, position management, reserve deployment/replenishment strategies, each with indicative fiscal effect, lead time, and dependencies where reasonable.

7) Reserves & Policy Analysis

- **Adequacy tests:** Compare forecast reserves to policy targets under all scenarios and stresses; estimate time to restore reserves if drawn.
- **Policy review:** Evaluate reserve policy structure (levels, triggers, replenishment) and recommend enhancements consistent with GFOA guidance.

8) Model Specifications (Editable & Maintainable)

- **Workbook architecture:** Separate Inputs/Assumptions, Drivers, Revenue Modules, Expenditure Modules, Pensions/OPEB, Results by Fund, Reserves, Stress/Sensitivity, Charts & Tables, Reconciliation.
- **Controls:** Version control; cell protections where appropriate; color-coded inputs vs. formulas; scenario toggles; sensitivity sliders; documentation panel/tooltips.
- **Reconciliation:** Crosswalks to audited financials and to adopted budget for Year 1; one-time vs. ongoing segmentation; fund-to-government-wide alignment notes.
- **User guide:** Embedded data dictionary, instructions for updating, and a checklist for annual refresh.

9) Engagement & Validation

- **Department interviews:** Validate workload/demand drivers, pipeline initiatives, service level commitments, step-cost triggers, and risks.
- **Finance collaboration:** Agree on key inputs (e.g., macro path, labor/benefit assumptions, revenue elasticities); coordinate with actuaries/auditors as needed.
- **External partners (as relevant):** Validate assumptions with external partners (i.e. sewer, stormwater, etc.) on joint cost drivers or pass-throughs.

10) Deliverables

- **Kickoff packet:** Final workplan, data request, and engagement calendar.
- **Interim Findings Memo:** Early condition read-out; emerging risks/opportunities; preliminary assumptions for staff review.

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- **Five-Year Forecast Model (editable):** With scenarios, sensitivities, reconciliation tabs, and print-ready exhibits.
- **Risk & Opportunity Matrix + Stress-Test Pack.**
- **Final Report (PDF + native):** Executive summary; current condition; five-year forecast (all scenarios); long-term outlook; risk/stress results; reserve analysis; recommended actions (timing, indicative fiscal effect); appendices (assumptions log, data sources, reconciliation tables, benchmarking).
- **Presentations:** At least two public meetings (Finance Commission and Town Council) and staff work sessions.
- **Training & Handover:** Live walkthrough, update playbook, and placement of all files per Town direction.

12) Schedule (Illustrative)

- Weeks 1–2: Kickoff; data intake; interview scheduling; method statement.
- Weeks 3–6: Condition diagnostics; interim findings memo.
- Weeks 7–10: Five-year forecasting; scenario build; sensitivities.
- Weeks 11–12: Reserves/policy analysis; risk matrix; stress tests.
- Weeks 13–14: Draft report/model; staff review and revisions.
- Weeks 15–16: Final report/model; presentations; training and handover.

13) Town Support (Anticipated)

- Timely access to financials, audit and actuarial reports, MOUs/position data, CIP/backlog, development and fee pipelines, debt/grants, and reserve policies; scheduling of interviews; facilitation of external partner conversations as needed.

Study 2 — Fiscal Impact Analysis

The Consultant will complete a robust Fiscal Impact Analysis mirroring the analytical structure and depth of the 2020 Comprehensive Plan Fiscal Impact Analysis for Annapolis, Maryland or equivalent (Attachment 6). The analysis shall include:

1) Growth-Based Cost Modeling

- Distinguish fixed vs. variable General Fund operating costs.
- Project variable operating and staffing costs by department (e.g., General Government, Police, Parks and Public Works, Library) using appropriate demand bases (residential population, service population, or employment).
- Disaggregate costs into staffing vs. non-staffing components and identify per-unit cost escalators.

2) Revenue Modeling

- Property tax and related in-lieu components based on development assumptions (e.g., housing units, commercial sq. ft.).
- Sales and use tax, transient occupancy tax (TOT), franchise fees, business license tax, and fees/permits/fines using Town-specific volumes and policy assumptions.
- Other locally controlled revenues (i.e. third party partners).

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3) Scenario-Based Forecasts

- Develop best-case, baseline, and worst-case scenarios over a 20-year horizon.
- Conduct sensitivity testing on service-population growth, property values, cost escalation, and revenue volatility (including recession simulations).

4) Capital Cost Estimation

- Provide rough-order-of-magnitude (ROM) capital cost estimates tied to infrastructure demands generated by new growth.
- Recommend methodologies the Town can reuse for site-specific capital forecasting.

5) Results & Communication

- Estimate net fiscal impact (revenues vs. costs) at buildout and annually through 2040.
- Present findings with clear charts/tables comparing revenue/cost deltas and stress-tested variance bands.
- Highlight fiscal implications by development type (e.g., residential vs. commercial) and intensity/density.

6) Methodological Transparency

- Clearly define data sources, modeling assumptions, and calibration approach.
- Collaborate with staff to validate variables and use Town-specific historical financials, land use policies, and demographic projections.

Study 3 — Asset Liability Management (ALM) Study

The Consultant shall:

- **Inventory & Evaluate Liabilities**: Provide an inventory and evaluation of key liabilities including but not limited to pension, OPEB, bonded debt, and unfunded infrastructure needs.
- **Funding Needs & Risk Reduction**: Offer a standalone analysis of long-term funding needs and identify strategies to reduce risk.
- **ALM Modeling**: Present model outputs showing fund balance sustainability and risk exposure across scenarios.
- **Reserve Guidance**: Provide guidance on optimal reserves and potential reserve policy enhancements.

Combined Studies —Study 1 and 2

The Consultant shall deliver a unified analysis that:

- Integrates the Fiscal Condition & Forecast (Study 1) with the Fiscal Impact Analysis (Study 2) to provide a coherent picture of short and long-term fiscal sustainability.
- Ensure consistency in assumptions across the impact and forecast models, using development assumptions and infrastructure costs as key inputs.
- Packages results into a single report with distinct sections, shared assumptions, and harmonized formats.

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All Studies — Required Elements

All proposals for all Studies must include:

- Scenario analysis with well-documented assumptions, covering macroeconomic and local risks.
- A risk & opportunity matrix that quantifies high-impact variables and their fiscal effects.
- Interviews with all Town departments and relevant external agencies (e.g., Sewer District, Fire Department) to inform assumptions.
- Accounting/Reporting transparency, specifying whether analyses are government-wide or fund-based, source of the information, and how they reconcile.
- Editable deliverables (e.g., Excel models, PowerPoint decks) with a documented methodology and user guide.
- Public presentations: at least two meetings (Finance Commission and Town Council), plus staff work sessions as needed.
- Work samples of comparable scope and complexity.
- Disclosure of AI/data tools: clarify if/how AI or specialized analytics are used in modeling.
- Standards compliance: GAAP, GFOA, and California State Controller standards.
- Usability & training: a clear plan for long-term usability, including staff training where needed.

F. PROPOSAL FORMAT AND SUBMITTAL REQUIREMENTS

1 Proposal Format and Organization

Proposals shall be clear, concise, and organized in the order below. Provide one (1) searchable PDF and any native files specifically requested (e.g., Excel models), using the section headers shown to facilitate review.

1. **Cover Letter (maximum 2 pages)**
   Briefly summarize qualifications and project understanding; identify the primary contact authorized to bind the firm. Confirm acceptance of the Town's Sample Consultant Services Agreement **(Attachment 5)** or list any specific exceptions/edits requested.
2. **Completed Certification Forms (Attachments 1–4)**
   - Attachment 1 – Conflict of Interest Statement
   - Attachment 2 – Non-Collusion Declaration
   - Attachment 3 – References
   - Attachment 4 – Statement Regarding Insurance Coverage and Worker's Compensation Insurance Acknowledgment Certificate
3. **Scope Comments and Methodology**
   Comment on the Scope of Services and describe the proposed approach, specialized methods/tools, milestones, QA/QC, and how deliverables will be provided to the Town (including assumptions governance and documentation practices).
4. **Experience and Expertise**
   Demonstrate experience performing similar studies for California municipalities, including fiscal condition analysis, forecasting, fiscal impact analysis, and ALM. Include relevance to local government budgeting, finance, infrastructure liabilities, pensions/OPEB, and General Plan/Housing Element contexts.
5. **Key Personnel and Resumes**
   Identify the Project Manager and key staff; provide brief role descriptions and relevant qualifications. Commit to maintaining the proposed team; note any planned subcontractors.

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6. **Timeline and Work Plan**
   Provide a realistic schedule with major tasks, interim deliverables, review points, and public meetings (Finance Commission and Town Council). Indicate opportunities for phasing.
7. **Samples of Comparable Projects (1–3)**
   Provide recent examples demonstrating similar scope, scale, and complexity (links or PDFs).
8. **Disclosure of Litigation/Discipline (last 5 years)**
   Disclose and explain any relevant matters; indicate status/outcome.
9. **References (Attachment 3)**
   Provide a minimum of three (3) current references from comparable engagements within the past five (5) years, including contact information.
10. **Preliminary Fee Schedule (itemized by Study)**
    Provide an itemized fee proposal for **Study 1, Study 2**, **Study 3**, and/or **Combined Study 1 and 2** (as applicable), inclusive of travel and incidental expenses. Identify personnel classifications, hourly rates, estimated hours by task, and optional services.
11. **Statement of Insurance Coverage (Attachment 4)**
    Identify carriers, types, and limits; confirm ability to meet Town requirements if selected.
12. **Tools, Data Sources, and Use of AI**
    Summarize data sources, technical platforms, and any AI/advanced analytics used in modeling; describe transparency, validation, and human-in-the-loop review.

2 Submittal Instructions

- **Due Date/Time:** Proposals must be received **electronically** by **9/22/2025, 4:00 p.m. Pacific Time**. Late submittals will be deemed non-responsive.
- **Delivery Method:** Email the proposal PDF (and any required native files) to **Finance@losgatosca.gov**. If using a file-sharing link, include access permissions that do not expire before award. The Proposer is responsible for confirming receipt due to potential email size limits.
- **Email Subject Line:** "Town of Los Gatos – Fiscal Analysis Proposal (Studies 1, 2, 3, or Combined 1 and 2)".
- **Single Proposal:** Each Proposer may submit **only one** proposal; alternate proposals are not permitted unless requested by the Town. Providing separate complete documents for each study option will collectively be considered only one proposal.
- **Format:** One (1) searchable PDF is preferred. Provide **Excel** versions for any financial models included in the submittal. Bookmark major sections and use consistent tab labels in workbooks.

3 Questions and Addenda

- **Questions:** Direct all questions in writing to the Town's Contact at **Finance@losgatosca.gov** by **9/15/2025** (see Schedule of Activities). Do not contact other Town officials or evaluators. Responses will be issued only by **Addendum**.
- **Addenda:** The Town will issue addenda on its website. Proposers are responsible for checking for updates and must acknowledge all addenda in the proposal. The **last day to issue addenda** is **9/17/2025** (see Schedule of Activities).

4 Proposal Conditions

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- **Responsibility for Delivery:** Proposers assume full responsibility for timely delivery. The Town is not responsible for email transmission issues or access restrictions on shared links. Proposals received after the deadline will not be considered.
- **RFP Schedule:** See Schedule of Activities. The Town reserves the right to amend the schedule as necessary.
- **Use of Town Forms/Attachments:** Proposers shall submit Town forms (Attachments 1–4) as provided in this RFP.
- **Contract Template:** The Town's Sample Consultant Services Agreement (Attachment 5) is provided for reference; proposers shall accept or propose specific exceptions in the Cover Letter.
- **Acceptance or Rejection:** The Town reserves the right to accept or reject any and all proposals for any reason, including but not limited to, lack of budget for studies, etc.
- **Public Records:** All materials may become public records per the California Public Records Act.

5 Acknowledgment of Minimum Qualifications

By submitting, the Proposer affirms it meets the Minimum Qualifications and agrees to the General Provisions and Requirements as stated in Sections C and D of this RFP.

G. EVALUATION PROCESS

Proposals will be evaluated based on:

1. Conflict of Interest/Non-Collusion Declarations (Pass/Fail)
2. Proposal Completeness and Organization (15 points)
3. Understanding of Scope and Methodology (20 points)
4. Qualifications and Experience (20 points)
5. Accessibility and Communication (15 points)
6. References and Work Samples (10 points)
7. Pricing and Cost-Effectiveness (20 points)

The Town reserves the right to conduct interviews. Evaluation is at the sole discretion of the Town. Selection will be based on best fit as determined by the Town and will not be solely determined on points or price. The point values and evaluation criteria described herein are guidelines only; the Town reserves the right to weigh, interpret, or disregard criteria at its sole discretion. Any changes to the Town's standard contract for service will also be considered in the evaluation.

The Town may, at its sole discretion, terminate evaluation of any or all proposals at any time and may reopen, cancel, or postpone the procurement process without award. Proposals shall remain valid for a period of one hundred twenty (120) days from the proposal due date unless otherwise agreed in writing by the Town. Proposers may not withdraw their proposal within this period without the written consent of the Town. Proposers shall have no claim whatsoever for compensation or reimbursement in such event.

H. ADDITIONAL INFORMATION

- All costs incurred in the preparation, submission, or presentation of a proposal in response to this RFP, including but not limited to, travel, interviews, presentations, and negotiation activities,

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shall be borne solely by the proposer. The Town shall have no obligation for any such costs, regardless of whether a contract is awarded.

- All materials may become public under the California Public Records Act (PRA). The Town will not be liable for the disclosure of any materials submitted in response to this RFP that are required to be disclosed under the PRA or other applicable law. The Town reserves the right to reject any or all proposals.
- Equal opportunity requirements apply.
- All work must comply with local, state, and federal law.
- Selection of a proposer and commencement of negotiations does not obligate the Town to execute a contract. The Town may terminate negotiations and select another proposer, issue a new RFP, or take no further action.
- Any communication, verbal or written, made by the Town or its representatives during this solicitation process shall be considered non-binding unless incorporated into a formal, written agreement executed by the Town.
- Any dispute arising under or related to this RFP shall be governed by the laws of the State of California, and the venue for any legal action shall be the Superior Court of California in and for the County of Santa Clara. The Town's total liability in connection with this RFP shall be limited to the amount, if any, payable under a duly executed contract.

I. ATTACHMENTS

1. Conflict of Interest Statement
2. Non-Collusion Declaration
3. References Form
4. Insurance Certification
5. Sample Consultant Services Agreement
6. 2020 Comprehensive Plan Fiscal Impact Analysis for Annapolis, Maryland

The Town of Los Gatos thanks you for your interest in this important initiative.

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ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

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

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

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

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is

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interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

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

_____ _____

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

_____ _____ _____

Address Name of Authorized Representative

_____

City, State, Zip

_____ _____

(Date) (Signed)

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ATTACHMENT 2 – NON-COLLUSION DECLARATION

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

The undersigned declares:

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

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

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

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

By: _____

Name: _____

Title: _____

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ATTACHMENT 3 - REFERENCES

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

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

1. _____

Name of Agency _____ Agency Address _____

Contact Name _____ Contact Title _____

Contact Telephone _____ Contact Email Address _____

Contract Period _____ Contract Amount _____

Description of services performed including costs.

2. _____

Name of Agency _____ Agency Address _____

Contact Name _____ Contact Title _____

Contact Telephone _____ Contact Email Address _____

Contract Period _____ Contract Amount _____

Description of services performed including costs.

3. _____

Name of Agency _____ Agency Address _____

Contact Name _____ Contact Title _____

Contact Telephone _____ Contact Email Address _____

Contract Period _____ Contract Amount _____

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Description of services performed including costs.

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

Signature of Proposer	Name	Date

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

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

FISCAL CONDITION ANALYSIS WITH FIVE-YEAR AND LONG-TERM FORECAST, FISCAL IMPACT ANALYSIS, AND ASSET LIABILITY MANAGEMENT STUDY

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

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

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

_____
Name of Proposer (Person, Firm, or Corporation)

_____
Signature of Proposer's Authorized Representative

_____
Name & Title of Authorized Representative

_____
Date of Signing

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ATTACHMENT 5 – SAMPLE CONSULTANT SERVICES AGREEMENT

[ATTACHED BEHIND THIS PAGE]

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AGREEMENT FOR CONSULTANT SERVICES

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

I. RECITALS

1.1 The Town desire to engage Consultant to provide **XXXXXXXXX**.

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

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

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain proposal sent to the Town on (DATE), which is hereby incorporated by reference and attached as Exhibit A.

2.2 Term and Time of Performance. This contract will remain in effect from _____ to _____. Consultant shall perform the services described in this agreement as follows: XXXXXXXX.

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

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

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

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

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

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

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

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email preferred: ap@losgatosca.gov

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

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

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

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

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

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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

iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than $1,000,000 which is

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sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

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

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

iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its elected and appointed officials, employees, and agents.

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

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

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

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

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IV. GENERAL TERMS

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

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

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

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

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

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

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

CONSULTANT NAME
Attn:
ADDRESS

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

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

4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement,

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unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

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

Town of Los Gatos by:

_____
Chris Constantin, Town Manager

Recommended by:

_____

Consultant, by:

_____

_____
Gitta Ungvari, Finance Director

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Approved as to Form:

Gabrielle Whelan, Town Attorney

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bae urban economics

DRAFT 2020 Comprehensive Plan Fiscal Impact Analysis

For the City of Annapolis, Maryland

August 8, 2020



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EXECUTIVE SUMMARY

As part of the Annapolis Comprehensive Plan update, BAE Urban Economics has prepared a fiscal impact analysis of new growth in Annapolis between 2020 and 2040. Among the key features of the Comprehensive Plan are the development and growth projections that serve as the basis for the policies and strategies set forth in it. A fiscal impact analysis is a powerful tool to assess whether the new growth assumed in the plan will strain government services or generate net revenues that allow the government to improve and expand services and invest in economic growth. By 2040, Annapolis is projected to grow by 583 new households and 4,347 new residents. The service population is projected to grow by 4,388. Growth projections are based on population, jobs, and household projections from the Baltimore Metropolitan Council (BMC), Round 9 projections, published in 2016.

Methodology Overview

This fiscal impact analysis evaluates operating costs and revenues in the General Fund. The analysis uses the Fiscal Year 2020 (FY20) Adopted Budget as a baseline to estimate the current level of service provided by the city government in terms of operating costs. Operating cost projections are based on the growth in either the residential population demand base or the service population demand base, which is the residential population plus 50 percent of jobs. Revenues other than real property tax and income tax revenue were projected similarly, based on an average revenue per chosen demand base. Real property tax and income tax revenue were calculated based on the development assumptions in the Comprehensive Plan. The Annapolis property tax rate is applied to the assumed assessed values of new development. Income tax revenue is based on the property values of new residential development and calculating a minimum income required to purchase or rent a given unit.

An estimate of capital costs is provided, but it is not incorporated into the fiscal impact analysis, as the assumptions behind the calculations are more tenuous and less reliable than the evaluation of operating costs and revenues. However, to the extent that growth will generate capital costs, these are expected to be minimal as Annapolis will not require new, additional major capital infrastructure.

Given the recent COVID-19 outbreak and its potential effects on the economy, various property tax revenue scenarios are tested for impact on the overall growth-related revenue estimate. Although the crisis may impact the fiscal resiliency of the City, it is important to note the fiscal impact is calculated for the next 20 years.

Summary of Findings

This analysis finds that the growth projected in the Comprehensive Plan update will have an estimated net fiscal impact totaling $776,000 to the City of Annapolis General Fund by 2040, which is calculated by adding approximately $3.3 million in new revenues and subtracting

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$2.5 million in new operating costs. Capital costs are estimated to be $553,600. This is a marginally positive fiscal impact and a sensitivity analysis suggests the fiscal impact could reasonably turn out negative, although this would also be marginal relative to the size of the FY20 adopted budget. This result is explained by the heavily residential development program assumed in the model, which serves as the basis for the fiscal impact.

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INTRODUCTION

This report presents an analysis of the projected net fiscal impact that the population and employment growth envisioned in the City of Annapolis Comprehensive Plan update will have on the City of Annapolis General Fund between 2020 and 2040. Fiscal impact analysis is a powerful tool to assess the revenues and costs associated with new development within a jurisdiction. New homeowners and businesses generate revenues to local governments by paying taxes, fees, and fines. They also bring about new costs for a jurisdiction in the form of new or improved roads, more schools and parks, and increased investment in public safety. These costs are comprised of both operating and capital components; growth can require both new infrastructure and an increase in operating capacity to maintain a given level of service. Fiscal impact analysis allows a jurisdiction to compare the revenues and costs from new growth, which can inform decisions ranging from assessing the feasibility of a new development to updating tax rates and reevaluating existing services.

Fiscal impacts are calculated in terms of impact on the annual budget. In general, the formula for calculating the fiscal impact per land use (i.e. low-density residential, mixed use, etc.) or development type (single-family detached, multi-family, office, etc.) is:

Annual Fiscal Impact (of new growth)	=	Revenues (of new growth)	-	Operating Costs (of new growth)	-	Capital Costs (of new growth)

A fiscal impact analysis of a comprehensive plan allows jurisdictions to assess the feasibility of the new growth projected in the plan. In coordination with the city and the comprehensive planning team, BAE Urban Economics conducted a thorough fiscal impact analysis for the City of Annapolis to estimate the revenues and costs associated with new growth based on the FY20 adopted budget, the Capital Improvement Program (CIP), and detailed discussions with city department heads and staff. Discussions with city staff focused on how department operations would change in response to new growth, as measured in the revenues and expenditures of each department. These discussions were the basis of deciding how to model revenues and costs with respect to the growth in the Comprehensive Plan.

Critically, a fiscal impact analysis does not account for the economic impacts of the Comprehensive Plan. Most components of the plan are intended to improve the Annapolis economy, whether directly or indirectly. Whether it is through improved environmental and social outcomes or directly through economic development policies, the Comprehensive Plan seeks to make Annapolis a desirably place to live. The economic impacts of the Comprehensive Plan will ultimately be based on more specific notions of, for example, the kinds of new jobs and incomes that come to Annapolis as a result of the plan, and the impact the plan has on resident's incomes, property values and overall standing. The plan details

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how the city plans to become more efficient and sustainable, which will also deliver economic benefits. Indeed, there are analyses that model these impacts and are useful to conduct as they would give an indication of future fiscal standing. However, a fiscal impact analysis specifically avoids considering the dynamic impact of the Plan on the economy. Instead, it seeks to determine whether the City is projected to accommodate the plan's assumed level of new growth at the level of service the government currently extends through its operations, staff, and capital infrastructure without raising taxes or other sources of revenue.

Therefore, the dollar value of the fiscal impact is less important than whether the impact is positive or negative, and what the magnitude of the impact is. The fiscal impact is not a prediction of the annual budget levels in FY2040 but rather, an indication of risks or opportunities presented by the deficit or surplus generated by new growth.

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METHODOLOGY

A variety of methodologies were used to project growth-related impacts to different sources of revenue and for the different departments within the City. In general, through meetings and consultations with city staff, components of the FY20 adopted budget were designated as 'fixed' or 'variable'; that is, determinations were made regarding which revenues and costs would be impacted by growth. Ultimately, only revenues and expenditures from the General Fund were analyzed as Enterprise Funds[1] are not impacted by growth, and Internal Service Funds[2] are accounted for in the operating costs of departmental budgets in the General Fund.

Operating cost projections are based on the growth in either the residential population demand base or the service population demand base, which is the residential population plus 50 percent of jobs. Revenues other than real property tax and income tax revenue were projected similarly, based on an average revenue per chosen demand base. Real property tax and income tax revenue were calculated based on the development assumptions in the Comprehensive Plan. The Annapolis property tax rate is applied to the assumed assessed values of new development. Income tax revenue is based on the property values of new residential development and calculating a minimum income required to purchase or rent a given unit.

An estimate of growth-related capital costs and school costs is also provided, but these costs are not incorporated into the fiscal impact analysis itself. The city of Annapolis does not bear any schools costs, as schools are provided by Anne Arundel County. Moreover, as the city is built out, there will be limited new capital costs in terms of major infrastructure, which include roads classified as arterials or higher, and new sewer and water line (not including connections). Sidewalks, road connections to entrances and other site related infrastructure are not typically included in the fiscal impact analysis of a comprehensive plan, where the goal is to establish an order of magnitude for the fiscal impact, and the cost of smaller infrastructure can vary considerably.

The costs of smaller infrastructure, to the extent there are any, depend largely on assumptions about development types and potential sites, which is more information than established currently in the Comprehensive Planning process. It is certainly useful to conduct a fiscal impact analysis with more specific assumptions that are informed by proposed development

---

[1] "The Enterprise Funds are used to account for those activities of the City that are financed and operated in a manner similar to private business enterprises where costs and expenses, including depreciation, are recovered principally through user charges. Individual operations that the City has designated as enterprise funds include Water, Sewer, Parking, Transportation, Watershed Restoration, and Refuse funds."

[2] Internal Services Funds, including Health Insurance, Self-Insurance, Fleet Operations, and Fleet Replacement activities, provide service to the City government, and are paid for primarily through departmental budgets. As a result, increases in operating costs to departmental budgets will account for transfers from those departments to the Internal Service Funds.

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types on a given site or in a given area, but it can only be done when there are proposed or finalized land use changes. In fact, fiscal impact analyses are often used to evaluate individual development projects. For the purposes of the current Comprehensive Plan, a fiscal analysis will be ultimately conducted for specific potential development sites to study the impact of potential zoning changes. Nonetheless, a rough estimate of capital costs is provided in this report based on the average spending in the Capital Improvement Plan for FY20 through FY25. As the estimate is less rigorously conceived than the estimates of revenues and operating costs, it is not included in the fiscal impact result.

As shown in the fiscal impact analysis presented in this report, 87.2 percent of the $80.8 million in City FY20 General Fund revenues are held variable, meaning that these revenues will generally increase in relation to the City's population and employment growth through 2040. Notably, projecting growth-related real property tax revenues accounts for over 64 percent of potential General Fund revenues based on FY20 levels.

Table 1: FY20 General Fund Revenues Held Variable

Source of Revenue	FY20 Revenue Held Variable	FY20 Adopted Budget	% Variable
Taxes (a)	$ 54,834,000	$ 54,983,800	99.7%
Licenses & Permits	$ 3,256,300	$ 3,256,300	100.0%
Fines & Forfeitures	$ 435,000	$ 435,000	100.0%
Interest, Rent, Other	$ -	$ 1,549,000	0.0%
Intergovernmental (b)	$ 6,343,000	$ 11,565,000	54.8%
Charges for Service	$ 5,626,500	$ 5,626,500	100.0%
Other	$ -	$ 3,423,500	0.0%
Total	**$ 70,494,800**	**$ 80,839,100**	**87.2%**

Notes:
(a) Taxes include real and personal property taxes, and penalties and interest.
(b) Of intergovernmental sources of revenue, only the income tax is projected.

The fiscal impact analysis presented in this report estimates that 53.4 percent of the approximately $83.0 million in General Fund operating expenses in the FY20 adopted budget are variable, while the remaining expenditures were determined to be unaffected by new growth. Non-staff operating expenditures and staffing costs were analyzed separately. Operating expenditure line items were held fixed or variable depending on if they were determined to be affected by growth.

Similarly, operating costs related to staff salaries, wages, and benefits were projected based on the need for new staff, which was based on the level of employed staff per department in FY20. Certain positions in each department, such as chiefs and directors, where held fixed

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while lower level staff were held variable. The percentages of FY20 General Fund expenditures held variable are summarized in Table 2.

Table 2: FY20 General Fund Expenditures Held Variable

Department	Variable Expenditures	Variable Staff Costs	FY20 Adopted Budget	% Variable
General Government (a)	$ 1,363,650	$ 5,359,113	$ 30,581,430	22.0%
Police	$ 2,458,830	$ 13,336,939	$ 19,620,830	80.5%
Fire	$ 1,380,370	$ 11,894,367	$ 19,286,270	68.8%
Emergency Management (b)	$ -	$ -	$ 417,520	0.0%
Public Works	$ 2,386,250	$ 3,337,587	$ 7,885,250	72.6%
Parks	$ 1,597,850	$ 1,155,655	$ 5,176,700	53.2%
Total	**$ 9,186,950**	**$ 35,083,661**	**$ 82,968,000**	**53.4%**

Notes:
(a) General government includes: City Council and the Office of the Mayor, Human Resources, Management Information Technology, Finance, Planning & Zoning, and the Office of Environmental Policy.
(b) Emergency management expenditures were determined to be fixed as they all growth-related needs over the next 20 years will come from non-local allocations.

Operating costs were projected linearly; for each variable line item and staffer within each department, projections of the increased costs generated by new growth were based on the rates of growth in either service population or residential population. The service population, which is defined as the residential population plus 50 percent of jobs, is projected to grow faster over the next 20 years than the growth in the residential population and is a useful proxy to measure the growth-related costs of services provided to residents and workers. For example, public works costs are likely to increase alongside the growth in the service population, as both workers and residents demand public works services. Parks costs, on the other hand, would not be impacted by an increase in workers, and are more appropriately projected by population growth.

A level of service was determined for the non-staff operating expenditures by dividing the amount budgeted for a given variable line item in FY20 by the size of the base year service or residential population. For example, based on the $320,050 appropriated for supplies[3] in the Planning & Zoning Department, an average $3.18 is spent per member of the service population (55,763 in 2020). The level of service is multiplied by the growth in the given demand base. Growth projections used in this fiscal impact analysis are discussed in the next section.

Similarly, a level of service for staffing is based on dividing the number of employed staff by the appropriate base year population. For example, based on the 14 'Equipment Operator' positions in the Department of Public Works, there are 0.00025 of them per member of the service population in 2020. This is multiplied by the change in service population to

[3] This budget refers to the line item for "Supplies and Other" within the Department budget for Planning & Zoning. Expenditures within this line item include office supplies, training for staff and memberships.

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determine how many new Equipment Operators are needed, which is then multiplied by the total salary and benefits received by each Equipment Operator to determine a cost. Based on an analysis of salaries, it was found that, on average, city staff across all departments receive benefits (i.e. health insurance) valued at 35 percent of their salary. This cost increase is incorporated into salary levels of staff when calculating the costs of growth-related staff needs.

Capital costs are also estimated, although not incorporated into the fiscal impact as the assumptions about growth-related capital needs are is less rigorously evaluated than the analysis of operating costs and revenues. While it is very unlikely that the city will require new, additional major capital infrastructure to service growth, there may be increased costs due to additional wear and tear on existing infrastructure. Using the average spending in the CIP between FY20 and FY25 per service population, we estimate how much additional spending in the CIP would be required by the growth in the service population by 2040. It is important to note that more detailed analysis of specific capital costs that are sensitive to development type and land use can be conducted once there are reliable assumptions that can be made. There is no reason, however, to expect that more detailed fiscal impact analyses that are land use- and site-specific will lead to an increase in the estimate of capital costs provided in this report, as it is simply unknown what, if anything, the city would be responsible for in a given development project.

In terms of revenues, real property taxes are calculated directly based on the number of new residential units and nonresidential square footage contained within the comprehensive plan, and their respective market values, which are used as proxies for estimating assessed values. Furthermore, income tax revenue is based on calculating the household incomes needed to purchase or rent the new residential units, and then applying Annapolis' share of Anne Arundel County's income tax rate. All other costs and revenues, such fines and fees, are projected based on the existing average levels of revenues per service population today.

All calculations presented for costs, revenues and impacts are rounded to the nearest $1,000.

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PROJECTIONS

Projections of the residential population, jobs, and households are based on growth rates developed by the Baltimore Metropolitan Council (BMC). As shown in Table 3, the residential population of Annapolis is expected to grow by 4,347 between 2020 and 2040, while jobs are projected to grow by 82 in total. Therefore, the service population, which is defined as the residential population plus 50 percent of jobs, is anticipated to grow by 4,388. It is important to note that household growth is projected to increase at a lower rate than population growth, meaning that existing Annapolis households in 2020 will become larger. Using the average household sizes, new households can account for up to 1,478 of the 4,347 new residents, or only one-third of new growth. Therefore, the estimate of income tax revenues in this fiscal impact analysis is conservative as only the incomes of residents in new households are calculated. All projections used in this fiscal impact analysis are based directly on projections within the 2020 Comprehensive Plan.

Table 3: Summary of Demographic Projections

Annapolis	Base 2020	2025	2030	2035	2040	Overall Change 2020-2040	% Change 2020-2040
Population (a) (b)	40,262	40,765	40,918	43,852	44,609	4,347	10.8%
Households (a) (c)	16,426	16,527	16,868	16,929	16,989	563	3.4%
Avg. Household Size	2.45	2.47	2.43	2.59	2.63	0.17	7.1%
Jobs (d)	31,001	31,026	31,041	31,060	31,083	82	0.3%
Service Population (e)	55,763	56,278	56,438	59,382	60,151	4,388	7.9%

Notes:

(a) Projections for population and households follow trends published in Round 9 of the BMC forecasts.

(b) Base year data reflects 2018 estimates from Esri, scaled by the BMC Round 9 annual growth rate from 2015-2020 (0.06%)

(c) Household projections account for 132 residential units currently in the construction pipeline as of April 1, 2020. Projections based on the BMC trend and Esri base year estimate include an additional 6.65 units (132/20) each year.

(d) Base year estimate and trends are based on BMC Round 9 estimates, with no adjustments.

(e) Service population is defined as the residential population plus 50% of jobs.

Source: Baltimore Metropolitan Council, Round 9; Department of Planning & Zoning; Esri; BAE, 2020.

OPERATING COSTS IMPACT

The impact of new growth on operating costs from 2020 to 2040 is based on expenditures in the General Fund. Expenditures were analyzed by department and summarized in categories including General Government, Police, Fire, Public Works, and Recreation and Parks.

Among General Government expenditures, budget items for Management Information Technology (MIT), Finance, and Planning and Zoning were held variable as the needs for these departments are likely to increase as the city grows, based on discussions with city staff. Projected increases in expenditures in the General Government category were based on the projected growth in service population, as these departments are affected by both residential growth and the presence of jobs and businesses. Providing the same level of service over the

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next 20 years to new growth, as represented by the variable non-staff operating expenditures in these departments, will generate approximately an additional $107,000 in operating costs at plan buildout in 2040. Staffing is also only projected to increase in these departments. Based on the growth in the service population, General Government will need to hire four or five new staffers to maintain the ratio of these staffers to the service population in 2020. The weighted average salary of these positions is $64,000, for a total cost of approximately $396,000, including accounting for an additional 35 percent in benefits.

Police operating expenditures are projected based on the growth in households, and no operating expenditures were held fixed. Household growth is chosen as the demand base because public safety costs can reasonably be expected to increase alongside development, as indicated by the Chief of Police. However, the growth-related impact on police costs realistically lies between the development growth and population growth. As a result, growth-related impacts of public safety costs are adjusted in a sensitivity analysis of overall findings later in this report.

Staff needs were projected for all administrative positions, while only the Police Chief, Major, and Captain positions were held fixed in terms of uniformed officers. From 2020 to 2040, police operating expenditures will cost approximately $84,000. Administrative staff will need to increase by one staffer to maintain the existing level of service, while the number of uniformed officers will need to increase by four or five. In total, including 35 percent for benefits, staffing costs between 2020 and 2040 will be $457,000.

Growth-related operating costs for the Fire Department by 2040 are slightly below the growth-related operating costs for police. Based on the growth in the service population, Annapolis will need to spend $81,000 for operations and $408,000 in staff costs. This includes adding four or five firefighters below the rank of Fire Captain.

The FY20 Department of Public Works budget is subdivided into six categories including Administration, Engineering and Construction, Streets, Traffic Control and Maintenance, Snow, and Facilities. All operating expenditures were projected based on the increase in service population between 2020 and 2040 and maintaining the existing level of service. The projected cumulative operating expenditures over the next twenty years would cost approximately $188,000. Leadership and management positions within the various departments within Public Works were held fixed, while the rest were projected based on the growth in service population as well. Between 2020 and 2040, this analysis estimates that growth-related Public Works staff costs will be approximately $444,000, including benefits. This represents hiring approximately five new staff.

Recreation and Parks costs round out the General Fund expenditures. Of the 11 subcategories within the Recreation and Parks budget, only costs for Arts in Public Places are held fixed. Recreation and Parks costs are projected based on the growth in the residential

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population as growth in nonresident workers will not generate an additional need. Operating expenditures between 2020 and 2040 are estimated to be $212,000. Non-management level employees at the Pip Moyer Recreation Center are projected to increase, as well as custodial and administrative parks workers and harbormaster staff costs. In total, including 35 percent benefits, staff costs for Recreation and Parks will cost in total $125,000 by 2040, representing one to two additional staff. Notably, there are several contractual workers identified in the Recreation and Parks budget, although these staff are accounted for in the projection of contractual services within the operating expenditures, not staff costs.

In total, the cumulative growth-related impact to the General Fund expenditures between 2020 and 2040 is approximately $2.5 million, as shown in Table 4. This includes $672,000 in new operating expenditures and $1.8 million in staff costs. Total projected operating and staffing costs represent a 3.0 percent increase over the FY20 adopted budget levels. The Police and Fire departments represent 59.7 percent of the growth-related operating costs, followed by Public Works (16.5 percent), General Government (15 percent), and Recreation and Parks (8.8 percent).

Table 4: Growth-Related Operating Costs, 2020-2040

Department	2020 Adopted Budget	Operating Expenditure Impact, by 2040	Staff Costs Impact, by 2040	Total Impact, by 2040	% Total Impact, by 2040	% Increase since 2020
General Government (a)	$ 30,581,000	$ 107,000	$ 396,000	$ 503,000	20.1%	1.6%
Police	$ 19,621,000	$ 84,000	$ 457,000	$ 541,000	21.6%	2.8%
Fire	$ 19,286,000	$ 81,000	$ 408,000	$ 489,000	19.5%	2.5%
Public Works	$ 7,885,000	$ 188,000	$ 444,000	$ 632,000	25.3%	8.0%
Recreation and Parks	$ 5,217,000	$ 212,000	$ 125,000	$ 337,000	13.5%	6.5%
Total	**$ 82,590,000**	**$ 672,000**	**$ 1,830,000**	**$ 2,502,000**	**100.0%**	**3.0%**

Notes:
(a) General Government includes: City Council and the Office of the Mayor, Human Resources, Management Information Technology, Finance, Planning & Zoning, and the Office of Environmental Policy.

Sources: City of Annapolis, FY 2020 Adopted Budget; BAE, 2020.

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REVENUE IMPACT

The impact of growth on Annapolis General Fund revenues will come primarily from real property taxes, which account for 64 percent of FY20 revenues. The other major source of revenue is intergovernmental transfers, which account for 14.3 percent of FY20 revenues. While some intergovernmental transfers, such as the utility tax or highway tax, are likely to increase over the next 20 years, these are State-based transfers for which analysis is beyond this report. However, income tax revenue is projected, which accounts for nearly 55 percent of intergovernmental transfers.

Real property tax revenue is calculated directly based on an assumption of the future development in Annapolis by 2040 and associated property values. Importantly, proposed land use changes and development types have not yet been finalized in the Comprehensive Plan at the time of the writing of this report, and the assumptions here are subject to change. Iterations of the fiscal impact model can be performed as the planning process advances, of after it is complete.

Income tax is based on the incomes of the households that occupy the new projected development. As a result, income tax revenue projections in this fiscal impact analysis are potentially underestimated as new households do not account for all the population growth Annapolis is projected to experience between 2020 and 2040. The BMC Round 9 projections of population for Annapolis assume an increase in the household size of existing households, which will likely result in an increase in income tax revenue from additional residents in existing households. However, this analysis does not estimate this additional income tax revenue associated with additional residents in existing households due to a lack of information in the projections related to the age, employment, and income of these residents. The income tax revenue calculations shown in this analysis therefore represent a somewhat conservative estimate of income tax revenues attributable to the projected growth. All other revenues to the General Fund are either held fixed or projected by either growth in the service population, residential population, or jobs.

Property Tax Revenue Impact of New Growth, 2020-2040

Property tax revenues are calculated directly based on a preliminary assumption of the development projections in the Annapolis Comprehensive Plan. The Annapolis property tax is applied to the estimated market value of the new development in 2040, which is calculated based on assumptions of rents, sale prices, and vacancy rates. The property tax revenue at buildout in 2040 is shown in order to compare the impact of growth-related operating costs. However, the assessed property values assumed throughout the development period are the market values assumed, which are based on market conditions in FY19 and do not include

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inflation. A sensitivity analysis accounting for potential recession-level effects of the Covid-19 crisis on property values is also provided later in this report.

Assumptions for determining the market value of new residential development are shown in Table 5. There will be a total of 600 new homes built. The market value of the for-sale units is based on the market values for new construction from FY19, as reported in the market study for the Annapolis Comprehensive Plan. The market rate values for new construction are higher than the median sale price. The total market value of for-sale units, which is simply the number of units multiplied by the respective sale price by unit type, is $317.6 million.

The market value of for-rent multifamily units is also based on the rents reported in the market study, and in addition, assumes a five percent vacancy rate and average annual expenses based on the National Apartment Association's '2019 NAA Survey of Operating Income & Expenses in Rental Apartment Communities.' Using a cap rate of 4.75 percent, the estimated

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market value of the for-rent multifamily properties is determined. The market value of the all for-rent units, including affordable units, is $22.0 million.

Table 5: Assessed Value Assumption for New Residential Units, 2020-2040

Total New Residential Units *		**600**
Market-Rate Residential		
For Rent		
Number of New Units		109
Average Monthly Rent (a)		$1,600
Vacancy Rate		5%
Average Annual Expense per Unit (b)	$	8,661
NOI (per unit)	$	9,579
For Sale		
New Single Family Homes		69
Sale Price (c)	$	700,000
New For-Sale Townhomes		322
Sale Price	$	650,000
New Condos		100
Sale Price	$	600,000
Summary		
For-Rent Residential NOI	$	1,044,111
Residential Capitalization Rate		4.75%
Estimated Market Value	$	21,981,000
For-Sale Total Value	$	317,599,000

Notes:
(a) Based on the Q3 2019 Asking rents from the 'Demographic and Economic Profile and Real Estate Market Analysis.'
(b) Based on the estimated operating costs for mid & hi-rise rental properties from the National Apartment Association's '2019 NAA Survey of Operating Income & Expenses in Rental Apartment Communities.'
(c) Based on new construction sale price from the 'Demographic and Economic Profile and Real Estate Market Analysis.'

Sources: City of Annapolis; National Apartment Association; BAE, 2020.

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The estimated market value of new nonresidential development is based on assumptions of NNN rent (per square foot) from the market study and a 5.0 percent vacancy rate that are used to determine a net operating income (NOI) per square foot. A 6.25 cap rate is applied to the NOI multiplied by the projected increase in nonresidential development. The only nonresidential development projected in the Comprehensive Plan is a net 20,000 square feet increase in the retail inventory and a net 20,000 square feet increase in the office inventory. As shown in Table 6, the estimated market value of new retail development by 2040 is $8.5 million, and the estimated market value of new office development is $8.2 million.

Table 6: Assessed Value Assumptions for New Nonresidential Units, 2020-2040

Nonresidential		
Retail		
NNN Rent (per sq. ft. per year)	$	28.00
Vacancy Rate		5%
NOI (per sq. ft.)	$	26.60
Net New Retail (SF)		20,000
Office		
NNN Rent (per sq. ft. per year)	$	27.00
Vacancy Rate		5%
NOI (per sq. ft.)	$	25.65
Net New Retail (SF)		20,000
Summary		
Retail NOI (a)	$	532,000
Nonresidential Capitalization Rate		6.25%
Estimated Market Value	$	8,512,000
Office NOI (b)	$	513,000
Nonresidential Capitalization Rate		6.25%
Estimated Market Value	$	8,208,000

In total, at plan buildout in 2040, the market value of new development, which represents the assessed value for real property tax revenue purposes, is approximately $356.3 million.

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Applying the Annapolis real property tax rate of 0.7380 per $100 of assessed value generates annual revenue at buildout of $2.6 million. This is summarized in Table 7.

Table 7: Annual Real Property Tax Revenue at Plan Buildout, 2040

	City of Annapolis
Assessed Value of New Res. Development, 2020-2040	$ 339,580,000
Assessed Value of New Non-Res. Development, 2020-2040	$ 16,720,000
Assessed Value of Total New Development, 2020-2040	**$ 356,300,000**
Property Tax (per $100 of assessed value)	0.7380
Annual Property Tax Revenue at Plan Buildout	**$ 2,629,000**

Income Tax Revenue Impact of New Growth, 2020-2040

This analysis uses the home sale price and rent assumptions shown in Table 5 above to estimate household incomes among new households in Annapolis and applies Annapolis' share of Anne Arundel County's income tax rate, which is an effective tax rate of 0.7025 percent, to estimate income tax revenues from these households. Income assumptions for the new for-rent units are calculated by assuming a vacancy rate of 5.0 percent and a rent-to-income ratio of 25 percent, which would imply these renters are not cost-burdened. For the new for-sale units, the revenue calculations assume a 20 percent down payment on the median sale price, a fixed 30-year mortgage rate of 4.50 percent, and a monthly mortgage payment to gross monthly income ratio of 28 percent. The effective Annapolis income rate is applied to the incomes calculated using this method and multiplied by the number of new units. Applying this method to new single-family units with an assumed sale price, for example, of $700,000 would require a household income of $121,604, which is above the

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2019 household median income in Annapolis ($80,010). Assumptions for growth-related income tax revenue are shown in Table 8.

Table 8: Growth-related Income Tax Revenue Calculation Assumptions

Market-Rate Residential		
For Rent		
New For-Rent Units		109
Average Monthly Rent (a)	$	1,600
Vacancy Rate		5%
Annual Household Income (b)	$	76,800
New Income Tax Revenue (c)	**$**	**38,000**
For Sale		
New Single Family Homes		69
Sale Price (d)	$	700,000
Loan Amount (e)	$	560,000
Mortgage Rate (f)		4.50%
Loan Term (months)		360
Monthly Payment	$	2,837
Annual Income (f)	$	121,604
New Income Tax Revenue (g)	**$**	**40,000**
New Townhomes		322
Sale Price (d)	$	650,000
Loan Amount (e)	$	520,000
Mortgage Rate (f)		4.50%
Loan Term (months)		360
Monthly Payment	$	2,635
Annual Income (f)	$	112,918
New Income Tax Revenue	**$**	**174,000**
New Condos		100
Sale Price (d)	$	600,000
Loan Amount (e)	$	480,000
Mortgage Rate (f)		4.50%
Loan Term (months)		360
Monthly Payment	$	2,432
Annual Income (f)	$	104,232
New Income Tax Revenue	**$**	**50,000**

Notes:
(a) Based on the Q3 2019 Asking rents from the 'Demographic and Economic Profile and Real Estate Market Analysis.'
(b) Assumption of Rent-to-Income ratio: 25.00%
(c) The Anne Arundel County income tax rate in FY20: 2.81%
Annapolis' percentage of Anne Arundel County Income Tax: 17.00%
(d) Based on median sale price from the 'Demographic and Economic Profile and Real Estate Market Analysis.'
(e) Loan amount assumes 20% down payment.
(f) Assumes Fixed-rate mortgage.
(f) Assumption of monthly mortgage payment as percentage of gross monthly income: 28%
(gross monthly income multiplied by 12 for annual income)

Source: BAE, 2020

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As shown in Table 9, Combining the estimated new income tax revenue from new renter-occupied households ($38,000) and the new income tax revenue from new owner-occupied households ($264,000) generates a total new incomes tax revenue of $302,000 between 2020 and 2040.

Table 9: Growth-related Income Tax Revenue, 2020-2040

	City of Annapolis
Income Tax Revenue from For-Rent Units	$ 65,000
Income Tax Revenue from For-Sale Units	$ 212,000
New Income Tax Revenue	**$ 277,000**

Source: BAE, 2020

Overall Growth-related Impact to General Fund Revenues, 2020-2040

Other revenues in the General Fund were also accounted for in the fiscal impact analysis based on dividing FY20 revenues by a given population and multiplying by the growth in that population. Personal property tax revenue between 2020 and 2040 were projected in terms of jobs growth, as personal property is assessed on businesses. Licenses and Permits and Charges for Services revenue were projected by the growth in residential population, while fines and forfeiture revenues were projected by the growth in service population. All other revenues were held fixed. The impact of growth on other revenues between 2020 and 2040 is approximately $347,000.

Table 10 summarizes the growth-related impact to General Fund revenues. By 2040, new growth will generate an estimated $3.3 million in revenue. Real property tax revenue

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generates 80.2 percent of the total impact, which suggests that the fiscal impact relies heavily on the market value assumptions of new development.

Table 10: Growth-related Impact to General Fund Revenues, 2020-2040

Source of Revenue	2020 Adopted Budget (a)	Revenue Impact, by 2040	% Total Impact, by 2040
Real Property Tax (b)	$ 51,884,000	$ 2,629,000	80.2%
Personal Property Tax (c)	$ 2,950,000	$ 8,000	0.2%
Income Tax (d)	$ 6,343,000	$ 302,000	9.2%
License & Permits (e)	$ 3,256,300	$ 112,000	3.4%
Fines & Forfeitures (f)	$ 435,000	$ 34,000	1.0%
Charges for Service (g)	$ 5,626,500	$ 193,000	5.9%
Total	**$ 70,494,800**	**$ 3,278,000**	**100%**

Notes:
(a) Revenues shown are only for those revenue sources held variable, so total of FY20 adopted budget levels do not match FY20 General Fund revenues.
(b) Property taxes are calculated based on the projections of new residential development for the Comprehensive Plan. The assumed projected 'development program' in place currently is a placeholder.
(c) Projected based on base year personal property tax revenue per job.
(d) Revenue tax is based on the household revenues of new residential development. As a result, this is a low estimate as new residential development does not account for the entirety of the projected population growth by 2040.
(e) Projected based on base year licenses and permits revenue per resident.
(f) Projected based on base year fines and forfeitures revenue 'service person.'
(g) Projected based on base year charges for service revenue per resident.

FISCAL IMPACT ANALYSIS OF NEW GROWTH

Combining the growth-related impacts to operating costs, capital costs, and revenues determines the overall fiscal impact by 2040. As shown in Figure 1, the fiscal impact of new growth will be $776,000 by 2040. If new growth generates this fiscal impact by 2040, the impact at plan buildout in 2040 would be a 0.94 percent increase to the FY20 adopted budget of $82.6 million. While this represents a positive fiscal impact, the impact is marginally above

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zero. As the sensitivity analysis will demonstrate, reasonable fluctuations in the operating costs impact and revenue impact can generate a negative fiscal impact.

Figure 1: Fiscal Impact of New Growth, 2020-2040



Source: BAE, 2020

This relatively marginal impact is owed to the largely residential development program assumed in the comprehensive plan. Job growth over the over the next 20 years is projected to be 82 in total, which is a small overall percentage of the increase in the service population, meaning that growth in residents is driving demand for services. Not only this, but also despite the relatively small increase in nonresidential development projected, this development accounts for 16 percent of the increase in property tax revenues. Therefore, residential development is about fiscally neutral, or potentially an overall cost to the City by 2040 based on the level of service provided in 2020, and new nonresidential development is critical to ensuring fiscal sustainability.

Given this finding about the importance of nonresidential development, it would be wise for the city to consider flexibility in zoning as well as assessing the fiscal impact of growth of significant new developments.

Sensitivity Analysis of Fiscal Impacts

The analysis in this report suggests that Annapolis can expect to generate a fiscal impact of $776,000 over the next 20 years. Given the assumptions in the methodology, there is some error inherent it. However, we can test realistic limits for vulnerable assumptions to evaluate a range of potential fiscal impacts. As public safety costs may be underestimated, a range of growth rates is applied to operating costs held variable for Police and Fire to assess the impact on growth-related operating costs by 2040. Furthermore, given the recent COVID-19 outbreak

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and its potential effects on the economy, various property tax revenue scenarios are tested for impact on the overall growth-related revenue estimate.

Public safety costs are unlikely to grow in relation to the growth in the service population and is more likely to be related to development. However, some of the population growth in Annapolis will come from existing development, so projecting public safety costs by household growth alone may be an underestimate if the public safety departments continues to provide the level of service assumed in this analysis. Thus, the current estimate of the percentage increase to Public Safety costs, which at 2.65 percent is lower than household growth rate, is almost certainly an underestimate. As a result, the sensitivity analysis shows the impact by scaling public safety costs from the current estimated increase of 2.65 percent to an increase of 10.8 percent, which is the population growth rate projected over the next 20 years. Realistically, public safety costs should increase from somewhere between the household growth rate (3.43 percent) and the service population growth rate (7.87 percent). If public safety costs increase by 4.64 percent, the fiscal impact will be exactly $0. Table 11 shows the fiscal impact of new growth if the revenue estimate is fixed and costs are adjusted to account for variability in public safety costs.

Table 11: Fiscal Impact Analysis with Public Safety Costs Adjustments

Fiscal Impact	Non-Public Safety Growth-related Impact by 2040	Current Estimate - 2.65% Public Safety Costs Projected by HH Growth with Fixed Costs	Low Estimate - 3.43% Public Safety Costs Increase by HH Growth Rate	$0 Estimate - 4.64% Public Safety Costs Increase by 4.64% ($0 Fiscal Impact)	High Estimate - 10.8% Public Safety Costs Increase by Pop. Growth Rate
Revenue	$ 3,278,000	$ 3,278,000	$ 3,278,000	$ 3,278,000	$ 3,278,000
Operating Costs	$ (1,472,000)	$ (2,502,000)	$ (2,805,543)	$ (3,278,000)	$ (5,672,666)
Total Fiscal Impact	**$ 1,806,000**	**$ 776,000**	**$ 472,457**	**$ -**	**$ (2,394,666)**

Source: BAE, 2020.

Alternatively, the fiscal impacts assuming the operating costs estimate is fixed accounts for adjustments to revenue estimate Table 12. The current COVID-19 public health emergency represents a significant threat to the economy. If the effects of COVID-19 on home values were to have the same effect that the 2008 recession had on home values and the operating costs estimate in this study is held fixed, the fiscal impact of new growth would range between $107,000 and $266,887. In Annapolis, based on data obtained from Zillow, the peak of home values was in June 2007, and reached its nadir in June 2012. During this period, home values fell by 25.4 percent. Between June 2007 and June 2009, home values fell by 19.4 percent in Annapolis before levelling off for a few months and declining again overall until June 2012. The revenue estimate in this fiscal impact analysis is adjusted by applying these

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respective declines in home values to the real property tax revenue estimate of $2.5 million by 2040.

Table 12: Fiscal Impact Analysis with Revenue Adjustments

Fiscal Impact	Total Projected Growth-related Impact by 2040	Scenario: Market Value of New Growth Declines by 25.4% (a)	Scenario: Market Value of New Growth Declines by 19.4% (b)
Revenue	$ 3,278,000	$ 2,609,353	$ 2,768,887
Operating Costs	$ (2,502,000)	$ (2,502,000)	$ (2,502,000)
Total Fiscal Impact	**$ 776,000**	**$ 107,353**	**$ 266,887**
% Increase over FY20 Adopted Budget - $ 82,590,000	0.9%	0.1%	0.3%

Notes:
(a) In this scenario, the market value of new growth is adjusted by the decline in market value in Annapolis from the peak sale price in June 2007 to the lowest sale price in June 2012 (-25.43%). This reflects the decline in residential sale prices only, but will be applied to the overall market value of new development that includes new retail and office development.
(b) In this scenario, the market value of new growth is adjusted by the decline in market value in Annapolis from the peak sale price in June 2007 to the sale prince in June 2009, when prices stabilized briefly before falling again. This decline was - 19.37%. This reflects the decline in residential sale prices only but will be applied to the overall market value of new development that includes new retail and office development.

Source: Zillow; BAE, 2020.

In Figure 2, the sensitivity analysis of operating costs and revenues are combined to show the range of potential impacts. By showing the change in operating costs resulting from increasing growth-related public safety costs from the household growth as well as the three revenue estimates, the ranges of error that generate a fiscally neutral or fiscally positive impact are revealed. The lowest estimate (2.65 percent) of the increase in public safety costs and the low estimate of revenues that assumes peak recession declines in home values would generate essentially a fiscally neutral result. If new growth generates the revenues estimated in this analysis with no recession-related impacts, public safety costs can increase by up to 4.64 percent in order to generate a fiscally neutral result, which would be higher than the

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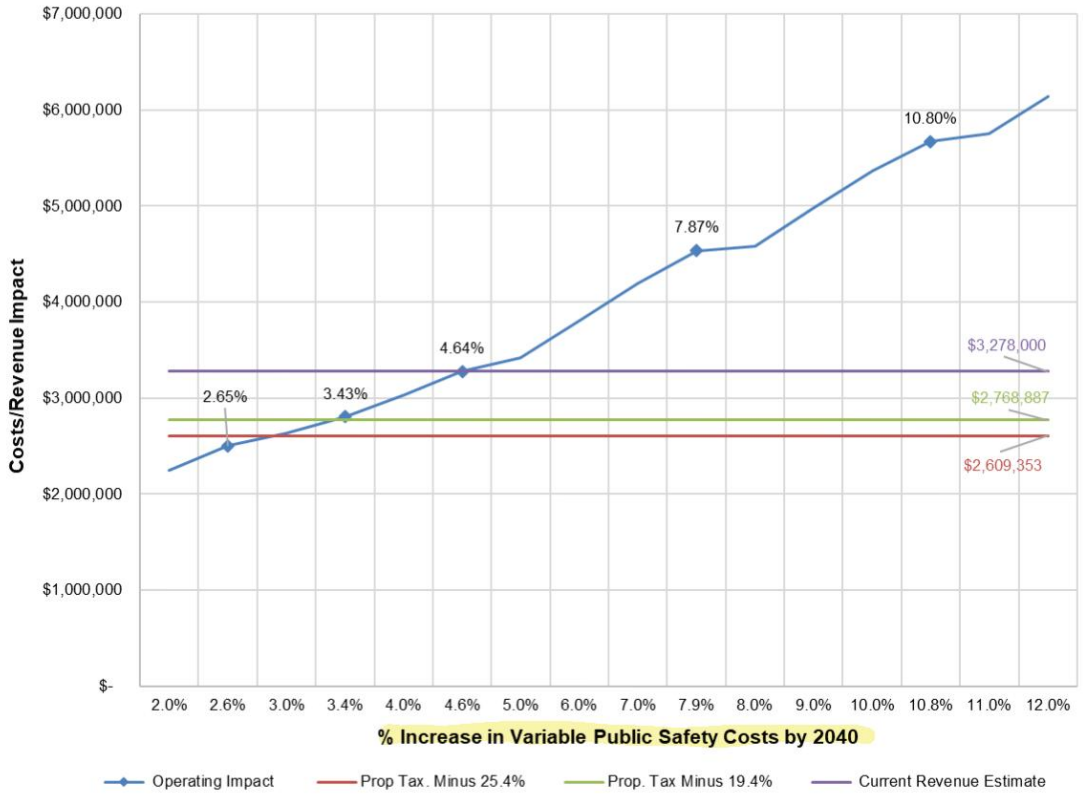
growth in public safety costs currently assumed, but still below the rate of growth in both the service (7.9 percent) and residential population (10.8 percent).

Figure 2: Sensitivity Analysis



Source: BAE, 2020

Therefore, it is reasonable to expect that public safety could increase by enough to generate fiscally neutral, or potentially negative results as public safety costs are likely to be increase somewhere between the rates of growth in households and the residential population, and any increase in public safety costs over 4.64 percent would generate negative fiscal result. Indeed, if COVID-19 negatively affects property values, the margin by which public safety costs can increase relative to the household growth rates becomes slimmer. Based on the analysis of the effect the Great Recession had on Annapolis property values, public safety costs increasing at a rate greater than 3.4 percent would yield a negative fiscal result. Notably, the margins of fiscally negative results are still relatively small, and they do not vastly exceed to the magnitude of the marginally positive results that seem likely.

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OTHER COST CONSIDERATIONS

While excluded from the fiscal impact analysis, it was determined that identifying an order of magnitude for growth-related capital costs would be a useful metric for the city to consider, based on discussion with staff. There is no capital outlay in the General Fund, and growth is not expected to generate a need for new major capital infrastructure, such as new water and sewer systems of roads classified as arterial or above. Additionally, while public schools are provided by Anne Arundel County, a high-level cost estimate of students from new growth in Annapolis is provided.

Capital Costs Impact

In a fiscal impact analysis of a comprehensive plan, capital costs considered are limited to major infrastructure. This includes new, additional roads classified as arterials or higher, as well as new water and sewer lines, pump stations, schools, and vehicles. The reason arterials are the smallest road-type to be considered is that these are the roads for which regular maintenance occurs and can trigger the need for additional staff. Smaller roads and road connections as required by any given development project may or may not accrue as one-time construction costs to the city, and these can be evaluated in more detail with specific assumptions about proposed development projects and their location within the city. Furthermore, the additional inventory of these kinds of transportation improvements do not trigger the need for new staff on their own. That is, projecting staffing costs based on the number of staff employed today is enough to keep up with additional maintenance costs generated by roads smaller than arterials.

In addition, based on discussion with the Department of Public Works, it was determined that the water and sewer systems have adequate capacity to manage the growth projected in this analysis. While new development requires connection to the system, the utilities charge connections fees and ultimately operate as enterprise funds that generated a net profit in FY20. Vehicles are managed through an internal revenue fund and thus growth-related vehicle needs are captured in the analysis of operating costs. As discussed in the next subsection, school-related capital costs are borne by Anne Arundel County Public Schools.

Nonetheless, there may be growth-related capital costs generated by the additional demand for existing infrastructure. Indeed, roads smaller than arterials can require some capital costs based on wear and tear, even if not as regularly as arterials. The FY20 Five-Year Capital Improvement Plan (CIP) provides a useful estimate of the capital costs associated with the existing service population. As shown in Table 13, the average size of the CIP between FY20 and FY25 is $6.3 million. The average size of the service population served between 2020 and 2025 is 56,020. Dividing the average annual CIP by the average size of the population of the 5-year CIP yields an average capital cost per service population of $113, which multiplied by the projected growth in the service population between 2020 and 2040 equals a growth-

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related increase to the CIP of $553,600. This is notably less than the net revenues estimated in this fiscal impact analysis ($776,000), which implies that if the cost and revenue estimates in this analysis are considered accurate, including this estimate of capital costs would still yield a marginal, fiscally positive result.

Table 13: Estimate of Growth-Related Capital Costs

Five-Year Capital Improvement Program					
FY20	FY21	FY22	FY23	FY24	FY25
$4,856,220	$5,675,700	$7,397,500	$11,993,800	$4,050,000	$4,050,000

Average CIP, FY20-FY25		Average Service Population, FY20-FY40	
$	6,337,200		56,020

CIP Spending per Service Pop.		Growth in Service Pop., 2020-2040	
$	113		4,894

Growth-related Increase to CIP	
$	**553,600**

School Costs Impact

Anne Arundel County Public Schools (AACPS), which serves Annapolis residents, determines a yield rate for elementary, middle, and high school students based on development type. On average, for the Annapolis High School feeder system, each new household is assumed to generate 0.142 elementary school students, 0.054 middle school students and 0.063 high school students. Applying these rates to the projected 582 new households yields 151 new students. The AACPS budget is based on developing a cost-per-pupil and in FY20, the cost-per-pupil was $14,473, based on guidelines recommended by the Maryland State Department of Education. The number in new students in Annapolis over the next 20 years will not generate the need for an additional school at any level, so there are no capital costs associated with new growth-related students in Annapolis, although the system overall may

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add more schools. As shown in Table 14, multiplying the cost per pupil by the estimated yield from new growth generates an estimated cost of $2.2 million.

Table 14: Growth-Related Public School Costs

New Households, by 2040		**582**
ES Student Yield (a)		83
MS Student Yield (b)		31
HS Student Yield (c)		37
Total		**151**
Cost per Pupil (d)	**$**	**14,473**
Growth-Related Cost, by 2040	**$**	**2,181,390**

Notes:
(a) Average Elementary School Student Yield Rate for the Annapolis HS Feeder System: 0.142
(b) Average Middle School Student Yield Rate for the Annapolis HS Feeder System: 0.054
(c) Average High School Student Yield Rate for the Annapolis HS Feeder System: 0.063
(d) The cost per pupil is obtained from the FY20 Anne Arundel Public Schools Operating & Capital Budgets. It is calculated following the guidelines recommended by the Maryland State Department of Education

Source: Student Yield Study for Anne Arundel County Public Schools, November 2019; FY2020 Anne Arundel County Public Schools Approved Operating & Capital Budgets; BAE, 2020

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CONCLUSION

Based on the methodology and assumptions in this fiscal impact analysis, Annapolis is projected to generate a marginally net positive fiscal impact based on the taxes received by new development and the costs it incurs. While the real property tax is large enough to generate most of the revenues needed to accommodate new growth, new growth incurs enough costs that the City will be unable to increase the level of service it provides. However, if there is more nonresidential development than currently projected, even more revenue will be generated without the incurring the same level of costs, as nonresidential development demands fewer services from the City. Therefore, the City may be more fiscally resilient if it increases the amount of nonresidential development projected over the next 20 years, although the current residential program yields more or less fiscally neutral results. Critically, over 80.2 percent of the revenues estimated in the fiscal impact come from property taxes paid by new development, even though most of the growth in Annapolis over the next 20 years is explained by the increase to the size of the average Annapolis household.

Nonetheless, the overall marginal findings suggest that, as currently projected, new growth itself is neither a huge winner nor a huge loser for the City based on the current levels of service the City provides. With the skew towards residential development, development itself is not an opportunity for the City, although new growth will help to generate economic activity that will promote economic growth, which is ultimately unaccounted for in a fiscal analysis. Fiscal impact analysis does not consider the impact of growth on income levels, the number of jobs and other measures that reflect the state of the private sector economy, which if positively impacted by growth, would in turn have some effect on the fiscal impact. This dynamic relationship is difficult to model and as a result, fiscal impacts and economic impacts are typically evaluated independently.

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bae urban economics

DRAFT 2020 Comprehensive Plan Fiscal Impact Analysis

For the City of Annapolis, Maryland

August 8, 2020



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EXECUTIVE SUMMARY

As part of the Annapolis Comprehensive Plan update, BAE Urban Economics has prepared a fiscal impact analysis of new growth in Annapolis between 2020 and 2040. Among the key features of the Comprehensive Plan are the development and growth projections that serve as the basis for the policies and strategies set forth in it. A fiscal impact analysis is a powerful tool to assess whether the new growth assumed in the plan will strain government services or generate net revenues that allow the government to improve and expand services and invest in economic growth. By 2040, Annapolis is projected to grow by 583 new households and 4,347 new residents. The service population is projected to grow by 4,388. Growth projections are based on population, jobs, and household projections from the Baltimore Metropolitan Council (BMC), Round 9 projections, published in 2016.

Methodology Overview

This fiscal impact analysis evaluates operating costs and revenues in the General Fund. The analysis uses the Fiscal Year 2020 (FY20) Adopted Budget as a baseline to estimate the current level of service provided by the city government in terms of operating costs. Operating cost projections are based on the growth in either the residential population demand base or the service population demand base, which is the residential population plus 50 percent of jobs. Revenues other than real property tax and income tax revenue were projected similarly, based on an average revenue per chosen demand base. Real property tax and income tax revenue were calculated based on the development assumptions in the Comprehensive Plan. The Annapolis property tax rate is applied to the assumed assessed values of new development. Income tax revenue is based on the property values of new residential development and calculating a minimum income required to purchase or rent a given unit.

An estimate of capital costs is provided, but it is not incorporated into the fiscal impact analysis, as the assumptions behind the calculations are more tenuous and less reliable than the evaluation of operating costs and revenues. However, to the extent that growth will generate capital costs, these are expected to be minimal as Annapolis will not require new, additional major capital infrastructure.

Given the recent COVID-19 outbreak and its potential effects on the economy, various property tax revenue scenarios are tested for impact on the overall growth-related revenue estimate. Although the crisis may impact the fiscal resiliency of the City, it is important to note the fiscal impact is calculated for the next 20 years.

Summary of Findings

This analysis finds that the growth projected in the Comprehensive Plan update will have an estimated net fiscal impact totaling $776,000 to the City of Annapolis General Fund by 2040, which is calculated by adding approximately $3.3 million in new revenues and subtracting

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$2.5 million in new operating costs. Capital costs are estimated to be $553,600. This is a marginally positive fiscal impact and a sensitivity analysis suggests the fiscal impact could reasonably turn out negative, although this would also be marginal relative to the size of the FY20 adopted budget. This result is explained by the heavily residential development program assumed in the model, which serves as the basis for the fiscal impact.

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INTRODUCTION

This report presents an analysis of the projected net fiscal impact that the population and employment growth envisioned in the City of Annapolis Comprehensive Plan update will have on the City of Annapolis General Fund between 2020 and 2040. Fiscal impact analysis is a powerful tool to assess the revenues and costs associated with new development within a jurisdiction. New homeowners and businesses generate revenues to local governments by paying taxes, fees, and fines. They also bring about new costs for a jurisdiction in the form of new or improved roads, more schools and parks, and increased investment in public safety. These costs are comprised of both operating and capital components; growth can require both new infrastructure and an increase in operating capacity to maintain a given level of service. Fiscal impact analysis allows a jurisdiction to compare the revenues and costs from new growth, which can inform decisions ranging from assessing the feasibility of a new development to updating tax rates and reevaluating existing services.

Fiscal impacts are calculated in terms of impact on the annual budget. In general, the formula for calculating the fiscal impact per land use (i.e. low-density residential, mixed use, etc.) or development type (single-family detached, multi-family, office, etc.) is:

Annual Fiscal Impact (of new growth)	=	Revenues (of new growth)	-	Operating Costs (of new growth)	-	Capital Costs (of new growth)

A fiscal impact analysis of a comprehensive plan allows jurisdictions to assess the feasibility of the new growth projected in the plan. In coordination with the city and the comprehensive planning team, BAE Urban Economics conducted a thorough fiscal impact analysis for the City of Annapolis to estimate the revenues and costs associated with new growth based on the FY20 adopted budget, the Capital Improvement Program (CIP), and detailed discussions with city department heads and staff. Discussions with city staff focused on how department operations would change in response to new growth, as measured in the revenues and expenditures of each department. These discussions were the basis of deciding how to model revenues and costs with respect to the growth in the Comprehensive Plan.

Critically, a fiscal impact analysis does not account for the economic impacts of the Comprehensive Plan. Most components of the plan are intended to improve the Annapolis economy, whether directly or indirectly. Whether it is through improved environmental and social outcomes or directly through economic development policies, the Comprehensive Plan seeks to make Annapolis a desirably place to live. The economic impacts of the Comprehensive Plan will ultimately be based on more specific notions of, for example, the kinds of new jobs and incomes that come to Annapolis as a result of the plan, and the impact the plan has on resident's incomes, property values and overall standing. The plan details

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how the city plans to become more efficient and sustainable, which will also deliver economic benefits. Indeed, there are analyses that model these impacts and are useful to conduct as they would give an indication of future fiscal standing. However, a fiscal impact analysis specifically avoids considering the dynamic impact of the Plan on the economy. Instead, it seeks to determine whether the City is projected to accommodate the plan's assumed level of new growth at the level of service the government currently extends through its operations, staff, and capital infrastructure without raising taxes or other sources of revenue.

Therefore, the dollar value of the fiscal impact is less important than whether the impact is positive or negative, and what the magnitude of the impact is. The fiscal impact is not a prediction of the annual budget levels in FY2040 but rather, an indication of risks or opportunities presented by the deficit or surplus generated by new growth.

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METHODOLOGY

A variety of methodologies were used to project growth-related impacts to different sources of revenue and for the different departments within the City. In general, through meetings and consultations with city staff, components of the FY20 adopted budget were designated as 'fixed' or 'variable'; that is, determinations were made regarding which revenues and costs would be impacted by growth. Ultimately, only revenues and expenditures from the General Fund were analyzed as Enterprise Funds[1] are not impacted by growth, and Internal Service Funds[2] are accounted for in the operating costs of departmental budgets in the General Fund.

Operating cost projections are based on the growth in either the residential population demand base or the service population demand base, which is the residential population plus 50 percent of jobs. Revenues other than real property tax and income tax revenue were projected similarly, based on an average revenue per chosen demand base. Real property tax and income tax revenue were calculated based on the development assumptions in the Comprehensive Plan. The Annapolis property tax rate is applied to the assumed assessed values of new development. Income tax revenue is based on the property values of new residential development and calculating a minimum income required to purchase or rent a given unit.

An estimate of growth-related capital costs and school costs is also provided, but these costs are not incorporated into the fiscal impact analysis itself. The city of Annapolis does not bear any schools costs, as schools are provided by Anne Arundel County. Moreover, as the city is built out, there will be limited new capital costs in terms of major infrastructure, which include roads classified as arterials or higher, and new sewer and water line (not including connections). Sidewalks, road connections to entrances and other site related infrastructure are not typically included in the fiscal impact analysis of a comprehensive plan, where the goal is to establish an order of magnitude for the fiscal impact, and the cost of smaller infrastructure can vary considerably.

The costs of smaller infrastructure, to the extent there are any, depend largely on assumptions about development types and potential sites, which is more information than established currently in the Comprehensive Planning process. It is certainly useful to conduct a fiscal impact analysis with more specific assumptions that are informed by proposed development

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[1] "The Enterprise Funds are used to account for those activities of the City that are financed and operated in a manner similar to private business enterprises where costs and expenses, including depreciation, are recovered principally through user charges. Individual operations that the City has designated as enterprise funds include Water, Sewer, Parking, Transportation, Watershed Restoration, and Refuse funds."

[2] Internal Services Funds, including Health Insurance, Self-Insurance, Fleet Operations, and Fleet Replacement activities, provide service to the City government, and are paid for primarily through departmental budgets. As a result, increases in operating costs to departmental budgets will account for transfers from those departments to the Internal Service Funds.

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types on a given site or in a given area, but it can only be done when there are proposed or finalized land use changes. In fact, fiscal impact analyses are often used to evaluate individual development projects. For the purposes of the current Comprehensive Plan, a fiscal analysis will be ultimately conducted for specific potential development sites to study the impact of potential zoning changes. Nonetheless, a rough estimate of capital costs is provided in this report based on the average spending in the Capital Improvement Plan for FY20 through FY25. As the estimate is less rigorously conceived than the estimates of revenues and operating costs, it is not included in the fiscal impact result.

As shown in the fiscal impact analysis presented in this report, 87.2 percent of the $80.8 million in City FY20 General Fund revenues are held variable, meaning that these revenues will generally increase in relation to the City's population and employment growth through 2040. Notably, projecting growth-related real property tax revenues accounts for over 64 percent of potential General Fund revenues based on FY20 levels.

Table 1: FY20 General Fund Revenues Held Variable

Source of Revenue	FY20 Revenue Held Variable	FY20 Adopted Budget	% Variable
Taxes (a)	$ 54,834,000	$ 54,983,800	99.7%
Licenses & Permits	$ 3,256,300	$ 3,256,300	100.0%
Fines & Forfeitures	$ 435,000	$ 435,000	100.0%
Interest, Rent, Other	$ -	$ 1,549,000	0.0%
Intergovernmental (b)	$ 6,343,000	$ 11,565,000	54.8%
Charges for Service	$ 5,626,500	$ 5,626,500	100.0%
Other	$ -	$ 3,423,500	0.0%
Total	**$ 70,494,800**	**$ 80,839,100**	**87.2%**

Notes:
(a) Taxes include real and personal property taxes, and penalties and interest.
(b) Of intergovernmental sources of revenue, only the income tax is projected.

The fiscal impact analysis presented in this report estimates that 53.4 percent of the approximately $83.0 million in General Fund operating expenses in the FY20 adopted budget are variable, while the remaining expenditures were determined to be unaffected by new growth. Non-staff operating expenditures and staffing costs were analyzed separately. Operating expenditure line items were held fixed or variable depending on if they were determined to be affected by growth.

Similarly, operating costs related to staff salaries, wages, and benefits were projected based on the need for new staff, which was based on the level of employed staff per department in FY20. Certain positions in each department, such as chiefs and directors, where held fixed

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while lower level staff were held variable. The percentages of FY20 General Fund expenditures held variable are summarized in Table 2.

Table 2: FY20 General Fund Expenditures Held Variable

Department	Variable Expenditures	Variable Staff Costs	FY20 Adopted Budget	% Variable
General Government (a)	$ 1,363,650	$ 5,359,113	$ 30,581,430	22.0%
Police	$ 2,458,830	$ 13,336,939	$ 19,620,830	80.5%
Fire	$ 1,380,370	$ 11,894,367	$ 19,286,270	68.8%
Emergency Management (b)	$ -	$ -	$ 417,520	0.0%
Public Works	$ 2,386,250	$ 3,337,587	$ 7,885,250	72.6%
Parks	$ 1,597,850	$ 1,155,655	$ 5,176,700	53.2%
Total	**$ 9,186,950**	**$ 35,083,661**	**$ 82,968,000**	**53.4%**

Notes:
(a) General government includes: City Council and the Office of the Mayor, Human Resources, Management Information Technology, Finance, Planning & Zoning, and the Office of Environmental Policy.
(b) Emergency management expenditures were determined to be fixed as they all growth-related needs over the next 20 years will come from non-local allocations.

Operating costs were projected linearly; for each variable line item and staffer within each department, projections of the increased costs generated by new growth were based on the rates of growth in either service population or residential population. The service population, which is defined as the residential population plus 50 percent of jobs, is projected to grow faster over the next 20 years than the growth in the residential population and is a useful proxy to measure the growth-related costs of services provided to residents and workers. For example, public works costs are likely to increase alongside the growth in the service population, as both workers and residents demand public works services. Parks costs, on the other hand, would not be impacted by an increase in workers, and are more appropriately projected by population growth.

A level of service was determined for the non-staff operating expenditures by dividing the amount budgeted for a given variable line item in FY20 by the size of the base year service or residential population. For example, based on the $320,050 appropriated for supplies[3] in the Planning & Zoning Department, an average $3.18 is spent per member of the service population (55,763 in 2020). The level of service is multiplied by the growth in the given demand base. Growth projections used in this fiscal impact analysis are discussed in the next section.

Similarly, a level of service for staffing is based on dividing the number of employed staff by the appropriate base year population. For example, based on the 14 'Equipment Operator' positions in the Department of Public Works, there are 0.00025 of them per member of the service population in 2020. This is multiplied by the change in service population to

[3] This budget refers to the line item for "Supplies and Other" within the Department budget for Planning & Zoning. Expenditures within this line item include office supplies, training for staff and memberships.

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determine how many new Equipment Operators are needed, which is then multiplied by the total salary and benefits received by each Equipment Operator to determine a cost. Based on an analysis of salaries, it was found that, on average, city staff across all departments receive benefits (i.e. health insurance) valued at 35 percent of their salary. This cost increase is incorporated into salary levels of staff when calculating the costs of growth-related staff needs.

Capital costs are also estimated, although not incorporated into the fiscal impact as the assumptions about growth-related capital needs are is less rigorously evaluated than the analysis of operating costs and revenues. While it is very unlikely that the city will require new, additional major capital infrastructure to service growth, there may be increased costs due to additional wear and tear on existing infrastructure. Using the average spending in the CIP between FY20 and FY25 per service population, we estimate how much additional spending in the CIP would be required by the growth in the service population by 2040. It is important to note that more detailed analysis of specific capital costs that are sensitive to development type and land use can be conducted once there are reliable assumptions that can be made. There is no reason, however, to expect that more detailed fiscal impact analyses that are land use- and site-specific will lead to an increase in the estimate of capital costs provided in this report, as it is simply unknown what, if anything, the city would be responsible for in a given development project.

In terms of revenues, real property taxes are calculated directly based on the number of new residential units and nonresidential square footage contained within the comprehensive plan, and their respective market values, which are used as proxies for estimating assessed values. Furthermore, income tax revenue is based on calculating the household incomes needed to purchase or rent the new residential units, and then applying Annapolis' share of Anne Arundel County's income tax rate. All other costs and revenues, such fines and fees, are projected based on the existing average levels of revenues per service population today.

All calculations presented for costs, revenues and impacts are rounded to the nearest $1,000.

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PROJECTIONS

Projections of the residential population, jobs, and households are based on growth rates developed by the Baltimore Metropolitan Council (BMC). As shown in Table 3, the residential population of Annapolis is expected to grow by 4,347 between 2020 and 2040, while jobs are projected to grow by 82 in total. Therefore, the service population, which is defined as the residential population plus 50 percent of jobs, is anticipated to grow by 4,388. It is important to note that household growth is projected to increase at a lower rate than population growth, meaning that existing Annapolis households in 2020 will become larger. Using the average household sizes, new households can account for up to 1,478 of the 4,347 new residents, or only one-third of new growth. Therefore, the estimate of income tax revenues in this fiscal impact analysis is conservative as only the incomes of residents in new households are calculated. All projections used in this fiscal impact analysis are based directly on projections within the 2020 Comprehensive Plan.

Table 3: Summary of Demographic Projections

Annapolis	Base 2020	2025	2030	2035	2040	Overall Change 2020-2040	% Change 2020-2040
Population (a) (b)	40,262	40,765	40,918	43,852	44,609	4,347	10.8%
Households (a) (c)	16,426	16,527	16,868	16,929	16,989	563	3.4%
Avg. Household Size	2.45	2.47	2.43	2.59	2.63	0.17	7.1%
Jobs (d)	31,001	31,026	31,041	31,060	31,083	82	0.3%
Service Population (e)	55,763	56,278	56,438	59,382	60,151	4,388	7.9%

Notes:

(a) Projections for population and households follow trends published in Round 9 of the BMC forecasts.

(b) Base year data reflects 2018 estimates from Esri, scaled by the BMC Round 9 annual growth rate from 2015-2020 (0.06%)

(c) Household projections account for 132 residential units currently in the construction pipeline as of April 1, 2020. Projections based on the BMC trend and Esri base year estimate include an additional 6.65 units (132/20) each year.

(d) Base year estimate and trends are based on BMC Round 9 estimates, with no adjustments.

(e) Service population is defined as the residential population plus 50% of jobs.

Source: Baltimore Metropolitan Council, Round 9; Department of Planning & Zoning; Esri; BAE, 2020.

OPERATING COSTS IMPACT

The impact of new growth on operating costs from 2020 to 2040 is based on expenditures in the General Fund. Expenditures were analyzed by department and summarized in categories including General Government, Police, Fire, Public Works, and Recreation and Parks.

Among General Government expenditures, budget items for Management Information Technology (MIT), Finance, and Planning and Zoning were held variable as the needs for these departments are likely to increase as the city grows, based on discussions with city staff. Projected increases in expenditures in the General Government category were based on the projected growth in service population, as these departments are affected by both residential growth and the presence of jobs and businesses. Providing the same level of service over the

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next 20 years to new growth, as represented by the variable non-staff operating expenditures in these departments, will generate approximately an additional $107,000 in operating costs at plan buildout in 2040. Staffing is also only projected to increase in these departments. Based on the growth in the service population, General Government will need to hire four or five new staffers to maintain the ratio of these staffers to the service population in 2020. The weighted average salary of these positions is $64,000, for a total cost of approximately $396,000, including accounting for an additional 35 percent in benefits.

Police operating expenditures are projected based on the growth in households, and no operating expenditures were held fixed. Household growth is chosen as the demand base because public safety costs can reasonably be expected to increase alongside development, as indicated by the Chief of Police. However, the growth-related impact on police costs realistically lies between the development growth and population growth. As a result, growth-related impacts of public safety costs are adjusted in a sensitivity analysis of overall findings later in this report.

Staff needs were projected for all administrative positions, while only the Police Chief, Major, and Captain positions were held fixed in terms of uniformed officers. From 2020 to 2040, police operating expenditures will cost approximately $84,000. Administrative staff will need to increase by one staffer to maintain the existing level of service, while the number of uniformed officers will need to increase by four or five. In total, including 35 percent for benefits, staffing costs between 2020 and 2040 will be $457,000.

Growth-related operating costs for the Fire Department by 2040 are slightly below the growth-related operating costs for police. Based on the growth in the service population, Annapolis will need to spend $81,000 for operations and $408,000 in staff costs. This includes adding four or five firefighters below the rank of Fire Captain.

The FY20 Department of Public Works budget is subdivided into six categories including Administration, Engineering and Construction, Streets, Traffic Control and Maintenance, Snow, and Facilities. All operating expenditures were projected based on the increase in service population between 2020 and 2040 and maintaining the existing level of service. The projected cumulative operating expenditures over the next twenty years would cost approximately $188,000. Leadership and management positions within the various departments within Public Works were held fixed, while the rest were projected based on the growth in service population as well. Between 2020 and 2040, this analysis estimates that growth-related Public Works staff costs will be approximately $444,000, including benefits. This represents hiring approximately five new staff.

Recreation and Parks costs round out the General Fund expenditures. Of the 11 subcategories within the Recreation and Parks budget, only costs for Arts in Public Places are held fixed. Recreation and Parks costs are projected based on the growth in the residential

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population as growth in nonresident workers will not generate an additional need. Operating expenditures between 2020 and 2040 are estimated to be $212,000. Non-management level employees at the Pip Moyer Recreation Center are projected to increase, as well as custodial and administrative parks workers and harbormaster staff costs. In total, including 35 percent benefits, staff costs for Recreation and Parks will cost in total $125,000 by 2040, representing one to two additional staff. Notably, there are several contractual workers identified in the Recreation and Parks budget, although these staff are accounted for in the projection of contractual services within the operating expenditures, not staff costs.

In total, the cumulative growth-related impact to the General Fund expenditures between 2020 and 2040 is approximately $2.5 million, as shown in Table 4. This includes $672,000 in new operating expenditures and $1.8 million in staff costs. Total projected operating and staffing costs represent a 3.0 percent increase over the FY20 adopted budget levels. The Police and Fire departments represent 59.7 percent of the growth-related operating costs, followed by Public Works (16.5 percent), General Government (15 percent), and Recreation and Parks (8.8 percent).

Table 4: Growth-Related Operating Costs, 2020-2040

Department	2020 Adopted Budget	Operating Expenditure Impact, by 2040	Staff Costs Impact, by 2040	Total Impact, by 2040	% Total Impact, by 2040	% Increase since 2020
General Government (a)	$ 30,581,000	$ 107,000	$ 396,000	$ 503,000	20.1%	1.6%
Police	$ 19,621,000	$ 84,000	$ 457,000	$ 541,000	21.6%	2.8%
Fire	$ 19,286,000	$ 81,000	$ 408,000	$ 489,000	19.5%	2.5%
Public Works	$ 7,885,000	$ 188,000	$ 444,000	$ 632,000	25.3%	8.0%
Recreation and Parks	$ 5,217,000	$ 212,000	$ 125,000	$ 337,000	13.5%	6.5%
Total	**$ 82,590,000**	**$ 672,000**	**$ 1,830,000**	**$ 2,502,000**	**100.0%**	**3.0%**

Notes:
(a) General Government includes: City Council and the Office of the Mayor, Human Resources, Management Information Technology, Finance, Planning & Zoning, and the Office of Environmental Policy.

Sources: City of Annapolis, FY 2020 Adopted Budget; BAE, 2020.

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REVENUE IMPACT

The impact of growth on Annapolis General Fund revenues will come primarily from real property taxes, which account for 64 percent of FY20 revenues. The other major source of revenue is intergovernmental transfers, which account for 14.3 percent of FY20 revenues. While some intergovernmental transfers, such as the utility tax or highway tax, are likely to increase over the next 20 years, these are State-based transfers for which analysis is beyond this report. However, income tax revenue is projected, which accounts for nearly 55 percent of intergovernmental transfers.

Real property tax revenue is calculated directly based on an assumption of the future development in Annapolis by 2040 and associated property values. Importantly, proposed land use changes and development types have not yet been finalized in the Comprehensive Plan at the time of the writing of this report, and the assumptions here are subject to change. Iterations of the fiscal impact model can be performed as the planning process advances, of after it is complete.

Income tax is based on the incomes of the households that occupy the new projected development. As a result, income tax revenue projections in this fiscal impact analysis are potentially underestimated as new households do not account for all the population growth Annapolis is projected to experience between 2020 and 2040. The BMC Round 9 projections of population for Annapolis assume an increase in the household size of existing households, which will likely result in an increase in income tax revenue from additional residents in existing households. However, this analysis does not estimate this additional income tax revenue associated with additional residents in existing households due to a lack of information in the projections related to the age, employment, and income of these residents. The income tax revenue calculations shown in this analysis therefore represent a somewhat conservative estimate of income tax revenues attributable to the projected growth. All other revenues to the General Fund are either held fixed or projected by either growth in the service population, residential population, or jobs.

Property Tax Revenue Impact of New Growth, 2020-2040

Property tax revenues are calculated directly based on a preliminary assumption of the development projections in the Annapolis Comprehensive Plan. The Annapolis property tax is applied to the estimated market value of the new development in 2040, which is calculated based on assumptions of rents, sale prices, and vacancy rates. The property tax revenue at buildout in 2040 is shown in order to compare the impact of growth-related operating costs. However, the assessed property values assumed throughout the development period are the market values assumed, which are based on market conditions in FY19 and do not include

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inflation. A sensitivity analysis accounting for potential recession-level effects of the Covid-19 crisis on property values is also provided later in this report.

Assumptions for determining the market value of new residential development are shown in Table 5. There will be a total of 600 new homes built. The market value of the for-sale units is based on the market values for new construction from FY19, as reported in the market study for the Annapolis Comprehensive Plan. The market rate values for new construction are higher than the median sale price. The total market value of for-sale units, which is simply the number of units multiplied by the respective sale price by unit type, is $317.6 million.

The market value of for-rent multifamily units is also based on the rents reported in the market study, and in addition, assumes a five percent vacancy rate and average annual expenses based on the National Apartment Association's '2019 NAA Survey of Operating Income & Expenses in Rental Apartment Communities.' Using a cap rate of 4.75 percent, the estimated

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market value of the for-rent multifamily properties is determined. The market value of the all for-rent units, including affordable units, is $22.0 million.

Table 5: Assessed Value Assumption for New Residential Units, 2020-2040

Total New Residential Units *		**600**
Market-Rate Residential		
For Rent		
Number of New Units		109
Average Monthly Rent (a)		$1,600
Vacancy Rate		5%
Average Annual Expense per Unit (b)	$	8,661
NOI (per unit)	$	9,579
For Sale		
New Single Family Homes		69
Sale Price (c)	$	700,000
New For-Sale Tow nhomes		322
Sale Price	$	650,000
New Condos		100
Sale Price	$	600,000
Summary		
For-Rent Residential NOI	$	1,044,111
Residential Capitalization Rate		4.75%
Estimated Market Value	$	21,981,000
For-Sale Total Value	$	317,599,000

Notes:
(a) Based on the Q3 2019 Asking rents from the 'Demographic and Economic Profile and Real Estate Market Analysis.'
(b) Based on the estimated operating costs for mid & hi-rise rental properties from the National Apartment Association's '2019 NAA Survey of Operating Income & Expenses in Rental Apartment Communities.'
(c) Based on new construction sale price from the 'Demographic and Economic Profile and Real Estate Market Analysis.'

Sources: City of Annapolis; National Apartment Association; BAE, 2020.

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The estimated market value of new nonresidential development is based on assumptions of NNN rent (per square foot) from the market study and a 5.0 percent vacancy rate that are used to determine a net operating income (NOI) per square foot. A 6.25 cap rate is applied to the NOI multiplied by the projected increase in nonresidential development. The only nonresidential development projected in the Comprehensive Plan is a net 20,000 square feet increase in the retail inventory and a net 20,000 square feet increase in the office inventory. As shown in Table 6, the estimated market value of new retail development by 2040 is $8.5 million, and the estimated market value of new office development is $8.2 million.

Table 6: Assessed Value Assumptions for New Nonresidential Units, 2020-2040

Nonresidential		
Retail		
NNN Rent (per sq. ft. per year)	$	28.00
Vacancy Rate		5%
NOI (per sq. ft.)	$	26.60
Net New Retail (SF)		20,000
Office		
NNN Rent (per sq. ft. per year)	$	27.00
Vacancy Rate		5%
NOI (per sq. ft.)	$	25.65
Net New Retail (SF)		20,000
Summary		
Retail NOI (a)	$	532,000
Nonresidential Capitalization Rate		6.25%
Estimated Market Value	$	8,512,000
Office NOI (b)	$	513,000
Nonresidential Capitalization Rate		6.25%
Estimated Market Value	$	8,208,000

In total, at plan buildout in 2040, the market value of new development, which represents the assessed value for real property tax revenue purposes, is approximately $356.3 million.

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Applying the Annapolis real property tax rate of 0.7380 per $100 of assessed value generates annual revenue at buildout of $2.6 million. This is summarized in Table 7.

Table 7: Annual Real Property Tax Revenue at Plan Buildout, 2040

	City of Annapolis
Assessed Value of New Res. Development, 2020-2040	$ 339,580,000
Assessed Value of New Non-Res. Development, 2020-2040	$ 16,720,000
Assessed Value of Total New Development, 2020-2040	**$ 356,300,000**
Property Tax (per $100 of assessed value)	0.7380
Annual Property Tax Revenue at Plan Buildout	**$ 2,629,000**

Income Tax Revenue Impact of New Growth, 2020-2040

This analysis uses the home sale price and rent assumptions shown in Table 5 above to estimate household incomes among new households in Annapolis and applies Annapolis' share of Anne Arundel County's income tax rate, which is an effective tax rate of 0.7025 percent, to estimate income tax revenues from these households. Income assumptions for the new for-rent units are calculated by assuming a vacancy rate of 5.0 percent and a rent-to-income ratio of 25 percent, which would imply these renters are not cost-burdened. For the new for-sale units, the revenue calculations assume a 20 percent down payment on the median sale price, a fixed 30-year mortgage rate of 4.50 percent, and a monthly mortgage payment to gross monthly income ratio of 28 percent. The effective Annapolis income rate is applied to the incomes calculated using this method and multiplied by the number of new units. Applying this method to new single-family units with an assumed sale price, for example, of $700,000 would require a household income of $121,604, which is above the

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2019 household median income in Annapolis ($80,010). Assumptions for growth-related income tax revenue are shown in Table 8.

Table 8: Growth-related Income Tax Revenue Calculation Assumptions

Market-Rate Residential		
For Rent		
New For-Rent Units		109
Average Monthly Rent (a)	$	1,600
Vacancy Rate		5%
Annual Household Income (b)	$	76,800
New Income Tax Revenue (c)	**$**	**38,000**
For Sale		
New Single Family Homes		69
Sale Price (d)	$	700,000
Loan Amount (e)	$	560,000
Mortgage Rate (f)		4.50%
Loan Term (months)		360
Monthly Payment	$	2,837
Annual Income (f)	$	121,604
New Income Tax Revenue (g)	**$**	**40,000**
New Townhomes		322
Sale Price (d)	$	650,000
Loan Amount (e)	$	520,000
Mortgage Rate (f)		4.50%
Loan Term (months)		360
Monthly Payment	$	2,635
Annual Income (f)	$	112,918
New Income Tax Revenue	**$**	**174,000**
New Condos		100
Sale Price (d)	$	600,000
Loan Amount (e)	$	480,000
Mortgage Rate (f)		4.50%
Loan Term (months)		360
Monthly Payment	$	2,432
Annual Income (f)	$	104,232
New Income Tax Revenue	**$**	**50,000**

Notes:
(a) Based on the Q3 2019 Asking rents from the 'Demographic and Economic Profile and Real Estate Market Analysis.'
(b) Assumption of Rent-to-Income ratio: 25.00%
(c) The Anne Arundel County income tax rate in FY20: 2.81%
Annapolis' percentage of Anne Arundel County Income Tax: 17.00%
(d) Based on median sale price from the 'Demographic and Economic Profile and Real Estate Market Analysis.'
(e) Loan amount assumes 20% down payment.
(f) Assumes Fixed-rate mortgage.
(f) Assumption of monthly mortgage payment as percentage of gross monthly income: 28%
(gross monthly income multiplied by 12 for annual income)

Source: BAE, 2020

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As shown in Table 9, Combining the estimated new income tax revenue from new renter-occupied households ($38,000) and the new income tax revenue from new owner-occupied households ($264,000) generates a total new incomes tax revenue of $302,000 between 2020 and 2040.

Table 9: Growth-related Income Tax Revenue, 2020-2040

	City of Annapolis
Income Tax Revenue from For-Rent Units	$ 65,000
Income Tax Revenue from For-Sale Units	$ 212,000
New Income Tax Revenue	**$ 277,000**

Source: BAE, 2020

Overall Growth-related Impact to General Fund Revenues, 2020-2040

Other revenues in the General Fund were also accounted for in the fiscal impact analysis based on dividing FY20 revenues by a given population and multiplying by the growth in that population. Personal property tax revenue between 2020 and 2040 were projected in terms of jobs growth, as personal property is assessed on businesses. Licenses and Permits and Charges for Services revenue were projected by the growth in residential population, while fines and forfeiture revenues were projected by the growth in service population. All other revenues were held fixed. The impact of growth on other revenues between 2020 and 2040 is approximately $347,000.

Table 10 summarizes the growth-related impact to General Fund revenues. By 2040, new growth will generate an estimated $3.3 million in revenue. Real property tax revenue

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generates 80.2 percent of the total impact, which suggests that the fiscal impact relies heavily on the market value assumptions of new development.

Table 10: Growth-related Impact to General Fund Revenues, 2020-2040

Source of Revenue	2020 Adopted Budget (a)	Revenue Impact, by 2040	% Total Impact, by 2040
Real Property Tax (b)	$ 51,884,000	$ 2,629,000	80.2%
Personal Property Tax (c)	$ 2,950,000	$ 8,000	0.2%
Income Tax (d)	$ 6,343,000	$ 302,000	9.2%
License & Permits (e)	$ 3,256,300	$ 112,000	3.4%
Fines & Forfeitures (f)	$ 435,000	$ 34,000	1.0%
Charges for Service (g)	$ 5,626,500	$ 193,000	5.9%
Total	**$ 70,494,800**	**$ 3,278,000**	**100%**

Notes:
(a) Revenues shown are only for those revenue sources held variable, so total of FY20 adopted budget levels do not match FY20 General Fund revenues.
(b) Property taxes are calculated based on the projections of new residential development for the Comprehensive Plan. The assumed projected 'development program' in place currently is a placeholder.
(c) Projected based on base year personal property tax revenue per job.
(d) Revenue tax is based on the household revenues of new residential development. As a result, this is a low estimate as new residential development does not account for the entirety of the projected population growth by 2040.
(e) Projected based on base year licenses and permits revenue per resident.
(f) Projected based on base year fines and forfeitures revenue 'service person.'
(g) Projected based on base year charges for service revenue per resident.

FISCAL IMPACT ANALYSIS OF NEW GROWTH

Combining the growth-related impacts to operating costs, capital costs, and revenues determines the overall fiscal impact by 2040. As shown in Figure 1, the fiscal impact of new growth will be $776,000 by 2040. If new growth generates this fiscal impact by 2040, the impact at plan buildout in 2040 would be a 0.94 percent increase to the FY20 adopted budget of $82.6 million. While this represents a positive fiscal impact, the impact is marginally above

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zero. As the sensitivity analysis will demonstrate, reasonable fluctuations in the operating costs impact and revenue impact can generate a negative fiscal impact.

Figure 1: Fiscal Impact of New Growth, 2020-2040



Source: BAE, 2020

This relatively marginal impact is owed to the largely residential development program assumed in the comprehensive plan. Job growth over the over the next 20 years is projected to be 82 in total, which is a small overall percentage of the increase in the service population, meaning that growth in residents is driving demand for services. Not only this, but also despite the relatively small increase in nonresidential development projected, this development accounts for 16 percent of the increase in property tax revenues. Therefore, residential development is about fiscally neutral, or potentially an overall cost to the City by 2040 based on the level of service provided in 2020, and new nonresidential development is critical to ensuring fiscal sustainability.

Given this finding about the importance of nonresidential development, it would be wise for the city to consider flexibility in zoning as well as assessing the fiscal impact of growth of significant new developments.

Sensitivity Analysis of Fiscal Impacts

The analysis in this report suggests that Annapolis can expect to generate a fiscal impact of $776,000 over the next 20 years. Given the assumptions in the methodology, there is some error inherent it. However, we can test realistic limits for vulnerable assumptions to evaluate a range of potential fiscal impacts. As public safety costs may be underestimated, a range of growth rates is applied to operating costs held variable for Police and Fire to assess the impact on growth-related operating costs by 2040. Furthermore, given the recent COVID-19 outbreak

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and its potential effects on the economy, various property tax revenue scenarios are tested for impact on the overall growth-related revenue estimate.

Public safety costs are unlikely to grow in relation to the growth in the service population and is more likely to be related to development. However, some of the population growth in Annapolis will come from existing development, so projecting public safety costs by household growth alone may be an underestimate if the public safety departments continues to provide the level of service assumed in this analysis. Thus, the current estimate of the percentage increase to Public Safety costs, which at 2.65 percent is lower than household growth rate, is almost certainly an underestimate. As a result, the sensitivity analysis shows the impact by scaling public safety costs from the current estimated increase of 2.65 percent to an increase of 10.8 percent, which is the population growth rate projected over the next 20 years. Realistically, public safety costs should increase from somewhere between the household growth rate (3.43 percent) and the service population growth rate (7.87 percent). If public safety costs increase by 4.64 percent, the fiscal impact will be exactly $0. Table 11 shows the fiscal impact of new growth if the revenue estimate is fixed and costs are adjusted to account for variability in public safety costs.

Table 11: Fiscal Impact Analysis with Public Safety Costs Adjustments

Fiscal Impact	Non-Public Safety Growth-related Impact by 2040	Current Estimate - 2.65% Public Safety Costs Projected by HH Growth with Fixed Costs	Low Estimate - 3.43% Public Safety Costs Increase by HH Growth Rate	$0 Estimate - 4.64% Public Safety Costs Increase by 4.64% ($0 Fiscal Impact)	High Estimate - 10.8% Public Safety Costs Increase by Pop. Growth Rate
Revenue	$ 3,278,000	$ 3,278,000	$ 3,278,000	$ 3,278,000	$ 3,278,000
Operating Costs	$ (1,472,000)	$ (2,502,000)	$ (2,805,543)	$ (3,278,000)	$ (5,672,666)
Total Fiscal Impact	**$ 1,806,000**	**$ 776,000**	**$ 472,457**	**$ -**	**$ (2,394,666)**

Source: BAE, 2020.

Alternatively, the fiscal impacts assuming the operating costs estimate is fixed accounts for adjustments to revenue estimate Table 12. The current COVID-19 public health emergency represents a significant threat to the economy. If the effects of COVID-19 on home values were to have the same effect that the 2008 recession had on home values and the operating costs estimate in this study is held fixed, the fiscal impact of new growth would range between $107,000 and $266,887. In Annapolis, based on data obtained from Zillow, the peak of home values was in June 2007, and reached its nadir in June 2012. During this period, home values fell by 25.4 percent. Between June 2007 and June 2009, home values fell by 19.4 percent in Annapolis before levelling off for a few months and declining again overall until June 2012. The revenue estimate in this fiscal impact analysis is adjusted by applying these

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respective declines in home values to the real property tax revenue estimate of $2.5 million by 2040.

Table 12: Fiscal Impact Analysis with Revenue Adjustments

Fiscal Impact	Total Projected Growth-related Impact by 2040	Scenario: Market Value of New Growth Declines by 25.4% (a)	Scenario: Market Value of New Growth Declines by 19.4% (b)
Revenue	$ 3,278,000	$ 2,609,353	$ 2,768,887
Operating Costs	$ (2,502,000)	$ (2,502,000)	$ (2,502,000)
Total Fiscal Impact	**$ 776,000**	**$ 107,353**	**$ 266,887**
% Increase over FY20 Adopted Budget - $ 82,590,000	0.9%	0.1%	0.3%

Notes:
(a) In this scenario, the market value of new growth is adjusted by the decline in market value in Annapolis from the peak sale price in June 2007 to the lowest sale price in June 2012 (-25.43%). This reflects the decline in residential sale prices only, but will be applied to the overall market value of new development that includes new retail and office development.
(b) In this scenario, the market value of new growth is adjusted by the decline in market value in Annapolis from the peak sale price in June 2007 to the sale prince in June 2009, when prices stabilized briefly before falling again. This decline was - 19.37%. This reflects the decline in residential sale prices only but will be applied to the overall market value of new development that includes new retail and office development.

Source: Zillow; BAE, 2020.

In Figure 2, the sensitivity analysis of operating costs and revenues are combined to show the range of potential impacts. By showing the change in operating costs resulting from increasing growth-related public safety costs from the household growth as well as the three revenue estimates, the ranges of error that generate a fiscally neutral or fiscally positive impact are revealed. The lowest estimate (2.65 percent) of the increase in public safety costs and the low estimate of revenues that assumes peak recession declines in home values would generate essentially a fiscally neutral result. If new growth generates the revenues estimated in this analysis with no recession-related impacts, public safety costs can increase by up to 4.64 percent in order to generate a fiscally neutral result, which would be higher than the

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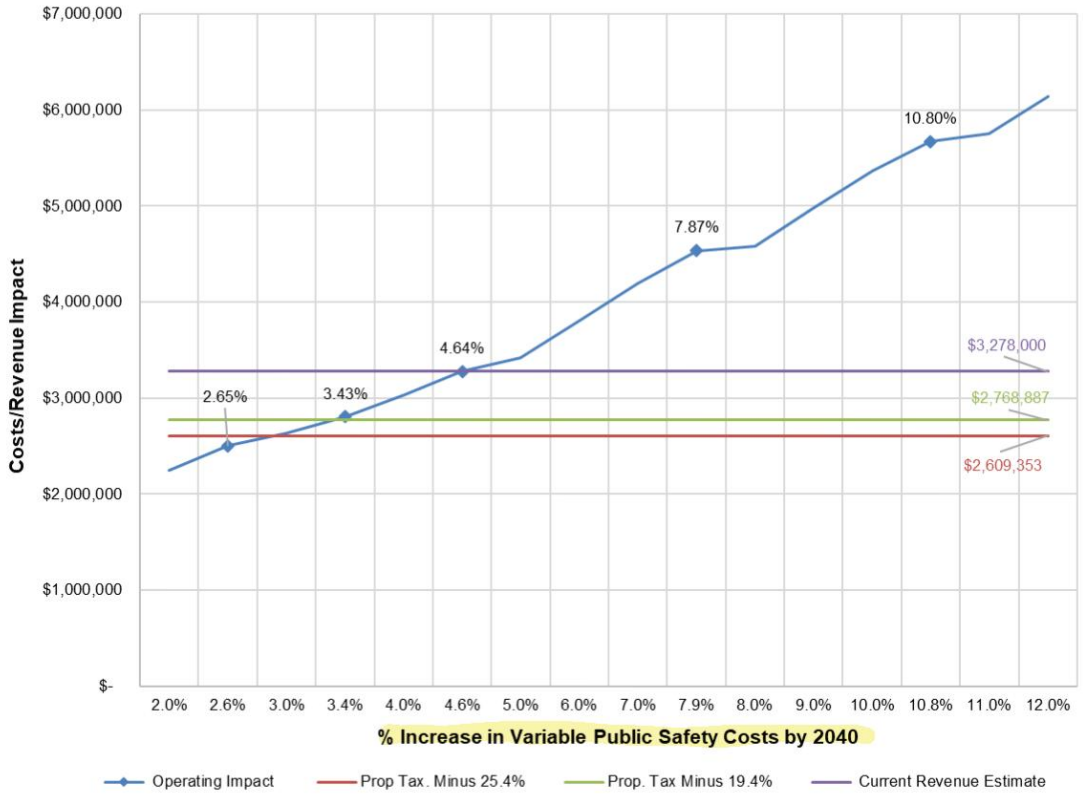
growth in public safety costs currently assumed, but still below the rate of growth in both the service (7.9 percent) and residential population (10.8 percent).

Figure 2: Sensitivity Analysis



Source: BAE, 2020

Therefore, it is reasonable to expect that public safety could increase by enough to generate fiscally neutral, or potentially negative results as public safety costs are likely to be increase somewhere between the rates of growth in households and the residential population, and any increase in public safety costs over 4.64 percent would generate negative fiscal result. Indeed, if COVID-19 negatively affects property values, the margin by which public safety costs can increase relative to the household growth rates becomes slimmer. Based on the analysis of the effect the Great Recession had on Annapolis property values, public safety costs increasing at a rate greater than 3.4 percent would yield a negative fiscal result. Notably, the margins of fiscally negative results are still relatively small, and they do not vastly exceed to the magnitude of the marginally positive results that seem likely.

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OTHER COST CONSIDERATIONS

While excluded from the fiscal impact analysis, it was determined that identifying an order of magnitude for growth-related capital costs would be a useful metric for the city to consider, based on discussion with staff. There is no capital outlay in the General Fund, and growth is not expected to generate a need for new major capital infrastructure, such as new water and sewer systems of roads classified as arterial or above. Additionally, while public schools are provided by Anne Arundel County, a high-level cost estimate of students from new growth in Annapolis is provided.

Capital Costs Impact

In a fiscal impact analysis of a comprehensive plan, capital costs considered are limited to major infrastructure. This includes new, additional roads classified as arterials or higher, as well as new water and sewer lines, pump stations, schools, and vehicles. The reason arterials are the smallest road-type to be considered is that these are the roads for which regular maintenance occurs and can trigger the need for additional staff. Smaller roads and road connections as required by any given development project may or may not accrue as one-time construction costs to the city, and these can be evaluated in more detail with specific assumptions about proposed development projects and their location within the city. Furthermore, the additional inventory of these kinds of transportation improvements do not trigger the need for new staff on their own. That is, projecting staffing costs based on the number of staff employed today is enough to keep up with additional maintenance costs generated by roads smaller than arterials.

In addition, based on discussion with the Department of Public Works, it was determined that the water and sewer systems have adequate capacity to manage the growth projected in this analysis. While new development requires connection to the system, the utilities charge connections fees and ultimately operate as enterprise funds that generated a net profit in FY20. Vehicles are managed through an internal revenue fund and thus growth-related vehicle needs are captured in the analysis of operating costs. As discussed in the next subsection, school-related capital costs are borne by Anne Arundel County Public Schools.

Nonetheless, there may be growth-related capital costs generated by the additional demand for existing infrastructure. Indeed, roads smaller than arterials can require some capital costs based on wear and tear, even if not as regularly as arterials. The FY20 Five-Year Capital Improvement Plan (CIP) provides a useful estimate of the capital costs associated with the existing service population. As shown in Table 13, the average size of the CIP between FY20 and FY25 is $6.3 million. The average size of the service population served between 2020 and 2025 is 56,020. Dividing the average annual CIP by the average size of the population of the 5-year CIP yields an average capital cost per service population of $113, which multiplied by the projected growth in the service population between 2020 and 2040 equals a growth-

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related increase to the CIP of $553,600. This is notably less than the net revenues estimated in this fiscal impact analysis ($776,000), which implies that if the cost and revenue estimates in this analysis are considered accurate, including this estimate of capital costs would still yield a marginal, fiscally positive result.

Table 13: Estimate of Growth-Related Capital Costs

Five-Year Capital Improvement Program					
FY20	FY21	FY22	FY23	FY24	FY25
$ 4,856,220	$ 5,675,700	$ 7,397,500	$ 11,993,800	$ 4,050,000	$ 4,050,000

Average CIP, FY20-FY25		Average Service Population, FY20-FY40	
$	6,337,200		56,020

CIP Spending per Service Pop.		Growth in Service Pop., 2020-2040	
$	113		4,894

Growth-related Increase to CIP	
$	**553,600**

School Costs Impact

Anne Arundel County Public Schools (AACPS), which serves Annapolis residents, determines a yield rate for elementary, middle, and high school students based on development type. On average, for the Annapolis High School feeder system, each new household is assumed to generate 0.142 elementary school students, 0.054 middle school students and 0.063 high school students. Applying these rates to the projected 582 new households yields 151 new students. The AACPS budget is based on developing a cost-per-pupil and in FY20, the cost-per-pupil was $14,473, based on guidelines recommended by the Maryland State Department of Education. The number in new students in Annapolis over the next 20 years will not generate the need for an additional school at any level, so there are no capital costs associated with new growth-related students in Annapolis, although the system overall may

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add more schools. As shown in Table 14, multiplying the cost per pupil by the estimated yield from new growth generates an estimated cost of $2.2 million.

Table 14: Growth-Related Public School Costs

New Households, by 2040		**582**
ES Student Yield (a)		83
MS Student Yield (b)		31
HS Student Yield (c)		37
Total		**151**
Cost per Pupil (d)	**$**	**14,473**
Growth-Related Cost, by 2040	**$**	**2,181,390**

Notes:
(a) Average Elementary School Student Yield Rate for the Annapolis HS Feeder System: 0.142
(b) Average Middle School Student Yield Rate for the Annapolis HS Feeder System: 0.054
(c) Average High School Student Yield Rate for the Annapolis HS Feeder System: 0.063
(d) The cost per pupil is obtained from the FY20 Anne Arundel Public Schools Operating & Capital Budgets. It is calculated following the guidelines recommended by the Maryland State Department of Education

Source: Student Yield Study for Anne Arundel County Public Schools, November 2019; FY2020 Anne Arundel County Public Schools Approved Operating & Capital Budgets; BAE, 2020

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CONCLUSION

Based on the methodology and assumptions in this fiscal impact analysis, Annapolis is projected to generate a marginally net positive fiscal impact based on the taxes received by new development and the costs it incurs. While the real property tax is large enough to generate most of the revenues needed to accommodate new growth, new growth incurs enough costs that the City will be unable to increase the level of service it provides. However, if there is more nonresidential development than currently projected, even more revenue will be generated without the incurring the same level of costs, as nonresidential development demands fewer services from the City. Therefore, the City may be more fiscally resilient if it increases the amount of nonresidential development projected over the next 20 years, although the current residential program yields more or less fiscally neutral results. Critically, over 80.2 percent of the revenues estimated in the fiscal impact come from property taxes paid by new development, even though most of the growth in Annapolis over the next 20 years is explained by the increase to the size of the average Annapolis household.

Nonetheless, the overall marginal findings suggest that, as currently projected, new growth itself is neither a huge winner nor a huge loser for the City based on the current levels of service the City provides. With the skew towards residential development, development itself is not an opportunity for the City, although new growth will help to generate economic activity that will promote economic growth, which is ultimately unaccounted for in a fiscal analysis. Fiscal impact analysis does not consider the impact of growth on income levels, the number of jobs and other measures that reflect the state of the private sector economy, which if positively impacted by growth, would in turn have some effect on the fiscal impact. This dynamic relationship is difficult to model and as a result, fiscal impacts and economic impacts are typically evaluated independently.

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/21/2025
ITEM NO: 7

DATE: October 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Negotiate and Execute an Agreement with NHA Advisors, LLC (NHA) to deliver Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management, and Wildfire Risk Mitigation Studies, including any optional services as directed by the Town Council, in the Amount Not to Exceed Amount of $250,500 and Authorize an Expenditure Budget Adjustment up to $250,500 from the Available Unassigned fund Balance**

RECOMMENDATION: Authorize the Town Manager to enter into an Agreement with NHA Advisors, LLC (NHA) to deliver Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management, and Wildfire Risk Mitigation Studies including any optional services as directed by the Town Council, in the not to exceed amount of $250,500; and authorize an Expenditure Budget Adjustment of $250,500 from the available Unassigned fund Balance.

FISCAL IMPACT:

The requested budget adjustment in the amount of $250,500 will reduce the Town's Unassigned Fund Balance. This amount reflects the full cost of all proposed services, including optional components. The final agreement amount may be lower, depending on the specific services selected by the Town Council.

STRATEGIC PRIORITY:

This initiative supports the Town's strategic priority of ensuring prudent financial management to result in structurally balanced five-year forecasts and fully funded five-year Capital Improvement Plans, managing liabilities such as pension costs and leveraging the Town's assets, efficiencies, partnerships, and revenue streams. The study is a material component in identifying the path to support this priority.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Town Attorney

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

This initiative supports the Town's core goals of:

- **Fiscal Stability:** Providing independent, data-driven forecasts and risk assessments to ensure sustainable financial planning.
- **Community Character:** Evaluating fiscal impacts of growth to balance economic vitality with quality-of-life considerations.
- **Good Governance:** Developing clear, auditable tools for decision-making and aligning long-term fiscal strategies with policy objectives.

BACKGROUND:

At its meeting on April 14, 2025, the Finance Commission discussed draft scopes of work for a Fiscal Impact Analysis and a Fiscal Condition Analysis with a Five-Year Projection. After reviewing the objectives and overlaps between the two scopes, the Commission recommended consolidating them into a single RFP process with three separate line items: (1) Fiscal Condition Analysis and Five-Year Forecast, (2) Long-Term Outlook to 2040 aligned with the General Plan and Housing Element, and (3) a standalone Asset Liability Management Study.

The Commission emphasized scenario planning, stakeholder engagement, transparency in methodology, and clear articulation of questions to be addressed regarding the Town's short- and long-term fiscal condition and the fiscal impacts of projected development under the 2040 General Plan and Housing Element. Based on the Commission's feedback, staff prepared a draft RFP (Attachment 2), which was approved on August 11, 2025. The RFP was issued on August 20, 2025, and closed on September 22, 2025. Responses to questions were posted publicly (Attachment 3).

DISCUSSION:

The Town received five proposals in response to the RFP. While the RFP did not require firms to address all three studies, it was encouraged where feasible. Of the five proposals submitted, two firms did not demonstrate experience in the State of California.

Three staff members independently reviewed and evaluated the proposals, ranking them based on quality. Upon comparison, the rankings were found to be consistent across all three reviewers. NHA ranked the highest with the reviewers. The highest-ranked firm submitted proposals for all three studies and also included an optional Fire Risk Assessment Study (Attachment 1). If the Council wishes to include this additional study, staff will work with the firm to determine the most appropriate level of optional services for the Town.

NHA Advisors, LLC submitted a proposal to provide Study 1: Fiscal Condition Analysis and Study 2: Fiscal Impact Analysis for the Town of Los Gatos. Their proposal represents a collaborative effort among three experienced firms:

- **NHA Advisors, LLC** – Lead advisor and project manager for Studies 1 and 2

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- **Raftelis Financial Consultants, Inc.** – Subconsultant for Study 1
- **Willdan** – Subconsultant for Study 2

NHA has previously worked with both Raftelis and Willdan on similar projects in California. Their approach emphasizes collaboration, scenario-based modeling, and practical tools that Town staff can use independently.

NHA Advisors, LLC also submitted a separate proposal to provide Study 3: Asset Liability Management (ALM) services as requested in the Town's RFP. For this task, NHA is the sole service provider, independent of the team assembled for Studies 1 and 2. In addition, NHA included an unsolicited proposal for an optional Study 4, which would develop a long-term funding plan for wildfire risk mitigation in Los Gatos.

NHA brings extensive experience advising California public agencies on CalPERS-related liabilities, debt management, and OPEB strategies. Their approach emphasizes integration with the fiscal condition model developed in Study 1, allowing for scenario planning that accounts for:

- CalPERS performance volatility
- Infrastructure impacts from new development
- Adequacy of cash reserves to withstand "Black Swan" events (e.g., wildfires)

The proposal highlights NHA's ability to translate complex financial data into clear, actionable insights for decision-makers and the public.

NHA also reaffirmed acceptance of the Town's Sample Consultant Services Agreement and designated Mark Northcross as the primary contact authorized to bind the firm.

<u>Proposed Project Timeline by Month After Contract Execution:</u>

Month	Study 1: Fiscal Condition Analysis (Raftelis)	Study 2: Fiscal Impact Analysis (Willdan)	Study 3: Asset Liability Management (NHA)
Month 1	Project Initiation	Project Initiation	Project Initiation
Month 2		Data Collection and Review	Inventory and Evaluate Liabilities
Month 3	Assess Financial Condition		

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Month	Study 1: Fiscal Condition Analysis (Raftelis)	Study 2: Fiscal Impact Analysis (Willdan)	Study 3: Asset Liability Management (NHA)
Month 4	Develop Forecasting Model	Develop Fiscal Revenue and Cost Inputs	Funding Needs and Risk Reduction Analysis
Month 5	—	—Complete 20-Year Fiscal Impact Analysis	ALM Modeling
Month 6	Final Reporting & Knowledge Transfer	Finalize Fiscal Impact Model	Reserve Guidance

Contract Cost Summary:

Raftelis proposes to conduct the Fiscal Condition Analysis (Study 1) for a base cost of $105,500, with optional services—such as gap closure strategies and Council decision support—bringing the total to $165,000 if selected. Willdan submitted a fixed fee proposal of $18,000 for the Fiscal Impact Analysis (Study 2), which includes up to two meetings, with additional services billed hourly if needed. NHA Advisors proposes to lead the Asset Liability Management Study (Study 3) on a time-and-materials basis, with a not-to-exceed budget of $50,000, covering liability evaluation, risk analysis, modeling, and reserve guidance. NHA also offers an optional Wildfire Risk Mitigation Study (Study 4) for up to $45,000, which includes GIS analysis and funding strategy development, with additional optional tasks potentially adding up to $25,000. In addition, NHA proposes to serve as Team Manager for Studies 1 and 2, coordinating across firms for a not-to-exceed amount of $17,500.

Study / Task	Firm	Fee Type	Estimated Cost	Notes
Study 1: Fiscal Condition Analysis	Raftelis	Fixed Fee	$105,500 (base) $165,000 (with options)	Includes forecasting model, reporting, and optional gap strategies & Council support
Study 2: Fiscal Impact Analysis	Willdan	Fixed Fee	$18,000	Includes 2 meetings; additional services billed hourly

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Study / Task	Firm	Fee Type	Estimated Cost	Notes
Study 3: Asset Liability Management (ALM)	NHA	Time & Materials (Blended Rate: $285/hr)	$35,055 – $49,875 Not-to-Exceed: $50,000	Includes modeling, reserve guidance, and liability analysis
Optional Study 4: Wildfire Risk Mitigation	NHA	Time & Materials	Not-to-Exceed: $45,000	Includes GIS work; optional tasks may add up to $25,000+
Team Management for Studies 1 & 2	NHA	Time & Materials	Not-to-Exceed: $17,500	Approx. 50 hours of coordination across firms

If all services—Studies 1, 2, and 3 with options, along with the optional wildfire risk mitigation study—are included, the total not-to-exceed amount for the agreement is $250,500.

RECOMMENDATION:

Staff is requesting that the Town Council provide direction regarding which services to include in the agreement. If all services—Studies 1, 2, and 3, along with the optional wildfire risk mitigation study—are included, the total not-to-exceed amount would be $250,500. If the Council chooses to include only selected services, the agreement will be tailored accordingly to reflect those areas.

Based on the Council's direction regarding optional services, staff will prepare the draft agreement. To ensure timely initiation of work, staff recommends that the Town Council authorize the Town Manager to negotiate and execute an agreement with NHA Advisors for all three requested services, in an amount not to exceed $250,500.

ALTERNATIVES

The Town Council may consider alternative approaches to the proposed scope of work, which would affect total cost and fiscal impact:

1. Proceed with All Studies (Recommended Option) — Approve all studies including optional components for a not-to-exceed amount of $250,500. This option provides the most comprehensive fiscal analysis, aligning with long-term financial planning objectives.

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2. Remove Optional Study Components — Excluding the optional elements (Wildfire Risk Mitigation Study and optional tasks within Study 1) would reduce total project costs to approximately $180,000 to $190,000, depending on final scope adjustments. This would lower the immediate budget impact by roughly $60,000 to $70,000 while maintaining delivery of the three core studies.

3. Select Individual Studies Only — The Council may choose to fund only one or two studies (e.g., Fiscal Condition and Impact Analyses) at an estimated combined cost of $120,000 to $130,000. This would provide partial insights but limit integration between financial forecasting and liability management.

Reducing the scope will proportionally reduce the Unassigned Fund Balance adjustment. However, omitting optional studies may limit the Town's ability to evaluate long-term wildfire risk and related fiscal exposures, which could affect future budget forecasting accuracy.

COORDINATION:

This item was developed with the coordination of the Town Manager's Office, the Town Attorney's Office, and the Community Development Department.

Attachments:
1. NHA Proposals
2. Request For Proposals: Fiscal Condition Analysis With Five-Year and Long-Term Forecast, Fiscal Impact Analysis, and Asset Liability Management Study
3. Date issued: questions and answers provided

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/21/2025
ITEM NO: 7
DESK ITEM

DATE: October 21, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Negotiate and Execute an Agreement with NHA Advisors, LLC (NHA) to deliver Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management, and Wildfire Risk Mitigation Studies, including any optional services as directed by the Town Council, in the Amount Not to Exceed Amount of $250,500 and Authorize an Expenditure Budget Adjustment up to $250,500 from the Available Unassigned fund Balance**

RECOMMENDATION: Authorize the Town Manager to enter into an Agreement with NHA Advisors, LLC (NHA) to deliver Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management, and Wildfire Risk Mitigation Studies including any optional services as directed by the Town Council, in the not to exceed amount of $250,500; and authorize an Expenditure Budget Adjustment of $250,500 from the available Unassigned fund Balance.

REMARKS:

Staff clarifies that the contract cost summary of $250,500, as referenced in the staff report, does not include the optional Wildfire Risk Mitigation Study. This study was not part of the original Request for Proposal (RFP) but was instead offered as an optional service by the prospective vendor.

The $250,500 amount includes all optional services for Study 1, Study 2, and Study 3 as outlined in the proposal.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Town Attorney

Docusign Envelope ID: 8463BA3F-D38D-4CDC-A1D6-2ABE915A0C1C

Study / Task	Firm	Estimated Cost	Notes
Study 1: Fiscal Condition Analysis	Raftelis	$105,500 (base) $165,000 (with options)	Includes forecasting model, reporting, and optional gap strategies & Council support
Study 2: Fiscal Impact Analysis	Willdan	$18,000	Includes 2 meetings; additional services billed hourly
Study 3: Asset Liability Management (ALM)	NHA	$35,055 – $49,875 Not-to-Exceed: $50,000	Includes modeling, reserve guidance, and liability analysis
Optional Study 4: Wildfire Risk Mitigation	NHA	Not-to-Exceed: $45,000	Includes GIS work; optional tasks may add up to $25,000+
Team Management for Studies 1 & 2	NHA	Not-to-Exceed: $17,500	Approx. 50 hours of coordination across firms

Total Estimated Cost:	**$**	**250,500**

In addition, cognizant of the cost, the staff provides an alternative recommendation that includes only the **base costs of Study 1, Study 2,** along with **Team Management for both studies,** and **Study 3,** totaling not to exceed $191,000.

Study / Task	Firm	Estimated Cost	Notes
Study 1: Fiscal Condition Analysis	Raftelis	$ 105,500	Includes forecasting model, and reporting
Study - OPTIONAL A		$ 29,750	Optional Gap Closure Strategies
Study - OPTIONAL B		$ 29,750	Decesion- Support for Town Council
Study 2: Fiscal Impact Analysis	Willdan	$ 18,000	Includes 2 meetings; additional services billed hourly
Study 3: Asset Liability Management (ALM)		$ 50,000	Includes modeling, reserve guidance, and liability analysis, not to exceed amount
Optional Study 4: Wildfire Risk Mitigation	NHA	Not-to-Exceed: $45,000	Includes GIS work; optional tasks may add up to $25,000+
Team Management for Studies 1 & 2	NHA	$ 17,500	Approx. 50 hours of coordination across firms, not to exceed amount

Total Estimated Cost:	**$**	**191,000**

Additional services may be added during the course of the studies or after their completion, as needed.

Attachments previously distributed with the staff report:

1. NHA Proposals
2. Request For Proposals: Fiscal Condition Analysis With Five-Year and Long-Term Forecast, Fiscal Impact Analysis, and Asset Liability Management Study
3. Date issued: questions and answers provided

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 8

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution Approving the Corrected American Federation of State, County and Municipal Employees (AFSCME) 2026-2027 Salary Schedule and Side Letter Agreement**

RECOMMENDATION: Adopt a resolution approving the corrected salary schedule for the American Federation of State, County and Municipal Employees (AFSCME) to reflect the negotiated 4% increase for the 2026-2027 fiscal year, effective July 5, 2026; and approve and authorize the Town Manager to execute a Side Letter of Agreement between the Town of Los Gatos and the American Federation of State, County and Municipal Employees (AFSCME) to correct the 2026-2027 salary schedule.

FISCAL IMPACT:

This is an administrative correction that does not have a fiscal impact.

STRATEGIC PRIORITY:

The correction to the AFSCME salary schedule supports the Town's strategic priority of prudent financial management.

BACKGROUND:

On August 6, 2024, the Town Council approved and authorized the Town Manager to execute a Memorandum of Understanding (MOU) between the Town of Los Gatos and the American Federation of State, County, and Municipal Employees (AFSCME) (Attachment 1). The term of

PREPARED BY: Cheryl Parkman
Human Resources Director

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

the MOU is July 1, 2024, through June 30, 2027, and approved general wage increases, as listed below.

- **Fiscal Year 2024/2025:** Effective the first full pay period in July 2024, the Town will provide a four percent (4%) salary adjustment for all bargaining unit classifications.

- **Fiscal Year 2025/2026:** Effective the first full pay period in July 2025, the Town will provide a four percent (4%) salary adjustment for all bargaining unit classifications.

- **Fiscal Year 2026/2027:** Effective the first full pay period in July 2026, the Town will provide a four percent (4%) salary adjustment for all bargaining unit classifications.

DISCUSSION:

Due to an administrative error, the salary schedule for the 2026-2027 fiscal year was generated using a 5% general increase rather than the 4% increase as agreed upon in bargaining and authorized by Council. Staff identified this error before any overpayment could occur. The error is limited to the attached schedule (Attachment 2) and does not reflect the negotiated intent of the parties. Correcting this error ensures the salary schedule aligns with the authorized budget and Council action.

CONCLUSION:

The Town has met its obligation to notify AFSCME representatives of the salary schedule correction. The attached side letter of agreement has been shared and approved by the union (Attachment 3).

COORDINATION:

This memo has been coordinated with the Town Attorney.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. American Federation of State, County and Municipal Employees Memorandum of Understanding, July 1, 2024 – June 30, 2027
2. Town of Los Gatos Salary Schedule for American Federation of State, County and Municipal Employees Classifications effective July 5, 2026, with corrections
3. AFSCME 2026-2027 Salary Schedule Correction Side Letter of Agreement
4. Council Resolution

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TOWN OF LOS GATOS

AND

AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES (AFSCME)

MEMORANDUM OF UNDERSTANDING

JULY 1, 2024 - JUNE 30, 2027

ATTACHMENT 1

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MEMORANDUM OF UNDERSTANDING
BETWEEN
THE TOWN OF LOS GATOS
AND
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES (AFSCME)

THIS AGREEMENT IS EFFECTIVE JULY 1, 2024, BETWEEN THE TOWN OF LOS GATOS, HEREINAFTER REFERRED TO AS THE "TOWN", AND THE LOS GATOS "AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES", HEREINAFTER REFERRED TO AS "AFSCME".

Pursuant to Town Resolution 1974-41 of the Town of Los Gatos and Section 3500 *et seq.* of the Government Code, the duly authorized representatives of the Town and AFSCME, having met and conferred in good faith concerning the issues of wages, hours, and terms and conditions of employment, as herein set forth, declare their agreement to the provisions of this Memorandum of Understanding.

FOR AFSCME:

DocuSigned by: 8/30/2024
D28F43C4D657454...
Carol McEwan
Business Agent

Signed by: 8/30/2024
1C96B42D185743C...
Danny Murdock
AFSCME President

Signed by: 9/5/2024
339C726EA15A435...
Steven Robles
Vice-President

TOWN OF LOS GATOS:

Signed by: 9/6/2024
853FEE42EB39470...
Laurel Prevetti
Town Manager

Signed by: 9/5/2024
3BC2441CEBC343B...
Katy Nomura
Assistant Town Manager

Signed by: 8/31/2024
EB31A098DAE94BC...
Tevon Edwards
Liebert Cassidy Whitmore

APPROVED AS TO FORM:

Signed by: 9/5/2024
EFD8736A3534426...
Gabrielle Whelan
Town Attorney

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Appendix A – AFSCME Salary Schedule

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TOWN OF LOS GATOS
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES
MEMORANDUM OF UNDERSTANDING
ON SALARIES, FRINGE BENEFITS AND WORKING CONDITIONS

Section 1. Purpose

The Town and the Union agree that the purpose of this Memorandum of Understanding is to promote and provide harmonious relations, cooperation, and understanding between the Town and the employees represented by the Union; to provide an orderly and equitable means of resolving disputes that may arise concerning this Agreement; and to set forth the full agreements of the parties reached as a result of meeting and conferring in good faith regarding matters within the scope of representation pursuant to the State Government Code and the Town Employer-Employee Relations Resolution.

Section 2. Term

This Memorandum of Understanding shall commence on July 1, 2024 and terminate on June 30, 2027.

Section 3. Union Rights

3.1 Advance Notice

Except in cases of emergency as provided in this subsection the Union, if affected, shall be given reasonable advance written notice, normally thirty (30) calendar days of any ordinance, policy resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted or amended by the Town and shall be given the opportunity to meet and confer as required by the Meyers Milias Brown Act with the appropriate management representatives prior to adoption.

In cases of emergency when the foregoing procedure is not practical or in the best public interest, the Town may adopt or put into practice immediately such measures as are required. At the earliest practicable date thereafter the Union shall be provided with the notice described in the preceding paragraph and be given an opportunity to meet with the appropriate management representatives. The Union shall timely raise any issues arising under this subsection

3.2 No Discrimination

The Town and Union agree that neither will discriminate in any way against employees covered by this Agreement because of their membership and/or activities on behalf of the Union.

3.3 Stewards

The Town agrees to recognize two (2) duly appointed Union Stewards and two (2) duly appointed alternate Stewards for purposes of Union representation. The Union shall provide the Town with a list of those duly appointed individuals. The Steward or Union Officer shall distribute to all new unit employees material(s) furnished for such purpose by the Union.

3.4 Representation

Upon request of an employee covered by this Agreement, the Steward and/or Union representative shall be present during meetings which the employee reasonably anticipates will involve that individual employee in disciplinary matters. To the extent possible, disciplinary and grievance matters affecting employees shall be considered during normal working hours and with pay.

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3.5 Access to Premises

The designated Union business representative, for performance of official duties, shall not be denied access to Town premises subject to that representative first advising Town management that he/she/they/they is on the premises and subject to not interfering with the work duties of Town employees. The Union will be allowed reasonable use of Town facilities with advance notice and approval from the Town for meetings in accordance with Town policies and procedures.

3.6 Bulletin Boards and Union Literature

The Union shall have the right to use the Corporation Yard Bulletin Board and employee mailboxes for posting and distribution of Union materials.

3.7 Release Time

As long as there is no disruption of work, the Town shall provide two (2) AFSCME-authorized union representatives with up to 20 hours of release time each year for the purpose of attending Union conventions, conferences and union-sponsored training programs. The use of release time will have no impact on accrual of paid leave, seniority, completion of probation and eligibility for health and welfare benefits, or pension benefits.

3.8 New Hire Information

The Town will notify the Union of the name, classification, unit and work location of all new hires into the positions in the classifications represented by AFSCME within the first full pay period of the new hire's starting date.

3.9 Orientation

An AFSCME Union representative will be allowed 15 minutes of release time for the purpose of providing new member information to individuals newly-hired into classifications represented by AFSCME.

Section 4. Savings Clause

If any provision or the application of any provision of this agreement as implemented should be rendered or declared invalid by any final court action or decree or by reasons of any preemptive legislation, the remaining sections of this agreement shall remain in full force and effect for the duration of this agreement.

Section 5. Union Dues

5.1 Certification

The Town shall withhold Union dues from employees' salary transmit such dues to the Union, provided the Union certifies in writing to the City that the Union has and will maintain each employee's voluntary authorization for such deductions.

5.2 Payroll Deduction

The Town shall not be obligated to put into effect any new, changed, or discontinued deduction until the pay period commencing thirty (30) days or longer after the Union certifies such new, changed or discontinued deduction.

5.3 Indemnification and Hold Harmless

The Union shall indemnify and hold harmless the Town against any and all suits, claims, demands, and liabilities that may arise out of, or by reason of, any action or omission of the Town in complying with this Section.

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Section 6. Management Rights

The Union recognizes that the rights of the Town include, but are not limited to, the exclusive right to determine the mission of its constituent departments, commissions and boards; set the standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or other legitimate reasons; maintain the efficiency of governmental operations; determine the methods, means, and personnel by which government operations are to be conducted; determine the content of job classifications; take all necessary action to determine when an emergency exists and to carry out its mission in emergencies including the requirement that employees work overtime; and exercise complete control and discretion over its organization and the technology of performing its work.

Section 7. Town Employer-Employee Relations Resolution

The Union and the Town recognize the existing language in Town Resolution 1974-41 as it governs all aspects of labor relations in the Town. Any changes in Resolution 1974-41 which apply to AFSCME Local 101 will be made after meeting and conferring when required by the Meyers Milias Brown Act with the Union.

Section 8. Equal Employment Opportunity

The Union and Town support equal employment opportunity programs.

Section 9. Non-Discrimination

The Town and Union agree that all provisions of this Agreement shall be applied equally to all employees covered herein without favor or discrimination because of any protected class including but not limited to race, color, national origin, ancestry, religion, religious creed, physical disability, mental disability, medical condition, genetic information, marital status, sex, sexual orientation, gender, gender based pregnancy/childbirth, gender identity, gender expression, age (over 40), or political affiliation or any other basis prohibited by applicable Federal, State or Town law. The parties further agree that Section 9 and 9.1 shall not be subject to the Grievance Procedure provided in this Agreement.

9.1 General Provisions Regarding the Americans with Disabilities Act (ADA) and the Fair Employment and Housing Act (FEHA)

Because the ADA and FEHA require accommodations for individuals protected under the acts, the Union recognizes the Town's obligation to comply with all provisions of the ADA and FEHA on a case-by-case basis.

9.1.1

The Union recognizes that the Town has the legal obligation to meet with the individual employee to be accommodated through the interactive process before any adjustment is made in working conditions. The Union will be notified of these proposed accommodations prior to implementation by the Town.

9.1.2

Any accommodation provided to an individual protected by the ADA and/or FEHA shall not establish a past practice.

9.2 Non-Discrimination for Union Activity

The Town and Union agree that they, and each of them, shall not discriminate against any employee because of membership or lack of membership in the Union, or because of any authorized activity on behalf of the Union. The parties further agree that this Section 9.2 may be subject to the Grievance Procedure provided in this Agreement.

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Section 10. Salary

10.1

Employees will receive pay adjustments as follows:

Effective the first full pay period in July 2024 the Town will provide a four percent (4%) salary adjustment for all bargaining unit classifications.

Effective the first full pay period of July 2025, the Town will provide a four percent (4%) salary increase for all bargaining unit classifications.

Effective the first full pay period of July 2026, the Town will provide a four percent (4%) salary increase for all bargaining unit classifications.

Section 11. Other Compensation

11.1 Out-of-Classification Pay

Out-of-Classification pay is defined as employees who by written assignment perform the essential functions of a position with a higher salary classification than in which they are regularly employed shall receive higher compensation as set forth below. The Town and the Union agree that it is the intent of Town management, whenever possible, to avoid working an employee out of-classification for a prolonged period of time.

An employee assigned to work out-of-classification shall be compensated from the first day of the out-of-classification assignment. Out-of-classification pay shall be a minimum of five percent (5%), above the employee's regular salary; or the lowest rate of the higher classification, whichever is greater.

Training programs mutually agreed to by the Town and the Union which are designed to enhance and/or provide career development opportunities shall not be subject to this provision.

Any employee who believes they are working out of classification may request a review of their classification.

The parties agree that to the extent legally permissible, this is special compensation for Classic members only and shall be reported to CalPERS pursuant to Title 2 C.C.R. Section 571(a)(3) as Temporary Upgrade Pay.

11.2 Street-Sweeper Specialty Pay

Employees assigned to operate the street sweeper shall be paid a $5 per hour differential above their base hourly rate. This special assignment pay shall be paid for actual time worked and does not apply to non-worked hours such as vacation, holidays, personal or sick leave.

The parties agree that, in accordance with CalPERS regulations, this special assignment pay is reported as special compensation for those employees who are assigned to operate the street sweeper on a routine and consistent basis pursuant to Title 2 C.C.R. Sections 571(a)(4) and 571.1(b)(3). Thus, employees who operate the street sweeper on back-up basis shall be paid the premium in accordance with this agreement but the premium will not be reported to CalPERS as PERSable income.

The Department Director retains the right to determine street sweeper assignments in accordance with the needs of the department. Employees assigned to operate the street sweeper must meet the qualifications of the job and demonstrate proficiency to operate the equipment.

11.3 Class A Driver's License Pay and Tanker Endorsement Pay

Employees who maintain a valid California Commercial Class A Driver's License shall be paid $30 per month.

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Employees who maintain both a valid California Commercial Class A or B Driver's License and a Tanker Endorsement shall be paid $75 per month in addition to the Class A incentive above (if applicable).
The parties agree that to the extent permitted by law, the compensation for the special class driver's license above is special compensation for street maintenance employees that are required to maintain such a license and shall be reported as such pursuant to Title 2 CCR, Section 571(a)(2) and Section 571.1(b)(2) as Special Class Driver's License Pay.

11.4 Certificate Pay

Employees in the classifications of Parks and Maintenance Worker and Lead Parks and Maintenance Worker who possess a current Certified Pest Control Applicator Certificate shall receive $50 per month in certificate pay. Employees in the classifications of Parks and Maintenance Worker and Lead Parks and Maintenance Worker who possess a current Backflow Tester Certification Certificate shall receive $50 per month in certificate pay.

The parties agree that to the extent permitted by law, the compensation for the Certified Pest Control Applicator Certificate and the Backflow Tester Certification Certificate above is special compensation and shall be reported as such pursuant to Title 2 CCR, Section 571(a)(2) and Section 571.1(b)(2) as Educational Incentive Pay.

11.5 Cellphones

The Town's cellphone stipend program applies to AFSCME bargaining unit employees.

Section 12. Payroll Practices

12.1 Payroll Periods and Availability of Checks

Employees shall be compensated on a biweekly basis.

Employee pay shall not be withheld more than seven (7) days following end of payroll period; however, overtime may appear on the next payroll period if it is worked following the submittal of time sheets, or during a pay period with a Town holiday which requires early submittal of time sheets and early distribution (before Friday) of paychecks. This may also occur at the end of the fiscal and calendar year.

Every effort will be made to make paychecks available to employees as soon as checks are signed and ready for distribution.

12.2 Automatic Deposit

The Town shall provide an optional direct deposit system for use by employees.

12.3 Deduction and Accrual Information

Payroll deductions and leave balances shall appear on paychecks and be current to the latest payroll period.

Section 13. Retirement Benefits

The Town contracts with the California Public Employees' Retirement System (CalPERS) to provide Town employees with retirement benefits.

13.1 2.5% at 55 (Classic Tier One Retirement)

For employees hired with reciprocity or CalPERS membership prior to 1/1/13 without a break in CalPERS service of six months or more or hired and enrolled in CalPERS membership prior to 9/15/12, the Town provides the 2.5% at 55 CalPERS retirement benefit (Gov't Code 21354.4).

Employees in this tier shall contribute 8% towards the retirement benefit.

Employees in this tier are subject to the CalPERS Single Highest Year compensation formula (Gov't Code 20042).

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13.2 2% at 60 (Classic Tier Two Retirement)

For employees hired and enrolled on or after 9/15/12 with reciprocity or membership prior to 1/1/13 without a break in CalPERS service of six months or more, the Town provides the 2% at 60 retirement benefit (Gov't Code 21353).

Employees in this tier shall contribute 7% towards the retirement benefit.

Employees in this tier are subject to the CalPERS 36-month final average compensation (Gov't Code 20037).

13.3 2% at 62 (Public Employees' Pension Reform Act of 2013 [PEPRA])

For employees hired on or after January 1, 2013, who meet the definition of new member under Gov't Code 7522.04(f), the Town provides the 2% at 62 retirement benefit.

For new members hired on or after January 1, 2013, the Town will use the 36-month final average compensation (Gov't Code 7522.32(a)).

New members hired on or after January 1, 2013 shall pay an amount that is equal to one half (1/2) the normal cost of his/her/their CalPERS pension, or the current contribution rate of similarly situated employees, whichever is greater. (Gov't Code 7522.30(c)).

13.4 EPMC, 414(h)(2) IRC

Effective June 24, 2001, the Town ceased its participation in the Public Employees' Retirement System "Employer Paid Member Contribution" (EPMC) provision. Concurrently, the Town began paying in salary to the employees covered by this MOU the equivalent dollar amount of the former EPMC (7% of salary).

The Town has adopted a Resolution materially the same as that recommended by CalPERS to implement the provisions of 414 (h) (2) of the Internal Revenue Code (IRC). AFSCME accepts the terms of this Resolution and acknowledges that this Resolution will apply to all current and future members of AFSCME.

13.5 Military Service Purchase

The Town shall permit employees to purchase CalPERS credit for military service time.

13.6 Retiree Health Benefit for Eligible Retirees Hired on or after July 1, 2018

The Town provides retiree health benefits in accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA) for employees who qualify as eligible CalPERS retirees who receive a CalPERS retirement allowance and are PEMHCA annuitants entitled to such benefits under the PEMHCA.

The Town's maximum monthly contribution for each eligible annuitant shall be equal to the minimum employer contribution required under the PEMHCA, currently $157 per month, as may be adjusted by CalPERS from year to year. The provisions of the PEMHCA will govern medical insurance coverage for annuitants.

13.7 Retiree Health Benefit For Eligible Retirees Hired before July 1, 2018.

An employee hired prior to July 1, 2018 is eligible for Health Reimbursement Account (HRA) retiree health benefits in accordance with this Section.

13.7.1

The employee completed at least five years of continuous service with the Town; and

13.7.2

The employee retired from the Town taking a service or disability retirement from CalPERS as a retiree receiving a PERS retirement allowance and is a PEMHCA annuitant; and

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13.7.3
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.

13.7.4
The amount of the supplemental retiree health benefit allowance will be equal to 100% of the cost of the premium for Kaiser Bay Area Retiree Only and 90% of the difference between the Kaiser Bay Area Retiree Only Plus One levels of participation. The Town will pay up to $1,947.16 per month as of the 2022 plan year. This amount will increase by $100.00 each year until it is equal to the active employee contribution.

13.7.5
The Town's contribution towards retiree health insurance set forth in Section 13.6 (the PEMHCA minimum) will be deducted from the amount of contribution provided by this Section (13.7.)

13.7.6
Employees retiring on or after February 1, 2016 and upon becoming eligible for Medicare will cease to receive any retiree health benefit allowance under this Section (13.7) and will become eligible for Supplemental Medicare equal to the cost of Kaiser Senior Advantage Bay Area Medicare rates up to a maximum of 100% Retiree Only, 90% for Retiree Plus One or 90% for Retiree Plus One or More, less the amount of the employer contribution provided under section 13.6 above (the PEMHCA minimum). This benefit is available to the eligible retired employee only after he or she has reached the age of 65 and is Medicare eligible or as otherwise specified by law.

13.7.7
The benefits described by this Section (13.7) will be provided to annuitants through CalPERS by means of a Health Reimbursement Account (HRA).

13.7.8
Employees hired on and after July 1, 2018, who retire from the Town are not eligible to receive an HRA retiree health benefit allowance from the Town.

Section 14. Health and Welfare Benefits and Rate of Town Contribution
The Town contracts with CalPERS for the purpose of providing employees and their eligible dependents with medical insurance benefits. The Town's maximum monthly contribution for each eligible active employee shall be equal to the minimum employer contribution required under PEMHCA, currently $157 per month, as may be adjusted by CalPERS from year to year.

14.1 Cafeteria Plan
During the term of the MOU, the Town agrees to maintain a Cafeteria Plan, pursuant to Section 125 of the Internal Revenue Code, for the purpose of providing eligible active employees with access to various health and welfare benefits. Benefits available through the Cafeteria Plan include medical insurance, dental insurance, vision insurance and life insurance benefits.

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14.1.1 Dental

Employees choosing this option instead of Cash In Lieu will be provided 100% of the Delta Dental PPO 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 deduction 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.

14.1.2 Medical

The Town will provide active employees with a medical allowance equal to 100% of the cost of Kaiser Bay Area Medical Insurance Program premium at the Employee Only level of participation, offered by the CalPERS Health Benefit Medical Program. For dependents, Town will pay 90% of the cost for dependents at the level of Kaiser Bay Area and employee will pay 10% of the dependent cost.

As such, Town will pay 90% of the difference between Kaiser Bay Area Employee Only and Kaiser level of participation (Employee Plus One or Employee Plus One/More, depending on family status.)

Example: Employee Only Premium is $800; and Employee Plus One Premium is $1,400

Employee Plus One Premium ($1400) minus Employee Only Premium ($800) = $600
Town pays 90% of $600 = $540
Employee pays 10% of $600 = $60

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 13.6 (the PEMHCA minimum) will be deducted from the amount of contribution provided by this Section (14).

14.1.3 Vision

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.

14.1.4 Cash In Lieu

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 a cash allocation equal to Four Hundred Twenty Dollars ($420) per month.

Employees who choose to receive the cash 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).

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14.2 ACA Reopener

The union agrees at the Town's request, to meet and confer on any changes that are within the mandatory scope of bargaining related to the Town's sponsored Family Medical Insurance and Cash In Lieu benefits that may be related to the compliance and implementation of the Affordable Care Act (ACA).

14.3 Supplemental Health and Welfare Benefits

14.3.1 Life Insurance

Coverage of $50,000 plus $50,000 accidental death: Town to pay for premium. Additional life insurance may be purchased by the employee equal to one to five times the employee's base salary, not to exceed $300,000. Dependent life insurance is available at the employee's cost.

14.3.2 Disability Insurance

Short Term Disability Policy effective 8th calendar day; coverage of 60% of weekly earnings up to maximum of $1,300 per week for 12 weeks. Long Term Disability benefits begin on the 91st day of disability; coverage of 60% of monthly earnings up to a maximum of $6,000/month.

14.3.3 Employee Assistance Program

Premiums shall be paid by the Town.

14.3.4 Unemployment Insurance

The Town will provide State-mandated benefits as required by law.

Section 15. Workers' Compensation

The Town and Union agree that employees who sustain illness or injury arising out of and in the course of their Town employment shall receive benefits equal to those mandated by the State of California, and the California Labor Code. Any difference between State mandated benefits and the individual's regular Town salary, if any, shall be charged to the employee's accrued sick leave balance. If sick leave is not available, other accrued leave balances shall be charged. If an employee does not have accrued leave balances, the employee shall receive only the State-mandated benefits.

The policies and procedures affecting the use of workers compensation will be developed and administered by the Town Personnel Officer in accordance with State law. There is a three day (calendar) waiting period to receive benefits, unless the employee is hospitalized or out for more than two weeks. In the event of a non-hospitalized on-the-job injury verified as such and eligible for worker's compensation disability payments, the Town will compensate employees for the first three day waiting period.

Section 16. Deferred Compensation

The Town shall continue to make a Deferred Compensation program available to employees. The Town makes no representation on the merit of the plan or any of the investment products or instruments which may be offered by the plan. The responsibility for evaluating the investment options within the plan is the responsibility of the individual participant. The Town shall not be obligated to offer more than one Deferred Compensation carrier.

Section 17. Uniforms

Uniform shirts shall be provided to employees at the expense of the Town and shall be required to be worn during working hours. The Town shall determine appropriate shirt colors. Employees shall wear denim jeans as part of their uniform. Employees shall purchase jeans at their own expense. Employees are to report to work in uniforms that are neat, clean, and in good repair. In the event an employee's uniform is damaged or in need of replacement as determined by the supervisor, the item may be replaced in advance of the annual schedule.

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17.1 Uniform Items for All Employees

On an annual basis upon request, the Town will supply each employee with one standard rain jacket, rain pants, rain boots. Furthermore, the Town will also provide up to seven (7) Town-approved work shirts per year for a total cost not to exceed three hundred dollars ($300). Further, the Town will provide each employee a cold weather jacket, and it will be replaced as needed as determined by the employee's supervisor. Uniform items will be provided annually by November 1. Employees shall be responsible to launder uniform items.

17.1.1 Optional Shorts

Upon employee request and supervisor approval, the Town will furnish each employee up to (2) pairs of shorts per year. Employees are permitted to wear shorts only when shorts do not pose a safety hazard. The supervisor has the authority to determine when shorts are acceptable.

17.1.2 Optional Weather-Protective Headwear

Upon request by the employee, the Town will supply up to two (2) approved caps or hats per year. No other type of headwear is permitted to be worn during work hours.

17.2 Uniform Items for Mechanics

In addition to the items listed above, the Town will provide coveralls to each mechanic. The coveralls will be laundered by the Town.

Section 18. Safety Equipment

The Town shall retain the right to establish minimum safety and quality standards for safety equipment, clothing and steel-toed safety shoes to be used while performing assigned tasks. If an employee is at work without the required clothing or safety equipment, that employee will not be paid until s/he is at the worksite with the required clothing and safety equipment.

18.1 Steel-Toed Safety Shoes

On an annual basis, the Town will provide one pair of steel-toed safety shoes per employee. The steel-toed safety shoes must be worn at all times except for classroom training or administrative assignments. In the event an employee's safety shoes are damaged, worn, or unsafe as determined by the supervisor, the shoes may be replaced in advance of the annual schedule. The not-to-exceed amount will be $350 for AFSCME employees. If the safety shoe selected by the employee is less than the amount provided by the Town, the employee may apply the difference toward shoelaces, socks, ergonomic insoles, or other safety-shoe related accessories at the time of purchase.

Section 19. Mileage

Employees using personal vehicles on official Town business shall be reimbursed at the mileage rate established by the I.R.S. Private vehicles used for Town business shall comply with the California Vehicle Code.

Section 20. Work Schedule

20.1 Standard Work Day

The standard workday shall be 8.5 consecutive hours including a 15-minute morning and a 15-minute afternoon work break, and a forty (40) minute lunch break, which shall include any wash-up time. The standard workday shall begin at 7:00 AM and end at 3:30 PM, the last ten (10) minutes of which shall be available for wash-up time. Minimum seventy-two (72) hours' notice will be provided by the Town for non-emergency changes in schedule.

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20.2 Use of Town Vehicle

An employee whose lunch or break period begins at a work location other than the Corporation Yard may use the job site Town vehicle to go to lunch or obtain food. Travel time in connection with this privilege shall not extend the lunch period beyond the forty (40) minutes including wash-up time, nor extend a break period beyond fifteen (15) minutes.

20.3 Early Start Pay

Non-overtime work begun prior to 7:00 AM shall receive additional compensation of 5% above the employee's base hourly rate for the entire shift.

The Early Start premium will not apply if the employee's start time is adjusted at the request of the employee under a flexible work arrangement authorized by the department.

20.4 Work Week

The Town has no intention of changing existing work weeks at the present time.

The Town's decision to change existing work weeks will involve but not be limited to the following considerations:
(a) Failure to meet the performance objectives of the work unit.
(b) Change in service level.

Prior to a change in work week (except in the event of an emergency) the Town will give a minimum two weeks' notice to affected employees. Further, the Town agrees to meet in good faith to attempt to resolve any hardships caused by a change in work week.

20.5 4-10 Schedule for Vehicle Maintenance Shop

The Town agrees to maintain a 4/10 (4 day per week/10 hours per day) plan for the vehicle maintenance shop as long as Monday and Friday in each workweek can be covered by a mechanic. In addition, this program shall be evaluated quarterly to determine if productivity and coverage meet the Town's repair needs. This will determine if the program will continue.

20.6 Work Schedule and Holidays

Represented employees are entitled to eight (8) hours of paid time off in observation of each holiday listed in Section 29.

20.6.1 Hours Worked on an Observed Holiday

Employees assigned to work on an observed holiday shall be paid time-and-a-half for hours worked.

20.6.2 Hours Worked on the Actual Holiday

Employees assigned to work on an actual holiday that is different than the observed holiday shall be paid double time for the hours worked.

20.7 Flex Schedule

As an alternative to the normal schedule described in the above section, employees may be granted the option to participate in a Flex Schedule under the following terms and conditions:

The Department Director, with the approval of the Town Manager, has the exclusive authority to approve an employee's request for a flex schedule. The decision to implement or terminate a flex schedule is final and is not subject to meet and confer or any grievance procedure. Participating employees will be provided notification at least one (1) full pay period prior to termination of a flex schedule.

Employees on a flex schedule will receive no more than eight (8) hours of pay on a City observed holiday and will be required to use other accrued leaves or to re-arrange their schedule to maintain 80-hours of pay per pay period.

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Section 21. Overtime

21.1 Scheduling

All overtime will be scheduled pursuant to the needs of the Town. Overtime shall be scheduled provided the individual is capable of performing the assignment. In the absence of volunteers, the Town shall assign overtime in rotation based on reverse seniority. Seniority for the purpose of this section is defined by total continuous service to the Town.

21.1.1

Overtime for work in progress shall be assigned to the employee(s) responsible for the assignment.

21.1.2

Overtime for special events shall be offered on a rotational basis in accordance with seniority.

21.2 Compensation

Overtime shall be compensated at the rate of time and one-half based upon either hours in excess of eight (8) per day or hours in excess of forty (40) per week. Overtime compensation shall accumulated as Compensatory Time Off or be paid in cash at the employee's option, subject to the scheduling needs of the Town. If an employee elects to receive compensatory time off in lieu of overtime pay, for each hour of overtime work they will receive one and one-half hour of compensatory time credit.

21.3 Use of Compensatory Time Off

Use of compensatory time off will be at the Town's discretion based on scheduling needs. The Town shall, to the best of its ability and subject to scheduling needs of the Town, make every effort to accommodate employee requests for compensatory time off.

21.4 Compensatory Time Off Cap

The maximum accrued compensatory time accumulation shall be eighty (80) hours. When an employee has reached the eighty (80) hour maximum accrual of compensatory time off, all overtime must be paid in cash until the employee’s compensatory time off bank is reduced below the maximum cap.

Section 22. Call Back

Call back overtime is defined as Town-required return to work after an employee has completed his/her/their normal work shift and before his/her/their next scheduled normal workday. An employee notified of call back overtime that is not contiguous to his/her/their shift less than 72 hours in advance will be paid at the call back rate. An employee called back to work shall be reimbursed for mileage.

22.1

A subsequent call-back shall be considered to be within the initial call-back if the employee is notified within the original three-hour period. If two hours and forty-five minutes of the original three-hour period expires before the employee is notified, then a new three-hour minimum shall go into effect. This section also applies to employees on stand-by duty as provided in Sec. 23.

22.2

When additional assistance is needed on a call-back event, supervisor approval is required to call back in more than one additional employee.

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Section 23. Standby

23.1 Assignment and Scheduling

The Union recognizes the Town right to schedule standby assignments for employees at Town discretion. Standby assignments shall be made in order to provide services outside the regular work schedule. Standby shall be assigned for the months of November through March, with additional standby periods to be determined on an as-needed basis at the discretion of the Department Director.

Standby assignments shall be scheduled on a volunteer basis, using a list of all employees and offered by rotation based on seniority. Each rotation will last for seven (7) days. Seniority for the purpose of this section is defined as total continuous service to the Town. In the absence of volunteers, the Town shall schedule standby. To the best of its ability, the Town shall schedule standby assignments as far in advance as possible. The Union recognizes the need for standby provision of services and further recognizes that employee failure to respond when assigned standby duty may be cause for disciplinary action including termination.

23.2 Compensation

Standby assignments shall be compensated at the rate of four (4) hours straight time pay for every twenty-four (24) hours of assignment. Assignments of standby duty for more or less than twenty-four (24) hours shall be compensated on a pro-rated basis (4 hours for each 24 hours). Specific call out of employees on standby assignments shall be compensated at the regular overtime rate. Town shall provide a cell phone to employees or those employees electing to receive a stipend may use their own cellphone while on standby assignment.

23.3

For an employee on standby: Minimum call-back pay shall be three (3) hours at the overtime rate with such three-hour period defined beginning with the time of the initial call and concluding thirty (30) minutes after the employee calls in to the Police Department dispatcher that the assignment has been completed.

23.4

For an employee not on standby: Minimum call-back pay shall be four (4) hours at the overtime rate with such three-hour period defined beginning with the time of the initial call and concluding thirty (30) minutes after the employee calls in to the Police Department dispatcher that the assignment has been completed.

23.5 Eligibility

Employees who can respond within a reasonable time period (i.e., 40 minutes on average) shall be eligible for standby duty regardless of where they reside. The Department Director shall qualify employees for standby duty by ascertaining that travel to standby assignments can be accomplished safely.

An employee who meets the above requirement, and whose work would not normally involve assignment to standby duty, may volunteer for such duty and will be assigned to the list of volunteer employees from which standby duty is assigned, at such time as he/she/they has received the necessary training in standby duties and skills. It is the intent of the parties that employees be notified by the Department as soon as possible after the execution of this Agreement that new volunteers will be accepted for training together with information for potential volunteers. If there are volunteers, the Labor-Management Committee shall be convened to discuss implementation of the appropriate training at the earliest practicable date.

23.6 Stand-By Training

The Town will provide additional training in stand-by duties for newly hired employees. Duration of training shall be evaluated by the employee's supervisor during the first year.

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Section 24. Emergency Work

If an emergency work situation (as defined by the Supervisor) does not permit an employee to take their meal period and/or breaks, the missed meal period and/or breaks will be credited as compensatory time at time-and-a-half.

Section 25. Work Furlough Program

25.1 Town Participation

AFSCME recognizes the right of the Town to participate in the Work Furlough Program coordinated by the County of Santa Clara. The purpose of the program is to provide public service for local government through a sentencing alternative program for individuals to perform clean-up and maintenance-type duties.

25.2 Responsibilities

25.2.1

A regular Town employee at the level of Maintenance Worker or higher will be responsible to oversee work related to the Work Furlough Program.

25.2.2

An hourly employee at the level of Maintenance Assistant or higher will be assigned to assist the regular Town employee as necessary, at the discretion of the Department Director or designee.

25.3 Assignment and Scheduling

25.3.1

AFSCME employees will be provided ten (10) calendar days' notice prior to a Work Furlough Program assignment except when a fill-in is necessary due to an emergency or unusual circumstance.

25.3.2

Work Furlough Program assignments shall be first made on a voluntary basis. In the absence of volunteers, the Town will assign employees with the least seniority from employees hired on or after July 1, 2007.

25.4 Compensation

Maintenance Workers will receive a 5% out-of-class premium for supervision duties when assigned to the Work Furlough Program. This premium will be applied to the entire shift and is in addition to any overtime compensation.

25.5 Evaluation

Work performed by Town employees related to the Work Furlough Program is subject to inclusion in the employees' annual review.

25.6 Liability

Town employees assigned to the Work Furlough Program are covered for liability purposes by the Town of Los Gatos while performing duties within the scope of his/her/their job.

Section 26. Vacation Schedule

The following vacation schedule shall apply to all employees:

0 to 36 months	10 days per year - 3.08 hours per pay period
37 to 60 months	16 days per year - 4.92 hours per pay period

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61 to 120 months	21 days per year - 6.46 hours per pay period
121 to 180 months	23 days per year - 7.08 hours per pay period
181 months and over	25 days per year - 7.70 hours per pay period

Maximum accrual of vacation hours shall be 320 hours.

Section 27. Vacation Cash-Out

27.1

Employees who terminate from Town service shall have all accrued vacation leave and compensatory time cashed out effective the last full work-day with the Town. This will terminate the employee's status as an employee of the Town.

27.2

On or before the pay period which includes December 15 of each calendar year, an employee may make an irrevocable election to cash out up to eighty (80) hours of accrued vacation (in whole hour increments) earned in the following calendar year at the employee's base rate of pay. On the pay day for the pay period which includes Thanksgiving in the following year, the employee will receive cash for the amount of vacation the employee irrevocably elected to cash out in the prior year. However, if the employee's vacation 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 leave the employee has accrued that year that is remaining at the time of the cash out.

27.3

All employees may apply vacation time cash-out to deferred compensation, so long as applicable law permits.

Section 28. Sick Leave

28.1 Accrual Rate

Accumulation rate shall be eight (8) hours per month (3.70 hours per pay period). Maximum accrual of sick leave hours shall be 1200 hours.

28.2 Sick Leave and Other Accrued Leaves

When an employee is absent for any of the purposes for which sick leave may be used, he/she/they may use other accrued leaves when sick leave has been exhausted, unless he/she/they has received a second consecutive written notice of counseling within an eighteen (18) month period regarding excessive or abusive use of sick leave with the exception of protected leave situations.

28.3 Sick Leave Cash-Out Program For Employees Hired Before July 1, 2018

Employees hired before July 1, 2018 who terminate employment with the Town for any reason other than retirement may cash out their accumulated sick leave as follows:

Months of Employment
1- 59 months at 25%
60 - 119 months at 37.5%
120 months or more at 50%

If an employee is terminated due to a layoff, the employee shall be eligible to cash out 100% of accrued sick leave at time of layoff. In order to be eligible for the terminating sick leave cash-out program, an employee must have a sick leave accrual balance of at least 150 hours at the time of termination. Employees who terminate employment with the Town after a prolonged period of illness or injury, may apply to the Town Manager for a waiver of the 150 hours requirement.

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Employees hired on or after July 1, 2018 may not participate in the sick leave cash out program and are not eligible to cash out sick leave.

28.4 Sick Leave Conversion at Retirement to Town Trust

All employees hired prior to July 1, 2007 who retire may convert 100% of their accumulated sick leave to a dollar equivalent at their hourly rate of pay at the time of retirement. Employees hired after July 1, 2007 are not eligible for this Sick Leave Conversion option under this provision.

This amount shall be held in an account. The employee's portion of medical insurance premium payment will be withheld from their monthly retirement payment by CalPERS. The Town agrees to pay the retiree quarterly in advance on the first pay period of January, April, July, and October of each year after retirement. The first payment will be prorated to the nearest quarter. The retiree's portion of medical payments will be paid from this account by the Town until all monies are depleted from the account or the retiree dies, whichever occurs first.

This account will not accrue interest and will not be paid in cash to the retiree or any beneficiaries, except that upon the death of a retiree whose sick leave account has not been exhausted, the retiree's spousal survivor shall be paid the full cash value of the remaining sick leave in the retiree's account.

The retiree shall be responsible for 100% of their share of future medical insurance payments once the account is exhausted, exclusive of the PEMCHA minimum.

Section 29. Holidays

The following shall be observed as paid eight (8) hour holidays:

- January 1st (New Year's Day)
- 3rd Monday in January (Martin Luther King's Birthday)
- the 3rd Monday in February (President's Birthday)
- the last Monday in May (Memorial Day)
- Juneteenth
- July 4th (Independence Day)
- the first Monday in September (Labor Day)
- Thanksgiving Day
- the Friday following Thanksgiving Day.
- November 11 (Veterans Day)
- December 25th (Christmas Day)
- four (4) hours each on December 24 and December 31.
- every day declared a holiday by the President or Governor, subject to the Mayor also proclaiming the day as a holiday.

Holidays which fall on Saturday shall be observed on the Friday prior, and holidays which fall on Sunday shall be observed on the following Monday.

Section 30. Personal Leave

The employee shall be entitled to twenty-four (24) hours of personal leave per calendar year; such leave shall be non-cumulative with no cash value. Of the twenty-four (24) hours annually, the employee may take twelve (12) hours without prior notice and twelve (12) hours with prior notice. If an employee's use of Personal Leave without prior notice results in the Town having to change another employee's schedule without 72 hours' notice, the situation will be considered an emergency under Section 20 (Work Schedule) and will not result in penalty to the Town.

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Section 31. Maternity Leave/Family Leave/Medical Leave

The Town recognizes State and Federal law regarding Maternity Leave and Family and Medical Leave. The Town will take action to inform employees of the current provisions of laws affecting these leaves. The Town may, at its discretion, approve leave beyond the specific amount provided above.

Section 32. Catastrophic Time Bank

If an employee, spouse or significant other, or child becomes catastrophically ill or injured, the employee may request in writing of the Town Manager that a catastrophic time bank be established. The bank will enable employees to donate accrued CTO or vacation to the requesting employee in accordance with Departmental policies to be developed.

Section 33. Bereavement Leave

A maximum of forty (40) paid leave hours is available upon the death of a family member. For the purposes of this section family member is defined as parent, stepparent, parent-in-law, spouse/domestic partner, child, stepchild, foster child, dependent, sibling, sibling-in-law, grandparent, step-grandparent, grandparents in law, and grandchild.

Days of bereavement leave need not be consecutive but shall be completed within three months of the date of 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 California Government Code section 12945.7(f).

Section 34. Military Leave

Military leave and benefits shall be granted in accordance with State and Federal Law, including the continuation of employee salary and benefits and employees will receive up to thirty (30) calendar days of pay.

Section 35. Personal Emergency Leave

Leave will be available for employees for disasters declared by Federal, State, County, or Town officials if those disasters affect all or a portion of the Town "urban service area". Leave is subject to scheduling by the Town. Employees shall be allowed to charge time off to accumulated Personal Leave, CTO, vacation hours, and sick leave hours (in that order). In the event of a Town emergency (e.g., flood, earthquake) employees are required to remain at work until released by their Supervisor.

Section 36. Jury Duty

An employee required to serve as a trial juror or an expert witness (expertise related to Town employment) shall have his/her/their salary and benefits continue; the employee shall turn over to the Town any compensation (other than travel related) from the courts or other source for jury duty.

Section 37. Leave Without Pay

Leave without pay shall be subject to approval of the Town Manager or designee.

An employee who is on leave without pay shall not earn any employment benefits (including, but not limited to such benefits as vacation sick leave, medical benefits, dental and other insurance benefits, retirement credits for time employed or seniority entitlements of any kind) for the duration of such leave. An employee who is on leave without pay will have the ability to continue all eligible COBRA benefits at their own expense in accordance with the Town's administrative policy on benefit retention.

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Vacation, sick leave, or time worked shall not be used intermittently during an extended leave to interrupt a determination that an employee is on leave with no pay.

37.1 Voluntary Unpaid Time Off

Employee participation in this plan is contingent on the Town's agreement and understanding that employee participation cannot be interpreted as anything other than a temporary and limited good faith effort being made by the employee to do his/her/their part to help ease the Town's budget shortfall. This is not to be construed as a representation of employee commitment to a permanent program or an admission of any kind that the employee would not become harmed by such a plan becoming mandatory.

Employees may request voluntary unpaid time off under the following circumstances:

A. No impact on accrual of paid leave, seniority, and completion of probation.
B. No impact on benefit eligibility and Town contributions.
C. Employees may cancel participation in the program at any time.

Section 38. Accrual of Benefits

There shall be no accrual of benefits during unauthorized leave, suspension, or leave without pay.

Section 39. Notice of Vacancies

Town job vacancies shall be posted on the Corporation Yard Bulletin Board for the duration of the recruitment period.

Section 40. Promotions

Subject to the needs of the Town, promotional examinations shall be used whenever possible to fill vacancies in the Town service.

Employees promoted to higher paying classifications shall receive a minimum five (5%) percent increase in salary or an amount which shall not exceed the highest step in the range of the higher classification.

Section 41. Probationary Period

The probationary period shall be twelve (12) months for all newly hired employees and six (6) months for employees receiving promotions. If at the end of a six month probationary period a promoted employee who has been routinely evaluated, trained and counseled is not meeting required performance standards, then the Town may extend the probationary period in three month increments, for a total maximum probationary period of 12 months.

An employee who is rejected during a promotional probation period shall have the right to return to his/her/their former classification, and the same right shall apply to an employee who is displaced as a result of such return, provided, however, that no such right shall apply - and no additional right shall be conferred hereby - to an employee who is serving his/her/their initial probationary period with the Town unit.

Section 42. Outside Employment

No full-time paid employee in the classified service shall hold any job other than employment by the Town without the written recommendation of his/her/their department manager and the written approval of the Town Manager. A copy of such approval shall be filed with the Personnel Officer. No employee, whether in the classified service or not, shall engage in other employment or activity which in any way involves a conflict with the interests of the Town or his/her/their responsibilities or duties as an employee.

Outside employment shall be reviewed and re-approved by the Department Director and Town Manager on a yearly basis.

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Section 43. Attendance

Employees shall be in attendance at their work in accordance with the rules regarding hours of work, holidays and leaves.

An employee whose absence is not authorized will not receive pay or benefits for the absent period and shall be subject to discipline. Failure on the part of an employee absent without leave to return to duty shall be grounds for discharge. It shall be the responsibility of an employee absent without leave to notify the Department Director of the reason the employee is absent and of the employee's availability for duty.

Section 44. Personnel Files

Employees shall have the right to review materials in their individual personnel files in accordance with State law.

Section 45. Performance Evaluations

45.1 Evaluations

Performance evaluations shall take place at least every three (3) months for all probationary employees and shall take place at least annually thereafter on the anniversary of an employee's employment with the Town. Employees eligible for step increases shall receive their performance evaluation no later than fifteen (15) days prior to their employment anniversary date. Employee evaluation forms shall include a section with a box to be checked indicating whether an employee agrees or disagrees with his/her/their evaluation. Employees granted step increases shall receive those increases effective the closest pay period in which they are eligible.

All performance evaluations shall be discussed with the employee prior to the evaluation being completed. Employees shall sign their individual performance evaluations as evidence of discussion having taken place; employee signature does not necessarily imply agreement with the evaluation. An employee may attach separate written comments to his/her/their evaluation.

Performance evaluations shall be conducted annually from the employee's (1) date of hire, (2) date of last merit increase, or (3) date the employee entered his/her/their classification. The classification date shall supersede the hire date, and the date of the last merit increase shall supersede both the hire date and the classification date.

Performance evaluations shall be completed by an employee's immediate supervisor (i.e., PW Maintenance Supervisor or Parks Maintenance Supervisor). Written comments made by any other supervisor, superintendent or management personnel shall not change the numerical rating of the immediate supervisor.

The Town agrees to provide employees with a copy of both the initial and final versions of their quarterly and annual performance evaluations.

Sick leave usage shall not be directly evaluated on the performance evaluation. Performance categories that are affected by excessive or abusive use of sick leave shall be evaluated.

45.2 Counseling

In the event that a worker's performance or conduct appears to be unsatisfactory or needing improvement, informal verbal or written counseling shall be provided by the workers immediate supervisor. Counseling should be separate from ongoing work site dialogue and should address performance or conduct which, if not improved, may eventually result in a negative evaluation or disciplinary action. Documentation of such counseling shall be given to the worker at the time of the counseling and will not be placed in a worker’s personnel file. When the situation allows counseling, counseling shall be used prior to any unfavorable reports being issued. Counseling should normally take place between the worker and the immediate supervisor.

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45.3 Unfavorable Reports On Performance Or Conduct

If upon such counseling a worker's performance or conduct does not improve and a negative evaluation or disciplinary action could result, the supervisor shall prepare a written report that includes specific suggestions for corrective action, if appropriate. A copy shall be given to the worker and a copy filed in his/her/their personnel file. Workers shall have the right to attach a written rebuttal to the report for inclusion in their personnel file.

Section 46. Seniority

Unpaid leaves of absence and breaks in continuous service shall not be credited to employee seniority.

Seniority will be a factor in determining vacation use.

Section 47. Layoff Policy

47.1 Definitions

As used in this Section, the following words and phrases shall be defined as follows:

47.1.1

Service Seniority shall be defined as the length of time an employee has served as a regular employee of the Town. Service seniority shall not be earned for standby duty, overtime work, during periods of suspension without pay as a result of disciplinary action, or for non-medical leave without pay. Service Seniority for unpaid military leave will be considered in the manner prescribed by State and Federal law.

47.1.2

Classification Seniority shall be defined as the length of time the employee has served as a regular employee in a classification including anytime spent in a higher classification. A higher classification shall mean a job classification with a higher salary range.

47.1.3

A lower class shall mean a job classification with a lower salary range.

47.2 Order of Layoff

When one or more employees in the same class are to be laid off for lack of work, purposes of economy, curtailment of positions or other reason, the order of layoff shall be as follows:

(1) Temporary employees in the order to be determined by the appointing authority.
(2) Probationary employees in the order to be determined by the appointing authority.
(3) Permanent employees in inverse order of classification seniority.

47.3 Notice of Layoff

Employees subject to the provisions of this Section shall be given a minimum 30 calendar day notice in writing prior to the effective date of layoff. The Union shall receive concurrent notice, and upon written request within seven calendar days after the notice is given shall be afforded an opportunity to meet with the appropriate Town representatives to discuss the circumstances necessitating the layoff and any proposed alternatives to such layoff. Notwithstanding the effort to work cooperatively, the Town has the exclusive right to determine the methods, means, numbers and kinds of personnel by which by services are to be provided. The Town's decision to make a reduction in force or layoff an employee(s) is not subject to the duty to meet and confer.

47.4 Reassignment in Lieu of Layoff

In the event of layoff, any employee so affected may elect to:

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(1) Accept a position in a lower class in which the employee has attained permanent status, provided the employee is otherwise qualified and has more service seniority than other employee(s) in such lower class.

(2) Accept a vacant position in a lower class for which the employee has the necessary education, experience, and training as determined by the Director of Human Resources or designee.

(3) Any employee entitled to the options noted above, which involve assignment to a lower classification, may elect to be placed on layoff in lieu of accepting such assignment to the lower class. In the event the employee elects to be placed on layoff, such employee will only be recalled to the classification from which the employee elected to be placed on layoff.

Section 48. Layoff Reinstatement

48.1

The names of such persons who are laid off or who elect reassignment in lieu of layoff in accordance with the provisions of Section 47 of this Memorandum of Understanding shall be placed upon a Reinstatement Eligible List in inverse order of Service Seniority, i.e., the person with the greatest Service Seniority on the Reinstatement Eligible List for the classes affected shall be offered reinstatement when a vacancy exists in the affected class. Prior to reinstatement, an employee shall be required to meet the qualifications of the positions to which he/she/they is reinstated.

48.2

In the event an employee accepts reinstatement to a lower class to which the employee is entitled, such person's name shall remain on the Reinstatement Eligible List for reinstatement to higher class, provided such a person, except for lack of seniority, would have been otherwise entitled to such higher class at the time of the most recent layoff.

48.3

Any person who is reinstated to a class which is the highest class to which they would have been entitled at the time of the layoff shall have the employee's name removed from the Reinstatement Eligible List.

48.4

In the event a laid off employee cannot be contacted by the Town through usual and customary channels within 10 working days, such person's name shall be removed from the Reinstatement List, providing, however, that such person within the twenty-four month period specified herein may request that his/her/their name be returned to the Reinstatement Eligible List and such person's name may the at sole discretion of the Personnel Officer, or designee, be returned to the Reinstatement Eligible List. In this case, the decision of the Personnel Officer or designee shall be final and not subject to any grievance procedure contained herein.

48.5

In no event shall the names of any person laid off pursuant to the provisions of this Section remain on Reinstatement Eligible List for a period longer than twenty-four months from the effective date of such person's most recent layoff.

48.6

Upon reinstatement to any classification to which the employee is entitled pursuant to the provision of this Section, all benefits acquired by the employee prior to layoff shall also be reinstated. An employee shall not receive credit for time spent on layoff in computing time for any benefit entitlement.

48.7

A laid-off employee shall lose their reinstatement rights for:(1) failure to return to work within 30 days of notice of reinstatement; (2) retirement; and (3) termination for cause.

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48.8

Laid-off/displaced employees shall be paid accrued leaves and related benefits in accordance with this Memorandum of Understanding and applicable Town policies and rules. Employees being re-employed who received a sick leave pay off at the time of layoff/displacement, shall have the uncompensated portion of their sick leave balance restored; provided, however, that only those sick leave hours accrued after re-employment shall be applied to sick leave payoff or retiree medical related to a subsequent termination.

Section 49. Contracting Out

No bargaining unit employees shall be laid off as a result of the Town entering into a contract with any outside party.

Section 50. Safety Committee

The Union shall encourage its member's participation in the Town-wide Safety Committee.

Section 51. Safety

The Town shall continue to comply with all applicable State rules and regulations relative to safety. The Town and Union agree to maintain a joint committee to investigate and make recommendations on safety issues identified by the Union and the Town.

Section 52. Physical Examinations and Tests

The Town agrees to provide full cost reimbursement for physical examinations and job-related tests that may be required of employees as a condition of continued employment with the Town.

Section 53. Grievance Procedure

Grievances shall be defined as alleged violations of this agreement or disputes regarding interpretations, application, or enforcement of this agreement or Town ordinances, resolutions, and written policies related to personnel policies and working conditions. Grievances shall not include disagreements, disputes, or activities regarding or pertaining to examinations for employment or promotion, disciplinary action, performance evaluations, probationary terminations and items subject to meet and confer. Nothing in these definitions shall be construed to limit "permanent" employees from appealing decisions affecting their employment to the Town Personnel Board.

No act or activity which may be grievable may be considered for resolution unless a grievance is submitted in accordance with the procedure contained herein within thirty (30) calendar days of the date the grievable activity occurred or the date the grievant could reasonably have known such activity occurred. This statute of limitations shall not apply to probationary employees.

The parties agree that all grievances will be processed in accordance with the following procedure:

Step 1

Any employee who has a grievance shall first try to get it settled through discussion with his/her/their immediate supervisor without undue delay. Every effort shall be made to find an acceptable solution at the lowest possible level of supervision. If after such discussion the employee does not believe the grievance has been satisfactorily resolved, he/she/they may file a formal appeal in writing to his/her/their Department Director within ten (10) calendar days after receiving the informal decision of his/her/their immediate supervisor.

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Step 2

The Department Director receiving the formal appeal shall render his/her/their written decision within ten (10) calendar days after receiving the appeal. If after receipt of the written decision of the Department Director the employee is still dissatisfied, he/she/they may appeal the decision of the Department Director to the Town Manager. Such appeal shall be made by filing a written appeal to the Town Manager within five (5) days after receipt of the written decision of the Department Director. The Town Manager shall review the decision of the Department Director and render a decision within twenty (20) working days after the appeal is made. The Town Manager's decision shall be final unless appealed to the Personnel Board by either the employee or the Department Director.

Step 3

The appealing party may file a written appeal of the decision, findings and conclusions of the Town Manager to the Personnel Board within ten (10) working days of the Town Manager's decision. Within sixty (60) calendar days of the filing of the appeal, the Personnel Board shall review the decision of the Town Manager and the appeal filed. The Personnel Board may ratify, modify or reverse the Town Manager's decision. The decision of the Personnel Board shall be final.

The time limitations for filing and responding to grievances may be waived or extended by mutual agreement of the parties. If either party to the grievance so requests, an informal hearing shall be conducted at the Department Director or Town Manager appeal levels. Employees may be represented by counsel, Union representative, Union steward or other person at any stage in the grievance process

Section 54. Disciplinary Procedure

54.1 Suspension

Suspension shall be a temporary separation (without pay) from Town service without pay for disciplinary purposes. The Department Director, with notice to the Personnel Officer, may suspend an employee without pay for disciplinary purposes.

54.2 Reduction in Pay

Reduction in pay is a decrease in compensation paid to an employee for a fixed period of time for disciplinary purposes. The Department Director, with notice to the Personnel Officer, may impose a reduction in pay to an employee for disciplinary purposes.

54.3 Demotion

The Department Director, with notice to the Personnel Officer, may demote an employee whose performance of his/her/their required duties is below standard, or for other disciplinary purposes. Demotion may be made to vacant position, if approved by the Personnel Officer, in lieu of layoff. No employee shall be demoted to a position for which he/she/they does not possess the minimum qualifications. Written notice of the demotion shall be given by the Department Director to the employee no less than three (3) days prior to the effective date of the demotion, and a copy filled with the Personnel Officer within the same period.

54.4 Termination

The Department Director, with notice to the Personnel Officer, may terminate an employee whose performance of his/her/their required duties is below standard, or for other disciplinary purposes. Written notice of the termination shall be given by the Department Director to the employee no less than ten (10) days prior the effective date of the termination, and a copy filed with the Personnel Officer within the same period.

54.5 Grounds for Discipline

Employees may be disciplined for, including but not limited to, any of the following grounds for discipline:

1. Fraud in securing employment or making a false statement on an application for employment.
2. Incompetency, i.e. inability to comply with the minimum standard of an employee's position for a significant period of time.
3. Inefficiency or inexcusable neglect of duty, i.e., failure to perform duties required of an employee within his/her/their position.

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4. Willful disobedience and insubordination, a willful failure to submit to duly appointed and acting supervision or to conform to duly established orders or directions of persons in a supervisory position.
5. Dishonesty, involving employment.
6. Being under the influence of alcohol or dangerous drugs or narcotics while on duty.
7. Excessive absenteeism.
8. In excusable absence without leave.
9. Abuse of sick leave, i.e., taking sick leave without a doctor's certificate when one is required, or misuse of sick leave.
10. The conviction of either a misdemeanor or a felony involving moral turpitude shall constitute grounds for dismissal of any employee. The record of conviction shall be conclusive evidence only of the fact that the conviction occurred. The Personnel Officer may inquire into the circumstances surrounding the commission of the crime in order to fix the degree of discipline, or the determination if such conviction is an offense involving moral turpitude. A pleas or verdict of guilty, of a conviction showing a plea of nolo contendere made to charge a felony or any offense involving moral turpitude, is deemed to be a conviction within the meaning of this Section. The Personnel Officer may suspend or dismiss said employee when the time for appeal has elapsed or the judgment of the conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under the provisions of Section 1203.4 of the Penal Code of the State of California allowing such person to withdraw his plea of guilty and enter a plea of not guilty, or setting side a verdict of guilty, or dismissing the accusation or indictment.
11. Discourteous treatment of the public or other employees.
12. Improper or unauthorized use of agency property.
13. Refusal to subscribe to any oath or affirmation which is required by law in connection with agency employment.
14. Any willful act of conduct undertaken in bad faith, either during or outside of duty hours which is of such a nature that it causes discredit to the agency, the employee's department of division.
15. Inattention to duty, tardiness, indolence, carelessness or negligence in the care and handling of agency property.
16. Violation of the rules and regulations published by the employee's department.
17. Outside employment not specifically authorized by the appointing authority in accordance with Town procedures.
18. Acceptance from any source of a reward, gift, or other form of remuneration in addition to regular compensation to an employee for the performance of official duties in accordance with policy on Gifts, "Gratuities Or Rewards".
19. The refusal of any officer or employee of the agency to testify under oath before any Grand Jury having jurisdiction over any then pending cause of inquiry in which the investigation of government bribery or misconduct in agency office is involved shall constitute of itself sufficient ground for the immediate discharge of such officer or employee.
20. Willful violation of any of the provisions of the ordinances, resolutions or any rules, regulations or policies which may be prescribed by the agency.
21. Improper political activity. Example: Those campaigning for or espousing the election or non-election of any candidate in national, state, county or municipal elections while on duty and/or during working hours or in an agency uniform on or off duty; or the dissemination of political material of any kind while on duty and/or working hours or in uniform.

54.6 Procedures for Taking Disciplinary Action

Disciplinary action shall be taken in compliance with the following procedures:

54.6.1 Notice of Intent

Whenever the Department Director intends to suspend an employee, demote the employee, reduce employee pay, or dismiss the employee, the Department Director shall give the employee a written notice of discipline which sets forth the following:

a. The disciplinary action intended;
b. The specific charges upon which the action is based;
c. A factual summary of the grounds upon which the charges are based;
d. A copy of all written materials, reports, or documents upon which the discipline is based;
e. Notice of the employee's right to respond to the charges either orally or in writing to the appropriate authority;
f. The date, time and person before whom the employee may respond in no less than (3) working days;
g. Notice that failure to respond at the time specified shall constitute a waiver of right to respond prior to final discipline being imposed.

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54.6.2 Response by Employee

The employee shall have the right to respond to the Department Director orally or in writing. The employee shall have a right to be represented at any meeting set by the appropriate authority to hear the employee's response. Such meeting will only be permitted once and continued for no more than two days. In cases of suspensions for three (3) days or more, demotions, reductions in pay or dismissal, the employee's response will be considered before final action is taken.

54.6.3 Final Notice

After the response or the expiration of the employee's time to respond to the notice of intent, the appropriate authority shall: (1) dismiss the notice of intent and take no disciplinary action against the employee, (2) modify the intended disciplinary action, or (3) implement the intended disciplinary action. If discipline is to be issued, the appropriate authority shall prepare and serve upon the employee a final notice of disciplinary action. The final notice of disciplinary action shall include the following:

a. The disciplinary action taken;
b. The effect of the disciplinary action taken;
c. Specific charges upon which the action is based;
d. A factual summary of the grounds upon which the charges are based;
e. The written materials, reports and documents upon which the disciplinary action is based;
f. The employee's right to appeal if any.

54.7 Disciplinary Appeals Hearing Procedure

The appeal procedure described herein shall apply only to cases of disciplinary suspensions, reductions-in pay, demotions and dismissals affecting regular part-time and fill-time classified service employees.

1. An employee has five (5) working days after receipt of the Final Notice of Discipline, to appeal the decision by filing a written request for an appeal hearing with the Personnel Officer.
2. If, within the five-day (5) appeal period, the employee involved does not file said appeal, unless good cause for the failure is shown, the action of the Department Head shall take effect as prescribed.
3. If, within the five-day (5) appeal period, the employee involved requests an appeal hearing by filing a written request with the Personnel Officer, the Personnel Officer shall submit the appeal to the Town Manager.
4. A time for an appeal hearing shall be established which shall not be less than twenty (20) working days, from the date of the filing of the appeal. All interest parties shall be notified in writing of the date, time, and place of the hearing at least ten (10) working days prior to the hearing.
5. All hearings shall be private; provided, however, that the appellant may request a hearing open to the public. Any request for an open hearing shall be submitted (5) days prior to the hearing date or the hearing will be closed.
6. Five (5) working days prior to the date set for the hearing each party shall serve upon the other party and submit to the Town Manager list of all witnesses and all exhibits to the Personnel Officer.
7. The employer's exhibits shall be designated by number. The employee's exhibits shall be designated by alphabetical letter. Neither party will be permitted to call during the hearing a witness not identified pursuant to this section nor use any exhibit not provided pursuant to this section unless that party can show that they could no reasonably have anticipated the prior need for such witness or exhibit.
8. The hearing will not be conducted in accordance with technical rules related to evidence and witnesses but hearings hall be conducted in a manner most conducive to determination of the truth. Any relevant evidence may be admitted if it is the type of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rules which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explain any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over the objection in civil actions. The rules dealing with privileges shall be effective to the same extent that they are now or hereafter may be recognized in civil actions, and irrelevant and unduly repetitious evidence may be excluded. Decisions made by the Town Manager shall not be invalidated by any informality in the proceedings.
9. The Town Manager shall rule on the admission or exclusion of evidence.
10. Each party shall have these rights: To be represented by legal counsel or other person of his or her choice; to call and examine witnesses; to introduce evidence; to cross-examine opposing witnesses on any matter relevant to the issues; to impeach any witness regardless of which party first called him or her to testify; and to rebut the evidence against him/her. If the employee does not testify in his or her own behalf, he/she/they may be called and examined as if under cross-examination.

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11. Oral evidence shall be taken only on oath or affirmation.
12. The hearing shall proceed in the following order, unless the Town Manager for special reason, otherwise directs:
13. The Town shall be permitted to make an opening statement.
14. The employee shall be permitted to make an opening statement.
15. The Town shall present its case in chief and offer evidence in support thereof.
16. The employee may then present his or her defense and offer his or her evidence in support thereof.
17. The parties may then, in order, respectively offer rebutting evidence only, unless the Town Manager for good reason, permits them to offer evidence upon their original case.
18. Closing arguments shall be permitted at the discretion of the Town Manager. If the Town Manager permits closing arguments, the party with the burden of proof shall have the right to close the hearing by making the last closing argument.
19. The Town Manager shall determine relevancy, weight, and credibility of testimony and evidence, and shall base its findings on the preponderance of evidence.
20. During the examination of a witness, all other witnesses, except the parties, shall be excluded from the hearing upon motion of either party.
21. No still photographs, moving pictures, or television pictures hall be taken in the hearing chamber during a hearing.
22. The Town Manager, prior to or during a hearing, may grant a continuance for any reason he/she/they believes to be important to his/her/their reaching a fair and proper decision.
23. The Town Manager shall render his/her/their findings and decision as soon after the conclusion of the hearing as possible, and in no event, later than ten (10) working days after conducting the hearing unless otherwise stipulated by the parties. The Town Manager's decision shall set forth the recommendations as to each of the charges and the reasons therefore.
24. The Town Manager may recommend the sustaining or rejecting of any or all of the charges filed against the employee. The Town Manager may recommend sustaining, rejecting, or modifying the disciplinary action invoked against the employee.
25. The Town Manager's proposed decision shall be filled with the charged employee and the Personnel Officer, and if the proposed decision is to reinstate, the decision shall set forth the recommended effective date the employee is to be reinstated, which may be any time on or after the date the disciplinary action went into effect. The decision of the Town Manager is final unless appealed to the Personnel Board.
26. Either party may appeal the Town Manager's decision by filing a written appeal with the Personnel Officer within ten (10) working days of the Town Manager's decision.
27. The party desiring to contest the decision of the Town Manager may request a transcript for review by the Personnel Board within ten (10) working days of the Town Manager's decision. If the appealing party requests a transcript, that party shall pay the cost of the transcript.
28. Within ten (10) working days of the filing of the appeal, the Personnel Board shall review the decision of the Town Manager, the appeal filed and the record. The Personnel Board shall review the decision of the Town Manager, the appeal filed and the record. The Personnel Board may ratify, modify or reverse the Town Manager's decision; the Personnel Board shall first obtain a transcript of the hearing. The decision of the Personnel Board shall be final.

Section 55. Unpaid Furloughs

AFSCME understands that the Town Manager has the unilateral authority to implement unpaid furloughs. Time will be tracked on timesheets and monitored to ensure that all employees meet the unpaid furlough requirement.

55.1

Town-wide Closures: The Town Manager will close Town services on designated days for which employees will take unpaid time. The closure schedule will be published for employees and the public in advance. In the event that the Town requires an employee to work on a designated furlough day, the employee shall not be furloughed on that day but shall take a different unpaid furlough day on a date mutually agreeable to the employee and his or her supervisor. Rescheduled furlough days must be pre-approved by a supervisor in advance and in accordance with standard operating and staffing requirements.

55.1.1

Rolling Furloughs: As an alternative to taking unpaid furlough on a Town-wide Closure day, employees may request to schedule unpaid furlough on a regularly scheduled workday. The request is subject to supervisory approval and subject to meeting operational needs. Furlough hours may be scheduled as a minimum of four (4) hours.

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55.2
Supervisory Authority: The parties recognize the supervisor's authority to approve or deny paid or unpaid time off based upon the operational needs of the department. Time off will be granted in a manner that minimizes operational hardship.

55.3
Incomplete Furloughs: If an employee does not complete their unpaid furloughs by the last pay period of the fiscal year, the employee's accrued vacation hours will be forfeited for the balance of the unpaid furlough. The parties understand that furlough hours have no cash value.

55.4
Effect on Paychecks: To minimize fluctuations in paychecks, the furlough pay reduction will be taken in equal increments over the fiscal year, regardless of when the actual furlough day is taken.

55.5
No Limitation: The parties understand that paragraphs in this section are intended to provide a structure for unpaid furloughs and are not a limitation on the Town Manager's authority to implement unpaid furloughs.

Section 56. Closure Days with Paid Leave Allowed
AFSCME understands that the Town Manager, for budgetary constraints or for operational efficiency, may close all nonessential services and permit employees to use paid leaves. For example, the Town Manager may institute the closure of nonessential services between the Christmas and New Years' holidays. Where not in conflict with the provisions of Section 54 (Unpaid Furloughs), in regard to these closure days:

56. 1
Employees performing essential services and scheduled to work on the Closure Days will receive straight-time pay for hours worked up to forty per week, and overtime pay for hours worked in excess of forty per week.

56.2
At their election, employees who are not scheduled to work may utilize accrued paid vacation, compensatory time off, or personal leave to cover the Closure Days. Leave must be requested in the manner provided in the MOU. Employees who use paid leave will accrue sick leave, vacation and CalPERS credit while on leave.

56.3
While employees have the option to utilize paid vacation, compensatory time off, or personal leave, they are also permitted to take leave without pay (LWOP) to cover Closure Days. Employees who take LWOP will maintain their health, life and disability insurance, as well as any medical cash in lieu. Employees who utilize LWOP will not accrue sick leave, vacation or CalPERS credit while on LWOP.

56.4
If an employee requests to work during the closure days due to hardship (e.g., the employee is out of leave and is financially unable to take time without pay), the Department Director will first try to assign the employee in their own department. If a suitable assignment is not available in the employee's own department, the Town Manager maintains the management right to place the employee in an alternative assignment for the furlough period.

56.5
The Town Manager maintains the management right to determine essential and nonessential services.

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57 Tuition Reimbursement Program

57.1

The Town will reimburse employees up to $3,000 per fiscal year toward the cost of books, university/school fees (except parking) and tuition.

57.2

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.

57.3

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.

57.4

Any employee who terminates employment with the Town within one (1) 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. This section shall not apply in cases involving disability, layoff, or death of the employee, or other unforeseen circumstances as approved by the Appointing Authority on a case-by-case basis.

Section 58. Comprehensiveness of Agreement

Town and Union agree that this agreement represents all salary, wages, and fringe benefits subject to negotiation and available to employees.

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AFSCME MOU Exhibit A

Town of Los Gatos AFSCME Classifications
Salary Schedule for Fiscal Year 2024/25
Effective July 7, 2024

Class Code	Classification Title	FLSA	Range AF1	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
6619	Assistant Equipment Mechanic	Non-Exempt	09	$35.7448	$37.5320	$39.4086	$41.3790	$43.4480	$45.6204
6620	Equipment Mechanic	Non-Exempt	03	$41.1112	$43.1668	$45.3251	$47.5914	$49.9710	$52.4696
6618	Supervising Equipment Mechanic	Non-Exempt	08	$47.2784	$49.6423	$52.1244	$54.7306	$57.4671	$60.3405
6670	Facility Technician	Non-Exempt	02	$38.2512	$40.1638	$42.1720	$44.2806	$46.4946	$48.8193
6600	Lead Parks & Maintenance Worker	Non-Exempt	07	$43.6488	$45.8312	$48.1228	$50.5289	$53.0553	$55.7081
6650	Parks & Maintenance Worker	Non-Exempt	05	$35.1208	$36.8768	$38.7206	$40.6566	$42.6894	$44.8239
6660	Parks & Maintenance Worker Trainee	Non-Exempt	04	$28.6832	$30.1174	$31.6233	$33.2045	$34.8647	$36.6079
6605	Senior Parks & Maintenance Worker	Non-Exempt	06	$38.2200	$40.1310	$42.1376	$44.2445	$46.4567	$48.7795
6610	Town Arborist	Non-Exempt	03	$41.6936	$43.7783	$45.9672	$48.2656	$50.6789	$53.2128

Reflects General Increase of 4%.

Docusign Envelope ID: 85004351-1571-4B08-8104-D055CA24F001

Town of Los Gatos AFSCME Classifications
Salary Schedule for Fiscal Year 2025/26
Effective July 6, 2025

Class Code	Classification Title	FLSA	Range AF1	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
6619	Assistant Equipment Mechanic	Non-Exempt	09	$37.1746	$39.0333	$40.9850	$43.0343	$45.1860	$47.4453
6620	Equipment Mechanic	Non-Exempt	03	$42.7556	$44.8934	$47.1381	$49.4950	$51.9698	$54.5683
6618	Supervising Equipment Mechanic	Non-Exempt	08	$49.1695	$51.6280	$54.2094	$56.9199	$59.7659	$62.7542
6670	Facility Technician	Non-Exempt	02	$39.7812	$41.7703	$43.8588	$46.0517	$48.3543	$50.7720
6600	Lead Parks & Maintenance Worker	Non-Exempt	07	$45.3948	$47.6645	$50.0477	$52.5501	$55.1776	$57.9365
6650	Parks & Maintenance Worker	Non-Exempt	05	$36.5256	$38.3519	$40.2695	$42.2830	$44.3972	$46.6171
6660	Parks & Maintenance Worker Trainee	Non-Exempt	04	$29.8305	$31.3220	$32.8881	$34.5325	$36.2591	$38.0721
6605	Senior Parks & Maintenance Worker	Non-Exempt	06	$39.7488	$41.7362	$43.8230	$46.0142	$48.3149	$50.7306
6610	Town Arborist	Non-Exempt	03	$43.3613	$45.5294	$47.8059	$50.1962	$52.7060	$55.3413

Reflects General Increase of 4%.

Docusign Envelope ID: 85004351-1571-4B08-8104-D055CA24F001

Town of Los Gatos AFSCME Classifications
Salary Schedule for Fiscal Year 2026/27
Effective July 5, 2026

Class Code	Classification Title	FLSA	Range AF1	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
6619	Assistant Equipment Mechanic	Non-Exempt	09	$39.0333	$40.9850	$43.0343	$45.1860	$47.4453	$49.8176
6620	Equipment Mechanic	Non-Exempt	03	$44.8934	$47.1381	$49.4950	$51.9698	$54.5683	$57.2967
6618	Supervising Equipment Mechanic	Non-Exempt	08	$51.6280	$54.2094	$56.9199	$59.7659	$62.7542	$65.8919
6670	Facility Technician	Non-Exempt	02	$41.7703	$43.8588	$46.0517	$48.3543	$50.7720	$53.3106
6600	Lead Parks & Maintenance Worker	Non-Exempt	07	$47.6645	$50.0477	$52.5501	$55.1776	$57.9365	$60.8333
6650	Parks & Maintenance Worker	Non-Exempt	05	$38.3519	$40.2695	$42.2830	$44.3972	$46.6171	$48.9480
6660	Parks & Maintenance Worker Trainee	Non-Exempt	04	$31.3220	$32.8881	$34.5325	$36.2591	$38.0721	$39.9757
6605	Senior Parks & Maintenance Worker	Non-Exempt	06	$41.7362	$43.8230	$46.0142	$48.3149	$50.7306	$53.2671
6610	Town Arborist	Non-Exempt	03	$45.5294	$47.8059	$50.1962	$52.7060	$55.3413	$58.1084

Reflects General Increase of 4%.

Town of Los Gatos AFSCME Classifications
Salary Schedule for Fiscal Year 2026/27
Effective July 5, 2026

Class Code	Classification Title	FLSA	Range AF1	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
6619	Assistant Equipment Mechanic	Non-Exempt	09	$38.6616	$40.5946	$42.6244	$44.7557	$46.9934	$49.3431
6620	Equipment Mechanic	Non-Exempt	02	$44.4658	$46.6891	$49.0236	$51.4748	$54.0486	$56.7510
6618	Supervising Equipment Mechanic	Non-Exempt	08	$51.1363	$53.6931	$56.3778	$59.1967	$62.1565	$65.2644
6670	Facility Technician	Non-Exempt	01	$41.3724	$43.4411	$45.6132	$47.8938	$50.2885	$52.8029
6600	Lead Parks & Maintenance Worker	Non-Exempt	07	$47.2106	$49.5711	$52.0496	$54.6521	$57.3847	$60.2540
6650	Parks & Maintenance Worker	Non-Exempt	05	$37.9866	$39.8860	$41.8803	$43.9743	$46.1731	$48.4818
6660	Parks & Maintenance Worker Trainee	Non-Exempt	04	$31.0237	$32.5749	$34.2036	$35.9138	$37.7095	$39.5950
6605	Senior Parks & Maintenance Worker	Non-Exempt	06	$41.3388	$43.4065	$45.5759	$47.8548	$50.2475	$52.7598
6610	Town Arborist	Non-Exempt	03	$45.0958	$47.3506	$49.7181	$52.2040	$54.8142	$57.5550

Reflects General Increase of 4%.

Attachment 2

SIDE LETTER OF AGREEMENT

BETWEEN

THE TOWN OF LOS GATOS AND AFSCME

On August 6, 2024, the Los Gatos Town Council approved the Memorandum of Understanding (MOU) between the Town of Los Gatos (Town) and the American Federation of State County and Municipal Employees (ASCME) for the period of July 1, 2024 through June 30, 2027.

Per the MOU at Section 10.1, the Parties agreed that effective the first full pay period of July 2026, the Town will provide a four percent (4%) salary increase for all AFSCME bargaining unit classifications.

In the time since the Council's approval of the 2024-2027 AFSCME MOU, the parties discovered the salary schedule set forth at Appendix A for Fiscal Year 2026-2027 was calculated in error to reflect a five percent (5%) salary increase in lieu of the agreed-upon four percent (4%) salary increase applicable to AFSCME classifications for Fiscal Year 2026-2027.

Having met and conferred on the error and how to best address the error, the Town and AFSCME agree that;

1. The attached Salary Schedule for Fiscal Year 2026-2027 correctly states the salary increase effective the first full pay period of July 2026; and

2. The attached Salary Schedule should be included in Appendix A of the 2025-2027 AFSCME MOU and the erroneous salary schedule should be removed and discarded.

IT IS HEREBY AGREED.

For the Town of Los Gatos

_____
Date

For AFSCME

_____
Date

Attachment 3

DRAFT RESOLUTION

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS, CALIFORNIA, APPROVING THE CORRECTED FISCAL YEAR 202-2027 SALARY SCHEDULE FOR AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME) EMPLOYEES

WHEREAS, on August 6, 2024, the Los Gatos Town Council approved the Memorandum of Understanding (MOU) between the Town of Los Gatos (Town) and the American Federation of State County and Municipal Employees (AFSCME) for the period of July 1, 2024, through June 30, 2027; and

WHEREAS, per the MOU at Section 10.1, the Parties agreed that effective the first full pay period of July 2026, the Town will provide a four percent (4%) salary increase for all AFSCME bargaining unit classifications.

WHEREAS, in the time since the Council's approval of the 2024-2027 AFSCME MOU, the staff discovered the salary schedule set forth at Appendix A for Fiscal Year 2026-2027 was calculated in error to reflect a five percent (5%) salary increase in lieu of the agreed-upon four percent (4%) salary increase applicable to AFSCME classifications for Fiscal Year 2026-2027; and

WHEREAS, staff identified this error before any overpayment could occur; and

WHEREAS, having notified AFSCME of the error and how to best address the error, the Town and AFSCME agree that:

1. The attached Salary Schedule for Fiscal Year 2026-2027 correctly states the salary increase effective the first full pay period of July 2026; and
2. The attached Salary Schedule should be included in Appendix A of the 2025-2027 AFSCME MOU and the erroneous salary schedule should be removed and discarded.

BE IT RESOLVED, by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that the AFSCME Salary Schedule, a copy of which is attached hereto, is hereby approved.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 16th day of June 2026, by the following vote:

COUNCIL MEMBERS:
AYES:
NAYS:
ABSENT:
ABSTAIN:

SIGNED:

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

ATTEST:

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 9

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with Assure MSP, Inc. to Increase Compensation by $18,898.43 for a Total Agreement Amount of $233,898.43**

RECOMMENDATION: Authorize the Town Manager to execute a First Amendment to the Agreement for Services with Assure MSP, Inc. to add the Police Operations Building intercom improvements and a La Rinconada Park security camera installation, and increase compensation by $18,898.43 for a total agreement amount of $233,898.43.

FISCAL IMPACT:

The original agreement was funded through the FY 2025-26 COPS/SLESF grant program within the Police Department Operating Budget (1114818-68515 and 61253). The proposed amendment will be funded by the Adopted FY 2025-26 Capital Improvement Program Budget in the following manner:

- Intercom System - $8,477.15 - Unanticipated Repairs Project (4118151; CIP No. 811-9904)
- Camera - $10,421.28 – Sport Court Resurfacing Project (4118414; CIP No. 831-4611)

STRATEGIC PRIORITY:

This action does not directly support a specific strategic priority but does support the Town's Core Goal of Public Safety. This item furthers public safety by replacing the intercom system at the POB, restoring communication between visitors to that building and the Police Department

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

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

dispatch staff, and by adding a camera to the sport court at LaRinconada Park to allow for monitoring of vandalism.

BACKGROUND:

Assure MSP, Inc. (Assure) is a managed service provider that partners with Verkada. Verkada provides a cloud-based physical security platform that integrates video cameras, access control, alarms, environmental sensors, and related tools into a single, centrally managed system. The platform uses a hybrid architecture that combines on-device processing with cloud-based management, reducing reliance on on-premise servers and simplifying deployment across multiple facilities. Verkada systems are widely utilized by municipal agencies and public entities throughout the Bay Area, including several local law enforcement and public sector organizations.

On January 20, 2026, the Town Council authorized the Town Manager to execute an agreement with Assure MSP, Inc to install, configure, and provide Verkada Camera Systems and Cloud-Management Systems at various locations in Town.

DISCUSSION:

The Police Operations Building (POB) has an intercom and camera access system that allows dispatch staff located at the Civic Center to observe and converse with POB visitors. The system provides safety and security to staff of the POB. In recent months, the system has become increasingly unreliable, and PPW staff are no longer able to permanently fix the existing hard-wired intercom system. Staff have assessed various ways to restore functionality to the intercom system at POB. Verkada Camera can provide a cloud-based system that can connect POB with the dispatchers. The cloud-based system will be a more cost-effective installation than a new wired system between the buildings.

In 2025, acts of vandalism on the sports courts at LaRinconada Park prompted staff to install a solar camera to monitor the area. This installation has proven effective at reducing vandalism, but the selected camera is not performing well. Staff is recommending the installation of a solar Verkada camera system at the court following the reconstruction work planned for summer 2026.

The first amendment to the agreement with Assure will provide the funding needed to replace the intercom system at the POB, restoring communication between visitors to that building and the Police Department dispatch team, and to install a solar camera at LaRinconada to provide for enhanced monitoring.

CONCLUSION:

Authorization of the first amendment will allow for the installation of the upgraded equipment during the summer of 2026.

COORDINATION:

This staff report was coordinated with the Police Department, the Town Attorney and the Administrative Services Director.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. First Amendment – Assure
2. Original Agreement

AMENDMENT TO AGREEMENT

This FIRST AMENDMENT TO AGREEMENT amends that certain agreement titled Assure Agreement for Services dated January 28, 2026, made by and between the Town of Los Gatos, ("Town,") and Assure MSP, Inc. (“Contractor”), a Corporation and whose address is 1048 Serpentine Lane, Pleasanton, CA 94588.

RECITALS

A. Town and Contractor entered into an Agreement for Services on January 28, 2026 (“Agreement”).

B. The Parties desire to amend the Agreement in order to add additional services and increase the compensation.

AMENDMENT

A. Section II.A. is amended to include: Contractor shall provide the additional services described in the Scope of Services for Intercom Replacement and Scope of Services for Installation of Solar Camera, which are hereby incorporated by reference and attached as Exhibit B and Exhibit C.

B. Section II.F is replaced and will read: Compensation for all services shall **not exceed $233,898.43**, inclusive of all costs subject to appropriate of funds, notwithstanding any other provision in this Agreement. Payment shall be based upon Town approval of each task.

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

Attachments:

B - Scope of Services for Intercom Replacement

C - Scope of Services for Installation of Solar Camera

TOWN OF LOS GATOS	ASSURE MSP, INC.
SIGNATURE	**SIGNATURE**
Chris Constantin	Jim Graf
FULL NAME	**CONTRACTOR SIGNATORY'S FULL NAME**
Town Manager	Chief Executive Officer
TITLE	**CONTRACTOR SIGNATORY'S TITLE**
DATE SIGNED	**DATE SIGNED**

Approved as to form:

SIGNATURE
Gabrielle Whelan
FULL NAME
Town Attorney
TITLE
DATE SIGNED

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

Exhibits List

B - Scope of Services for Intercom Replacement

C - Scope of Services for Installation of Solar Camera

Exhibit B

Scope of Services for Intercom Replacement

Sales Order:

April 28, 2026

Bill To:	Los Gatos Police Department	**Ship To:**	Same
Address	110 E Main St	**Address**	
City, State, Zip	Los Gatos, CA 95030	**City, State, Zip**	

Salesperson	PO#	Delivery Method	Delivery Date	Job Site	Payment Terms
Dylan Graf		Truck		Los Gatos	50% MD / 50% UC

Qty	Item #	Description	Unit Price	Line Total
		Police Department Intercom		
1	TD53-HW	Verkada TD53 Video Intercom Reader	$1,799.00	$1,799.00
1	LIC-TD-10Y-CAP	Verkada 10-Year Intercom License, Capacity Increase	$3,499.00	$3,499.00
1	ACC-INT-ANGLE-2	Verkada TD53 Angle Mount	$399.00	$399.00
1	PS-INT-INST01	Intercom cabling, installation, configuration, validation - Level 1	$1,150.00	$1,150.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$110.00	$110.00
1	PS-INT-DR-INST	Intercom and door reader wiring, configuration, and testing	$1,200.00	$1,200.00
1	PS-INT-CONFIG	Intercom network configuration and training	$245.00	$245.00
1	AMI-PS-125UL	Access control power supply, 12/24v	$294.99	$294.99
1	PS-AD-1POWER-INST	Single Door Power supply installation and testing	$350.00	$350.00
		Account Level Promotion		($1,197.41)
			Subtotal	**$7,849.58**

Sales Order:

April 28, 2026

No.	Type	Description	Unit Price	Line Total
1	Note	Please note that the proposed system requires a high speed internet connection. This provides remote monitoring, system updates and accurate timestamping. Verkada's technology removes the need for a local DVR/Machine that draws power and requires maintenance and updates.		
1.1	Note	Pricing in this Sales Order is based on the proposed quantity and scope of work documented herein. If the proposed quantities change, the proposed pricing will be adjusted to reflect the revised quantities and scope of work.		
1.2	Exclusion	Assure MSP, Inc. is not providing high speed internet or managed services unless otherwise noted in this quote.		
1.3	Note	Each MDF/IDF location will need access to 1 power outlet to provide power to a PoE switch which will provide power to the cameras.		
1.4	Exclusion	Customer will provide 1 DHCP Enabled, PoE capable switch port for each camera proposed herein for power and network connectivity unless switches are explicitly detailed herein.		
2	Shipping	UPS Ground		
3	Managed	Optional Managed Service Contract priced at $20 per Camera / mo. Includes quarterly performance review & testing to maintain optimal performance.		

Subtotal	$0.00
Total	$7,849.58
Discount	
Sales Tax	$602.57
Shipping	$25.00
Total	**$8,477.15**

Payment Schedule		
Mobilization Deposit - Billed Upon Accepted Sales Order: 50%	**$**	**4,238.57**
Balance Due - Billed Upon Completion of Project: 50%	**$**	**4,238.58**

Acknowledge and Acceptance

Authorized Signature: _____ Company Name: _____

Print Name: _____ Date: _____

Title: PO#:

Make all checks payable to Assure MSP, Inc.

Thank you for your business!

This Sales Order is subject to our Terms and Conditions which can be found at:

https://www.assuremsp.com/Agreements

Exhibit C

Scope of Services for Installation of Solar Camera

Sales Order: 1091229

March 6, 2026

Bill To:	Los Gatos Parks & Public Works	**Ship To:**	Same
Address	41 Miles Ave	**Address**	
City, State, Zip	Los Gatos, CA 95030	**City, State, Zip**	

Salesperson	PO#	Delivery Method	Delivery Date	Job Site	Payment Terms
Dylan Graf		Truck		Los Gatos	50% MD / 50% UC

Qty	Item #	Description	Unit Price	Line Total
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,974.15	$2,974.15
1	ACC-BAT-430WH-E-1	Verkada 430Wh Backup Battery for CR camera	$1,189.15	$1,189.15
1	ACC-SOLP-100W-1	Verkada 100 Watt Solar Panel	$228.65	$228.65
1	ACC-MNT-SOLP-1	Verkada Solar Panel Pole Mount for 100 Watt Solar Panel/ 65 Watt Solar Panel	$424.15	$424.15
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,699.15	$1,699.15
1	PS-CAM-INST03	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$138.55	$138.55
1	PS-CAM-CONFIG	Camera System Network Configuration & Training	$160.00	$160.00
			Subtotal	**$9,563.80**

Sales Order: 1091229

March 6, 2026

No.	Type	Description	Unit Price	Line Total
1	Note	Please note that the proposed system requires a high speed internet connection. This provides remote monitoring, system updates and accurate timestamping. Verkada's technology removes the need for a local DVR/Machine that draws power and requires maintenance and updates.		
1.1	Note	Pricing in this Sales Order is based on the proposed quantity and scope of work documented herein. If the proposed quantities change, the proposed pricing will be adjusted to reflect the revised quantities and scope of work.		
1.2	Exclusion	Assure MSP, Inc. is not providing high speed internet or managed services unless otherwise noted in this quote.		
1.3	Note	Each MDF/IDF location will need access to 1 power outlet to provide power to a PoE switch which will provide power to the cameras.		
1.4	Exclusion	Customer will provide 1 DHCP Enabled, PoE capable switch port for each camera proposed herein for power and network connectivity unless switches are explicitly detailed herein.		
2	Shipping	UPS Ground		
3	Managed	Optional Managed Service Contract priced at $20 per Camera / mo. Includes quarterly performance review & testing to maintain optimal performance.		

Subtotal	$0.00
Total	$9,563.80
Sales Tax	$615.48
Shipping	$242.00
Total	**$10,421.28**

Payment Schedule		
Mobilization Deposit - Billed Upon Accepted Sales Order: 50%	**$**	**5,210.63**
Balance Due - Billed Upon Completion of Project: 50%	**$**	**5,210.64**

Acknowledge and Acceptance

Authorized Signature: _____ Company Name: _____

Print Name: _____ Date: _____

Title: _____ PO#: _____

Make all checks payable to Assure MSP, Inc.

Thank you for your business!

This Sales Order is subject to our Terms and Conditions which can be found at:

https://www.assuremsp.com/Agreements

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AGREEMENT FOR SERVICES

Assure Agreement for Services

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Assure MSP, Inc. ("Contractor"), a Corporation and whose address is 1048 Serpentine Lane, 304 Pleasanton, CA 94588. This Agreement is made with reference to the following facts.

DS
JG

I. RECITALS

CMAS Participant

A. For the services described in this Agreement, Contractor was selected as a ~~Single Source supplier~~ for this purchase.

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

C. Town desires to engage Contractor to provide, install, configure, and commission new surveillance equipment manufactured by Verkada to support public safety operations.

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

II. AGREEMENT

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

B. Term. The term of this Agreement shall be from upon execution to Saturday, June 30, 2036.

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

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

E. Information/Report Handling. All documents furnished to the Contractor by the Town and all reports and supportive data prepared by the Contractor under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by the Contractor in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Contractor shall not make any of these documents or information available to any individual or organization not employed by the Contractor or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Contractor pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Contractor in connection with other projects shall be solely at Town's risk, unless Contractor expressly

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

F. Compensation: Compensation for services at the rates set forth in Exhibit A and in the amount **not to exceed $215,000.00**, inclusive of all costs subject to appropriation of funds, notwithstanding any other provision in this agreement. Payment shall be based upon Town approval of each task.

G. Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.
Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:
Invoices: Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

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

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

J. Independent Contractor. It is understood that the Contractor, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Contractor may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Contractor agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Contractor shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Contractor or is based on allegations of Contractor's negligent performance or wrongdoing.

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

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

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

III. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Insurance:

1. Contractor agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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

B. General Liability:

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

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

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

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

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

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D. Workers' Compensation. In addition to these policies, Contractor shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to th before beginning services under this Agreement. Further, Contractor shall ensure that all subcontractors employed by Contractor provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

E. Indemnification. The Contractor shall indemnify the Town its elected and appointed officials, employees and agents from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any act or omissions of the Contractor, or any of the Contractor's officers, employees, or agents or any subcontractor. Contractor shall defend the Town against any such claims.

IV. GENERAL TERMS

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

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

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

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

E. 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

Assure MSP, Inc.
1048 Serpentine Lane, 304 Pleasanton, CA 94588

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

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writing to Town.

F. 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.

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

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

TOWN OF LOS GATOS:

Signed by:
Chris Constantin
3EF03F232F1B428...
SIGNATURE

Chris Constantin
FULL NAME

Town Manager
TITLE

1/28/2026
DATE SIGNED

CONTRACTOR: Assure MSP, Inc.

DocuSigned by:
A58934C1A50F46B...
SIGNATURE

Jim Graf
VENDOR SIGNATORY'S FULL NAME

CEO
VENDOR SIGNATORY'S TITLE

1/15/2026
DATE SIGNED

Approved as to form:

Signed by:
Gabrielle Whelan
EFD6738A5534428...
SIGNATURE

Gabrielle Whelan
FULL NAME

Town Attorney
TITLE

1/28/2026
DATE SIGNED

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

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January 7, 2026

Customer: Los Gatos Police Department

Attention: Rebecca Albin

Proposal: LGPD SO# 1008949

Dear Captain Albin:

We are pleased to submit the following proposal for consideration based on specifications received to include the following:

BASE BID SCOPE OF WORK

Provide, install, configure, and commission the following new surveillance equipment manufactured by Verkada:

- (4) CY63-E Cameras
- (1) CD43-E Camera
- (1) CM42 Camera
- (2) CP63-E Cameras
- (8) CR63-E Cameras
- (2) CH63-E Cameras
- (1) CB62-E Camera
- (2) CD63-E Cameras
- (7) GC31-E Cellular Gateways
- (1) Verkada Intercom

All devices will be mounted in agreed-upon locations and integrated into a single cloud-managed system.

See attached "LGPD SO # 1008949" for pricing, components & specs.

**Proposed pricing is valid for 20 days.*

Clarifications:

-Price based upon normal working hours – Monday through Friday between the hours of 7:00AM until 5:00PM. Overtime is excluded.

Exclusions:

- Any and/or all work not listed in the above Scope of Work.
- Repairing existing low voltage code violations.
- Demo, relocation and/or re-supporting of existing low voltage not listed in SOW.
- New and/or upgrades to existing patch panels to accommodate new patch panels.
- HVAC feeders, control wiring and/or raceway.
- F/A, security wiring and/or raceway.
- Audio cabling or raceway.
- Paint and/or patching.
- Asbestos abatement and/or removal.
- Dumpster, off haul and/or recycling fees.
- Unforeseen site and/or subsurface conditions.
- Underground trenching, backfill, and/or patch.
- Concrete saw cut, coring and/or installation of floor boxes.
- Concrete x-ray services.
- Additional insurance requirements and/or costs above our current limits.
- Engineering and/or design drawings.
- Permit and/or Building Department Fees.
- Overtime, PM and or weekend work.
- Cable Certification.

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STANDARD TERMS AND CONDITIONS

1. Engagement of Services
Once work is authorized by the customer, Assure MSP is committed to certain "ramp up' expenses, both direct and indirect (i.e., specific training, travel, special tools, materials, project management, etc.) which are generally priced into the entire scope of the project. If the project is cancelled, delayed, terminated, or significantly changed through no fault of Assure MSP, these expenses will be due and payable to Assure MSP on a pro-rata basis. Any request for reimbursement of these expenses will be itemized and defined.

2. Changes to Scope of Work
Assure MSP will notify the customer if there is a material change to the Scope of Work that will require Assure MSP to spend more money than originally budgeted. The customer agrees to pay Assure MSP for such expenses plus reasonable profit and overhead if the customer desires to continue under the changed Scope of Work.

3. Payment Terms
Standard payment terms are due upon receipt unless stated differently on the front of this proposal.

4. Warranty
Customer satisfaction is a prime objective in the Assure MSP organization. In any instance where Assure MSP's low voltage cable installation fails to perform to the customer's satisfaction, it is Assure MSP's policy to provide prompt and effective investigation of the situation. Assure MSP warrants that its low voltage installation will be in accordance with stated specifications and will be free from defects in workmanship and materials for a period of 1-Year.

5. Incorporation by Reference
Unless expressly agreed in writing, their Standard Terms and Conditions are a part of, and hereby incorporated by reference, all Proposals submitted by Assure MSP, Inc.

6. Indemnity
To the fullest extent permitted by law Owner shall defend, indemnify, and hold harmless Contractor from and against all claims, demands, damages, causes of action, liabilities, charges, penalties, fine costs, fees, losses, damages, expenses, suits, settlements, awards, and judgments (including reasonable attorney fees) and every kind and nature whatsoever arising from or in connection with or incidental to the performance of work under this agreement.

Thank you for giving Assure MSP the opportunity to provide services for you. If you have any questions or need assistance to expedite your project, please feel free to contact me at (415) 516-7475.

Sincerely,

Dylan Graf
Assure MSP, Inc.
(650) 477-7690

I am authorizing Assure MSP to perform the project per the scope of work above:

Authorized Signature: Signed by: Chris Constantin 3EF03F232F1B428... 1/28/2026

Authorized Name (Printed): Chris Constantin

Purchase Order: _____

Assure MSP, Inc.
1048 Serpentine Lane, 304
Pleasanton, CA 94588
LIC # 1107485

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Sales Order: 1008949

January 7, 2026

Bill To:	Los Gatos Police Department	**Ship To:**	Same
Address	110 E Main St	**Address**	
City, State, Zip	Los Gatos, CA 95030	**City, State, Zip**	

Salesperson	PO#	Delivery Method	Delivery Date	Job Site	Payment Terms
Dylan Graf		Truck		Los Gatos	50% MD / 50% UC

Qty	Item #	Description	Unit Price	Line Total
		City Hall Cameras		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-YPEND-1	Verkada Two-Camera Multisensor Pendant Cap Mount	$87.20	$87.20
1	CD43-256E-HW	Verkada CD43-E Outdoor Dome Camera, 5MP, Fixed Lens, 256GB of Storage, Maximum 30 Days of Retention	$959.20	$959.20
1	CM42-256-HW	Verkada CM42 Indoor Mini Dome Camera, 5MP, Fixed Lens, 256GB of Storage, Maximum 30 Days of Retention	$559.20	$559.20
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20
3	PS-CAM-INST01	Camera Installation, configuration, alignment, network setup, and labeling - Level 1	$850.00	$2,550.00
3	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$391.20
3	PS-CAM-CONFIG	Camera System Network Configuration & Training	$160.00	$480.00
		Subtotal: $13,342.80		
		City Hall Intercom		
1	TD53-HW	Verkada TD53 Video Intercom Reader	$1,439.20	$1,439.20
1	LIC-TD-10Y-CAP	Verkada 10-Year Intercom License, Capacity Increase	$2,799.20	$2,799.20
1	PS-INT-INST01	Intercom cabling, installation, configuration, validation - Level 1	$1,250.00	$1,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
1	PS-INT-DR-INST	Intercom and door reader wiring, configuration, and testing	$1,200.00	$1,200.00
1	PS-INT-CONFIG	Intercom network configuration and training	$250.00	$250.00
1	AMI-PS-125UL	Access control power supply, 12/24v	$235.99	$235.99
1	PS-AD-1POWER-INST	Single Door Power supply installation and testing	$350.00	$350.00
1	PS-AD-STRK-INST	Installation & Testing of Electrified Strike	$1,750.00	$1,750.00
		Subtotal: $9,404.79		
		Location 2		

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1	CP63-1TBE-HW	Verkada CP63 Outdoor PTZ Camera, 4K, 1TB of Storage, Maximum 30 Days of Retention	$3,759.20	$3,759.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACC-MNT-XLARM-1	Verkada Large Arm Mount (PTZ)	$127.20	$127.20
1	ACC-MNT-PEND-1	Verkada Pendant Cap Mount	$55.20	$55.20
1	ACC-POLE-1	Verkada 12ft /3.7m Above Grade Pole for use with CR camera and accessories	$799.20	$799.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
1	PS-POLE-INST01	12fr /3.7m Pole Installation	$2,750.00	$2,750.00
		Subtotal: $15,962.38		
		Location 4		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 5		
2	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$5,598.40
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
2	ACC-BAT-430WH-E-1	Verkada 430Wh Backup Battery for CR camera	$1,119.20	$2,238.40
2	ACC-SOLP-100W-1	Verkada 100 Watt Solar Panel	$215.20	$430.40
2	ACC-MNT-SOLP-1	Verkada Solar Panel Pole Mount for 100 Watt Solar Panel/ 65 Watt Solar Panel	$399.20	$798.40
2	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$5,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
		Subtotal: $18,024.80		

Assure. We'll take care of IT

Sales Order: 1008949

January 7, 2026

		Location 6		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 7		
1	CH63-2TBE-HW	Verkada CH63-E Outdoor Four-Camera Multisensor Camera, 4x4K, Zoom Lens, 2TB of Storage, Maximum 30 Days of Retention	$3,359.20	$3,359.20
1	LIC-CAM-MLT4-10Y-CAP	Verkada 10-Year Four-Camera Multisensor License, Capacity Increase	$4,799.20	$4,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-HPEND-1	Verkada Four-Camera Multisensor Pendant Cap Mount	$111.20	$111.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $15,540.38		
		Location 8		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 14		
1	CH63-2TBE-HW	Verkada CH63-E Outdoor Four-Camera Multisensor Camera, 4x4K, Zoom Lens, 2TB of Storage, Maximum 30 Days of Retention	$3,359.20	$3,359.20

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Sales Order: 1008949

January 7, 2026

1	LIC-CAM-MLT4-10Y-CAP	Verkada 10-Year Four-Camera Multisensor License, Capacity Increase	$4,799.20	$4,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-HPEND-1	Verkada Four-Camera Multisensor Pendant Cap Mount	$111.20	$111.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $15,540.38		
		Location 15		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 16		
2	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$5,598.40
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
2	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$638.40
2	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$5,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
		Subtotal: $15,196.00		
		Location 17		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20
1	CB62-512E-HW	Verkada CB62-E Outdoor Bullet Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$1,599.20	$1,599.20
1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20

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1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
2	PS-CAM-INST02	Camera Installation, configuration, alignment, network setup, and labeling - Level 2	$1,250.00	$2,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
		Subtotal: $14,322.38		
		Location 18		
1	CP63-1TBE-HW	Verkada CP63 Outdoor PTZ Camera, 4K, 1TB of Storage, Maximum 30 Days of Retention	$3,759.20	$3,759.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-XLARM-1	Verkada Large Arm Mount (PTZ)	$127.20	$127.20
1	ACC-MNT-PEND-1	Verkada Pendant Cap Mount	$55.20	$55.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $12,732.38		
		Location 20		
2	CD63-512E-HW	Verkada CD63-E Outdoor Dome Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$1,519.20	$3,038.40
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
2	PS-CAM-INST02	Camera Installation, configuration, alignment, network setup, and labeling - Level 2	$1,250.00	$2,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
2	PS-CAM-CONFIG	Camera System Network Configuration & Training	$160.00	$320.00
		Subtotal: $9,317.60		
		Location 21		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20

Assure. We'll take care of IT

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1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-YPEND-1	Verkada Two-Camera Multisensor Pendant Cap Mount	$87.20	$87.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $12,396.38		
		Location 22		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20
1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-YPEND-1	Verkada Two-Camera Multisensor Pendant Cap Mount	$87.20	$87.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $12,396.38		
			Subtotal	**$194,568.68**

Docusign Envelope ID: DC3C410B-1AF4-44AB-9207-5AB111A63A72

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No.	Type	Description	Unit Price	Line Total
1	Note	Please note that the proposed system requires a high speed internet connection. This provides remote monitoring, system updates and accurate timestamping. Verkada's technology removes the need for a local DVR/Machine that draws power and requires maintenance and updates.		
1.1	Note	Pricing in this Sales Order is based on the proposed quantity and scope of work documented herein. If the proposed quantities change, the proposed pricing will be adjusted to reflect the revised quantities and scope of work.		
1.2	Exclusion	Assure MSP, Inc. is not providing high speed internet or managed services unless otherwise noted in this quote.		
1.3	Note	Each MDF/IDF location will need access to 1 power outlet to provide power to a PoE switch which will provide power to the cameras.		
1.4	Exclusion	Customer will provide 1 DHCP Enabled, PoE capable switch port for each camera proposed herein for power and network connectivity unless switches are explicitly detailed herein.		
2	Shipping	UPS Ground		
3	Managed	Optional Managed Service Contract priced at $20 per Camera / mo. Includes quarterly performance review & testing to maintain optimal performance.		

Subtotal	$0.00
Total	$194,568.68
Promotion	($6,632.00)
Sales Tax	$12,255.62
Shipping	$92.00
Total	**$200,284.30**

Payment Schedule		
Mobilization Deposit - Billed Upon Accepted Sales Order: 50%	**$**	**100,142.15**
Balance Due - Billed Upon Completion of Project: 50%	**$**	**100,142.16**

Acknowledge and Acceptance

Authorized Signature: Signed by: Chris Constantin 3EF03F232F1B428... Company Name: Town of Los Gatos

Print Name: Chris Constantin Date: 1/28/2026

Title: Town Manager PO#:

Make all checks payable to Assure MSP, Inc.

Thank you for your business!

This Sales Order is subject to our Terms and Conditions which can be found at:

https://www.assuremsp.com/Agreements

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 10

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute an Agreement for Professional Services with Sanbell for Engineering Design, Alternatives Analysis, Surveying, Easement Preparation, and Bid-Phase Support for the 709 University Avenue Drainage System Replacement Project in the amount of $98,895**

RECOMMENDATION: Authorize the Town Manager to execute an Agreement for Professional Services with Sanbell for engineering design services alternatives analysis, surveying, easement preparation, and bid-phase support for the 709 University Avenue Drainage System Replacement Project (4628313; CIP No. 816-0423) in the amount of $98,895.

FISCAL IMPACT:

There is sufficient funding for this agreement through the carryforward of FY2025-26 appropriations into the Town's adopted FY2026-27 Capital Improvement Program Budget, 709 University Avenue Drainage System Replacement Project (4628313; CIP No. 816-0423).

STRATEGIC PRIORITY:

This item does not directly support a Town's Strategic Priority but does align with the Town's Core Goal of Quality Public Infrastructure as it provides improvements to the existing storm drainage system between Winchester Boulevard and University Avenue.

PREPARED BY: Jason Lin
Special Projects Manager

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

BACKGROUND:

The FY 2025–2026 Capital Improvement Program includes funding for the 709 University Avenue Drainage System Replacement Project (709 University Project), which proposes to replace a segment of storm drain between Winchester Boulevard and University Avenue. The Town originally combined design efforts for both the Vasona Oak and 709 University drainage systems because the projects initially appeared to involve straightforward storm drain replacement. As investigation progressed, both projects proved to be more complex than initially anticipated, requiring their own scope, technical analyses, and timeline.

During initial investigation, inspection of the existing storm drain system crossing private property at 709 University Avenue identified sections of the pipe to be failing. Staff determined the deterioration was too extensive to be addressed through routine repairs. Follow-up field investigations confirmed that additional evaluation and design work would be required to determine feasible repair or replacement approaches.

The Town retained Sanbell through its on-call consultant list after informal bids identified them as the best-value, most qualified firm to evaluate drainage concerns at the 709 University and Vasona Oak sites. As part of the investigation, Town staff completed a closed-circuit television (CCTV) inspection of the line with support from Sanbell, and the results indicated more extensive deterioration in the pipe and bedding than originally anticipated. These findings expanded the need for engineering analysis, alternatives development, and further design refinement beyond the original scope.

Because Sanbell had already completed initial survey work and early design development for this project under the previous contract, the Town determined that continuing with Sanbell under a dedicated agreement for the 709 University Project would provide essential continuity and efficiency as the project moves into more detailed analysis and design.

The proposed agreement is below the threshold for the Town Manager's signature, but when combined with the initial work completed under a separate contract ($49,956), the total amount being paid to Sanbell for this project exceeds $100,000. As such staff is bringing this item forward for Town Council authorization.

DISCUSSION:

Although the work at 709 University and Vasona Oak was originally covered under a single agreement, the projects are now proceeding independently due to their differing scopes and technical needs. Staff is recommending that the 709 University and Vasona Oak projects proceed independently due to differing scope, technical analysis, and timeline. Because of these differing project needs, this current action establishes a separate agreement for the 709

University Project. The Vasona Oak Drainage Project will be the subject of a separate agreement and Town Council approval.

Sanbell's expanded scope includes supplemental utilities research, survey support, and focused evaluation of potential alternatives, including replacing the pipe in its original location or relocating the system out of private property and into a different alignment within the Town's right-of-way. A technical memorandum will summarize feasibility considerations, preliminary hydraulic evaluation, and planning-level cost impacts.

After the Town selects a preferred alternative, Sanbell will prepare updated design documents, including interim submittals and a final bid-ready plan set with specifications and an engineer's estimate. The scope also includes preparing a storm drain easement legal description and plat should the selected alignment remain on private property. Limited bid-phase support is included to address contractor questions.

Sanbell has already completed initial survey efforts and early design development for the project, giving them familiarity with the drainage system constraints, existing conditions, and prior Town direction. Because Sanbell completed the initial investigation and early design development for this system, continuing with them qualifies as a single-source selection under Section XV of the Town's Purchasing Policy, which permits selecting a consultant when prior work provides a compelling reason to do so. Selecting Sanbell under a single-source agreement avoids duplicating previously completed work, maintains project continuity, and minimizes delays associated with re-procurement. This helps maintain project momentum and supports the Town's goal of advancing the project toward construction within the planned FY 2026–27 timeframe.

CONCLUSION:

The additional engineering design services proposed by Sanbell are necessary to fully evaluate feasible repair approaches and prepare the 709 University Avenue Drainage System Replacement Project for construction. Sanbell's prior involvement provides continuity and supports efficient delivery of the expanded scope. Staff recommend that the Town Council authorize the Town Manager to execute the proposed agreement with Sanbell in the amount of $98,895.

COORDINATION:

This report was coordinated with the Finance Department and the Town Attorney.

ENVIRONMENTAL ASSESSMENT:

Awarding of the engineering agreement is not a project defined under CEQA, and no further action is required. Environmental review for the underlying capital project will be completed as part of the design and permitting process. Preliminary evaluation indicates the project may qualify for a categorical exemption pursuant to CEQA Guidelines Sections 15301 (Existing Facilities) and/or 15302 (Replacement or Reconstruction); however, final CEQA determination will occur following completion of technical studies and environmental review.

Attachments:
1. Agreement for Professional Services with Sanbell
2. Original Sanbell Agreement and Amendment for 709 University and Vasona Oak

AGREEMENT FOR PROFESSIONAL SERVICES

709 University Avenue Drainage System Replacement Project

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Sanbell ("Contractor"), a Corporation whose address is 390 Willow Pass Rd, Ste 300, Concord, CA 94520. This Agreement is made with reference to the following facts.

I. RECITALS

A. Town desires to engage Consultant to provide professional services for design of the 709 University Avenue Drainage System Replacement Project.

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

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

II. AGREEMENT

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

B. Term. The term of this Agreement shall be from upon execution to Wednesday, June 30, 2027.

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

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

E. Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless the Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

F. Compensation: Compensation for Consultant's professional services **shall not exceed $98,895.00** at the rates set forth in Exhibit A which is attached and incorporated by reference. Payment shall be based upon Town approval of each task.

G. Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.
Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:
Invoices: Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

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

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

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

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

performance of this Agreement. If after employment of a person Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

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

III. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Insurance:

1. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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

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

B. General Liability:

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

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

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

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

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

D. Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

E. Indemnification. The Consultant shall indemnify the Town its elected and appointed officials, employees and agents from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant. Consultant shall defend the Town against any such claims.

IV. GENERAL TERMS

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

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

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

D. Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Service Provider. In the event of such termination, Town shall pay Consultant an amount that bears the

same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

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

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

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

Sanbell
390 Willow Pass Rd, Ste 300, Concord, CA 94520

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

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

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

Attachments:

A - Scope & Cost Proposal - 709 University Ave Project

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

TOWN OF LOS GATOS:	SANBELL:
SIGNATURE	**SIGNATURE**
Chris Constantin	Robert Broestl
FULL NAME	**ENTER CONSULTANT SIGNATORY'S NAME**
Town Manager	Principal Engineer
TITLE	**ENTER CONSULTANT SIGNATORY'S TITLE**
DATE SIGNED	**DATE SIGNED**

Approved as to form:

SIGNATURE
Gabrielle Whelan
FULL NAME
Town Attorney
TITLE
DATE SIGNED

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

Exhibits List

A - Scope & Cost Proposal - 709 University Ave Project

Exhibit A

Scope & Cost Proposal - 709 University Ave Project

SCOPE OF SERVICES

709 UNIVERSITY AVENUE DRAINAGE SYSTEM REPLACEMENT PROJECT

During design, CCTV inspection of the existing storm drain identified severe damage/corrosion within the pipe. However, the CCTV was only able to inspect a limited portion of the line, so the full extent of the deterioration could not initially be confirmed.

In early March 2026, the Town of Los Gatos ("Town") retained Sanco Pipelines to pothole and expose additional portions of the pipe to better determine the condition of the unverified segments. Based on that work, it was determined that the existing 24-inch storm drain pipe is extensively deteriorated and structurally compromised, with damage significantly exceeding what was anticipated at the outset of design. The severity and extent of these conditions have been documented in prior correspondence with the Town.

These conditions were not known at the time of the original scope and have materially changed the nature of the project. The budget under the original scope has been fully utilized, and the additional work required to evaluate these conditions is outside that scope and requires a contract amendment.

TASK 1 – PROJECT ADMINISTRATION & MEETINGS

Sanbell will provide project administration and coordination for the additional services included in this scope. This task includes budget tracking, schedule coordination, internal coordination, and general communication with Town staff.

This task assumes up to three (3) virtual coordination meetings during the alternatives analysis phase and up to three (3) virtual coordination meetings during the design development phase.

DELIVERABLES: Meeting agendas/summaries, as needed.

TASK 2 – POTHOLING, UTILITY RESEARCH, & ADDITIONAL TOPO

Sanbell will coordinate with the Town and potholing contractor to plan and perform additional targeted potholing. This effort will further investigate subsurface conditions, verify pipe/trench conditions, and identify potential conflicts along the existing and proposed alternative alignments.

Potholing will be performed by Certerra Subsurface Imaging, Inc., as a subcontractor to Sanbell. The potholing scope includes up to 10 potholes, assumed to be standard 12-inch by 12-inch potholes performed to the top of pipe, encasement, or stop depth. The work will include Dig Alert coordination/delineation, vacuum excavation, slurry backfill, removal of debris, hot patching, standard traffic control, and preparation of a pothole report documenting the findings. Hot patching will be performed in accordance with City standards and is assumed to include backfill with up to two sacks of slurry, a hot mix patch up to 2 feet by 2 feet, grinding, and capping. Standard traffic control is included, with additional flagging or traffic control measures provided only if required by the Town/City.

The Town will coordinate potholing access with affected homeowners and the HOA, as necessary. It is assumed that the Town will not charge encroachment permit fees, traffic control plan review fees, or other Town permit/review fees associated with the potholing work.

Sanbell will also perform utility research to identify existing utilities within the project area using available records and mapping. This information will be used to support the alternatives analysis and identify potential conflicts, access limitations, and construction considerations.

Sanbell will perform supplemental topographic and field survey, as needed, to support the alternatives analysis. Since some alternatives may extend beyond the limits of the existing survey, additional field data may be needed to evaluate potential alignments, identify site constraints, and support the Town's selection of a preferred alternative. Budget for this effort has been included in the cost proposal.

TASK 3 – ALTERNATIVE ANALYSIS

Sanbell will perform an alternatives analysis to evaluate feasible repair approaches for the failed storm drain system. This effort will support the Town in selecting a preferred repair method.

The following alternatives will be evaluated:

1. Alternative 1 (Open Trench) – trench repair and installation of new storm drain pipe along the existing alignment.
2. Alternative 2 (Slip Lining) – trench repair, slip lining of the existing pipe, and pressure grouting of annular spaces and voids.
3. Alternative 3 (Realignment / Bubble-Up) – approximately 250 linear feet of new storm drain pipe extending south to a bubble-up along Winchester Boulevard / North Santa Cruz Avenue.
4. Alternative 4 (Bubble-Up) - convert existing catch basin at Winchester Boulevard to bubble up and allow all overland stormwater flow to drain to next downstream catch basin.
5. Alternative 5 (Realignment) – new storm drain line from Winchester Boulevard along the University Oaks driveway to University Avenue.
6. Alternative 6 (Realignment) – approximately 500 linear feet of new storm drain pipe extending southerly to the existing inlet at Blossom Hill Road.

Sanbell will focus initial efforts and analyze Alternatives 1 – 4. If it is deemed that these alternatives are not feasible, Sanbell will notify the Town before analyzing Alternatives 5 – 6.

The results of this analysis will be compiled into a technical memorandum to support Town review and selection of a preferred method and alignment. For each alternative, the technical memorandum will include:

- Conceptual Layout
- Feasibility & Constraint Assessment
- Preliminary Hydraulic Evaluation
- Planning-Level Cost Estimate

DELIVERABLES: Technical Memorandum

TASK 4 – DESIGN DEVELOPMENT

Following selection of a preferred alternative and alignment by the Town, Sanbell will produce 60%, 90%, and final bid set design documents. Each submittal will include plans, specifications, and an engineer's estimate. Specifications will be prepared consistent with Town standards and applicable Caltrans Standard Specifications.

Following Town review of the 60% and 90% submittals, Sanbell will facilitate design review meetings to review Town comments and identify remaining items before advancing to the next submittal.

Sanbell will coordinate with the Town throughout design to refine the selected approach. Design will consider access constraints, utility conflicts, and construction considerations identified during the alternatives analysis.

DELIVERABLES: 60%, 90%, and Final Bid Set Plans, Specifications, and Engineer's Estimate.

TASK 5 – STORM DRAIN EASEMENT LEGAL & PLAT

If the Town selects an alternative that requires realignment of the storm drain outside the existing easement, Sanbell will prepare a new storm drain easement legal description and plat. This task is anticipated to apply to the University Avenue realignment alternative, which would route the storm drain along the University Oaks driveway from Winchester Boulevard to University Avenue.

Sanbell's survey staff will review the proposed alignment, existing property/easement information, available record maps, and supporting design information to prepare the easement documents. The legal description and plat will define the proposed easement area needed for construction, access, operation, maintenance, and future replacement of the storm drain facility.

This task includes survey office time required to prepare the legal description and plat in a format suitable for Town review and future recordation. Any title company coordination, recording fees, property owner negotiations, or legal review by others are not included.

DELIVERABLES: Storm drain easement legal description and plat

TASK 6 – BID PHASE SUPPORT

Sanbell will provide limited support during the bidding phase. This includes responding to contractor questions, assisting with interpretation of bid set documents, and preparing addenda, as needed.

Sanbell will coordinate with the Town during bid advertisement to support issuance of clarifications and ensure consistency with the contract documents.

DELIVERABLES: Responses to bidder inquiries and preparing addenda, as required.

sanbell

5/13/2026

Cost Proposal for Contract Amendment Request

709 University Avenue Drainage System Replacement Project

Town of Los Gatos

		Principal-in-Charge Principal Engineer	**Project Manager** Senior Engineer II	**Design Engineer** Project Engineer I	**Staff Engineer** Engineering Tech	**Project Surveyor** Professional Surveyor I	**Surveyor** Professional Surveyor II	**Survey Crew** 2-person survey crew	**Surveying Staff** Staff Surveyor II	Administrative			**Potholing** Certerra Subsurface Imaging, Inc.	
		$260	$224	$184	$100	$256	$240	$326	$184	$116				
No.	**Task Description**	**Labor Categories**									**Total Hours**	**Total Labor Costs**	**Sub Consultants**	**Total**
Task 1 - Project Administration & Meetings														
1.1	Project Administration (Includes Status Reports & Schedule Updates)	1	10	6	-	-	-	-	-	4	21	$4,068	-	$4,068
1.2	Project Meetings	2	8	8	-	-	-	-	-	-	18	$3,784	-	$3,784
Task 2 - Potholing, Utility Research, & Additional Topo														
2.1	Potholing (Up to 10 Potholes)	-	2	8	-	-	-	-	-	-	10	$1,920	$27,627	$29,547
2.2	Utility Research	-	4	16	-	-	-	-	-	-	20	$3,840	-	$3,840
2.3	Right-of-Way & Easement Research	-	1	2	-	-	4	-	4	-	11	$2,288	-	$2,288
2.4	Additional Topo & Field Survey	-	-	2	-	-	-	10	12	-	24	$5,836	-	$5,836
Task 3 - Alternative Analysis														
3.1	Alternative Analysis of Proposed Alignments & Methods	2	10	40	12	-	-	-	-	-	64	$11,320	-	$11,320
Task 4 - Design Development														
4.1	Plans, Specifications, & Estimate (60%)	1	12	44	-	-	-	-	-	-	57	$11,044	-	$11,044
4.2	Plans, Specifications, & Estimate (90%)	1	10	40	-	-	-	-	-	-	51	$9,860	-	$9,860
4.3	Plans, Specifications, & Estimate (Bid Set)	2	8	32	-	-	-	-	-	-	42	$8,200	-	$8,200
Task 5 - Storm Drain Easement Legal & Plat														
5.1	Preparation of Storm Drain Easement Legal & Plat	-	-	-	-	2	18	8	-	-	28	$7,440	-	$7,440
Task 6 - Bid Phase Support														
6.1	Bid Phase Support	1	3	4	-	-	-	-	-	-	8	$1,668	-	$1,668
		10	**68**	**202**	**12**	**2**	**22**	**18**	**16**	**4**	**354**	**$71,268**	**$27,627**	**$98,895**

Notes:

1 The above cost proposal is for the anticipated work as described in the Contract Amendment Request for Additional Engineering Services

2 Distribution of hours may vary based on the actual level of effort required during performance of the services.

3 The Town of Los Gatos will provide all available utility information requested by Sanbell.

4 The above labor rates are based on the 2026 Sanbell Billing Rate schedule.

Billing Rates

	Jan 1, 2026 to Dec 31, 2026
Engineering Services	
Engineering Technician	$108
Staff Engineer I	$146
Staff Engineer II	$162
Staff Engineer III	$176
Staff Engineer IV	$190
Project Engineer I / Project Manager I	$184
Project Engineer II / Project Manager II	$224
Senior Engineer I / Senior Project Manager	$228
Senior Engineer II / Senior Project Manager	$242
Principal Engineer I	$260
Principal Engineer II	$288
Construction Services	
Public Works Inspector	$176
Senior Public Works Inspector	$190
Public Works Inspector Assistant	$146
Construction Manager	$228
Administrative	$116
Resident Engineer	$224
Land Surveying Services	
Safety Monitor/Flag Person	$128
Staff Surveyor I	$146
Staff Surveyor II	$176
Staff Surveyor III	$184
Professional Land Surveyor I	$240
Professional Land Surveyor II	$256
Survey, Party Chief II	$196
Survey, Journeyman Rodman	$130
Survey, Apprentice I	$84
Survey, Apprentice II	$90
Survey, Apprentice III	$110
Survey, Apprentice IV	$126
2-Man Survey Crew	$326
3-Man Survey Crew	$436
Drone Photography/Videography	$240
Graphic Artist	$154
Legal & Expert Services	
Document Review and Case Meetings	$270
Depositions and Trial Testimony	$446

Client authorized overtime work will be charged at 135% of the standard hourly
*** billing rates to increase 4% per year, beginning on January 1

Expenses	
Bond	$0.50/SF
Mylar	$18/SF
Large Format Color Presentation	$3.00/SF
Company Vehicle at Site	$16/hr
Color Copies - 8.5x11	$1.50/EA
Color Copies - 11x17	$2.5/EA
Other Direct Project Expenses	Cost + 10%
Subcontractors	Cost + 10%
Outside Printing & Delivery Service	Cost + 10%

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AGREEMENT FOR CONSULTANT SERVICES

PREAMBLE

THIS AGREEMENT is dated for identification on 22nd day of May 2025 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") Sanbell, ("Consultant"), identified as a C Corporation and whose address is 1390 Willow Pass Rd, Ste 300, Concord, CA 94520. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desires to engage Consultant to provide design for Vasona storm drain replacement project.

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

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

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain Proposal sent to the Town on May 1 2025, which is hereby incorporated by reference and attached as Exhibit A.

2.2 Term and Time of Performance. This contract will remain in effect from upon execution through May 16, 2026. Consultant shall perform the services described in this agreement as described in Exhibit A.

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

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

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared

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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 **$49,956**, inclusive of all costs. Payment shall be based upon Town approval of each task and fees for each task shall not be exceeded without written authorization from the Town.

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

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

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

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

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

2.10 Independent Contractor. It is understood that the Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain

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any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Consultant may perform some obligations under this Agreement by subcontracting but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

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

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

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an

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amount not less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

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

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

General Liability:

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

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

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

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

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

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

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Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its elected and appointed officials, agents, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

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

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

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

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

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

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

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

Sanbell
1390 Willow Pass Rd, Ste 300
Concord, CA 94520

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:

Signed by:
Chris Constantin
3EF03F232F1B428...
6/3/2025

Chris Constantin, Town Manager

Sanbell by:

Signed by:
Robert Broestl
CDB444CDDECD4C0...
5/28/2025

Robert Broestl, Principal Engineer

Recommended by:

Signed by:
Nicolle Burnham
0E97831349644C3...
5/29/2025

Nicolle Burnham,
Director of Parks and Public Works

Approved as to Form:

Signed by:
Gabrielle Whelan
EFD6738A5534428...
6/2/2025

Gabrielle Whelan, Town Attorney

Attest:

Signed by:
Wendy Wood
26A726C4AE6A4D9...
6/3/2025

Wendy Wood, CMC, Town Clerk

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sanbell
Intelligent Infrastructure. Enduring Communities.

May 1, 2025

Mr. Sean Rose
Town of Los Gatos
Parks & Public Works Department
41 Miles Avenue
Los Gatos CA 95030

Regarding: Proposal to provide Surveying and Engineering Design Services for the 709 University Avenue & Vasona Storm Drain Project

Dear Mr. Rose:

Bellecci & Associates (dba; Sanbell – Bay Area) appreciates the opportunity to work with the Town of Los Gatos. Per our conversation on April 24, 2025 and your follow up email on April 25, 2025, Sanbell proposes to provide surveying and engineering design services to the Town of Los Gatos for the 709 University Avenue & Vasona Storm Drain Project.

Attached for your review is our proposed scope of service and cost proposal to provide the surveying and engineering services requested in the Town's RFP.

Bellecci proposes to provide the services outlined in this proposal for an estimated fee of $49,956.00 for both sites to be invoiced monthly on an hourly basis. We will not exceed this fee without prior approval from the Town.

We are excited about the opportunity to assist the Town with this project. If you have any questions, feel free to call me at 925-318-2071.

Sincerely,
BELLECCI & ASSOCIATES, INC

Robert Broestl

Robert Broestl, PE
Principal Engineer I

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Concord, CA 94520 bellecci.com Pleasanton, CA 94566

Project Understanding

The Town of Los Gatos seeks engineering design services for the replacement of 2 corrugated metal storm drain pipes (CMP) that have corroded and missing inverts due to the age of the pipes. The soil material under the pipes has eroded away in the areas where the pipe invert is completely missing due to the corrosion. The void under the pipes created by erosion is causing sink holes and instability of the ground surface over the pipes. The aerial image below shows the approximate locations of the project sites.



The two project sites are as follows:

1. 709 University Avenue – 24" CMP located in an easement between buildings. Generally, the anticipated repairs include either replacing the CMP pipe or lining the existing pipe with a cured in place liner (CIP), and restoration of the existing ground surface over the pipe.

2. Vasona – 36" CMP crossing University Avenue and through a park with an outfall into Los Gatos Creek at Vasona Reservoir. Generally, the anticipated repairs include replacing the CMP pipe, repair of the existing rock outfall and restoration of the existing ground surface over the pipe.

The scope of work for the above project is described in more detail below:

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Scope of Work:

PROJECT MANAGEMENT, MEETINGS AND PROGRESS REPORTS

Sanbell will attend meetings with Town staff throughout the design process. The meetings shall include:

- One (1) kick-off meeting at the project site with Public Works staff and project stakeholders
- Two (2) design review meetings (virtual meetings) with Public Works staff
- Schedule and coordinate with staff

In addition, Sanbell will provide project progress updates monthly. The report will include accomplishments, anticipated problems or issues, schedule updates and schedule of upcoming events. In addition, we will provide cost reports with every invoice that highlights the approved budget, budget remaining, and amount spent for the invoicing period, estimated cost at completion and an estimate of the percent complete.

Deliverable: Progress reports and meeting agendas & minutes

DETAILED SITE INVESTIGATION

Sanbell will visually inspect the project sites to assess and accomplish the following:

- Review existing site conditions.
- Determine the existing access constraints at the project site.
- Determine the limits of work and identify possible construction issues.
- Identify possible conflicts with visible utilities (valves, manholes, monuments, etc.).

Deliverable: None

TOPOGRAPHIC SURVEY FOR BASE MAP

Sanbell will provide topographic surveying services by a licensed Professional Land Surveyor for development of topographic maps. We will provide an aerial image supplemented with ground shot information by the Sanbell survey crews. The topographic survey will include the following activities:

- Establish survey control using GPS coordinates (NAD 83, NAVD 88, Epoch 2010, Zone 3).
- Provide ground shot topographic survey for the areas at the site scheduled to receive new improvements. Supplemental survey to include the following:
    - Curbs, gutters, sidewalks, driveways and existing improvements
    - Sewer manhole rim and clean-outs.
    - Storm drain manhole rim elevations and catch basin grate elevations and inverts.
    - Water valve boxes, meter boxes and fire hydrants.
    - Miscellaneous dry utility (PG&E, AT&T, etc.) boxes and equipment.
    - Trees with trunk diameter.

Deliverable: None

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COORDINATION WITH UTILITIES

Sanbell will coordinate with owners of the utilities (including Town owned facilities) in the project areas to obtain their utility base maps for use in developing the plans. Utility locations will be shown on the base map used for the design of the improvements.

Deliverable: Copies of the correspondence with the utility companies

PLANS, SPECIFICATIONS AND ESTIMATES

The plans, technical specifications and cost items will be compiled in standard Town format. The plans will be prepared in ACAD and use the aerial image supplemented with the topographic survey as the design base maps. The plans will be at a 1" = 20' scale on 22"x34" plan sheets and will include details needed for the construction of the project. We will prepare technical specifications using the format of the Town of Los Gatos and Caltrans 2024 Standard Specifications. Sanbell will provide the Town with 35% (conceptual), 80% and Bid submittal. Engineer's estimates will be provided with each submittal.

Deliverable: Electronic files (PDF) of Plans and Estimate at the 35% (conceptual), and electronic files of Plans, Specifications and Estimate 80% Design Stage and Final Bid Documents

BID SUPPORT (OPTIONAL)

During the bidding phase, Sanbell will assist the Town with the bidding process and provide the Town with assistance to answer any Contractor questions pertaining to the plans and specifications. We will prepare and issue contract addenda, as needed.

Deliverable: Copies of all addenda and correspondence

CONSTRUCTION SUPPORT SERVICES (OPTIONAL)

Sanbell will attend the preconstruction meeting as required. We will review the contractor submittals for compliance with the specifications and respond within ten days. We will also clarify questions regarding the plans (RFIs), review change order requests from the contractor and prepare as-needed plan modifications for the change orders.

In addition, Sanbell will prepare as-built plans for the Town's records. As-built changes will be based on the red line mark-ups from the Contractor and the Construction Manager.

Deliverable: Copies of all correspondence

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COST PROPOSAL

Town of Los Gatos

709 University Avenue & Vasona Storm Drain Project

April 30, 2025

PROJECT BUDGET ESTIMATE

TASK #	RATE / TASKS DESCRIPTION	248 Principal Engineer I	228 Professional Engineer II	180 Engineer II	162 Assistant Engineer II	236 Professional Surveyor I	284 2-Man Survey Party	180 Survey Technician III	106 Administrative	HRS. /TASK	DIRECT COST	TOTAL COST
Task 1 - Project Administration												
1	Project Administration (Includes Project Status Reports & Schedule Updates)	12							2	14		$3,188.00
2	Project Meetings (Town Staff)	4	4							8		$1,904.00
3	QA/QC	2	2							4		$952.00
	Sub-Total	18	6	0	0	0	0	0	2	26		**$6,044.00**
Task 2 - Site Investigation, Data Collection, & Survey												
1	Utility Research & Coordination (PG&E, Comcast, AT&T, City, etc.)	2	2		6					10		$1,924.00
2	Topographic Survey Base Map	2				2	10	8		22		$5,248.00
3	Detailed Site Investigation	2	6	6						14		$2,944.00
	Sub-Total	6	8	6	6	2	10	8	0	46		**$10,116.00**
Task 3 - Plans, Specifications & Estimate												
1	35% Conceptual Plans & Estimate	4	8	16	48				2	78		$13,684.00
2	80% Plans, Specification & Estimate and Bid Plans, Specifications & Estimate (100%)	4	16	28	60				2	110		$19,612.00
	Sub-Total	8	24	44	108	0	0	0	4	188		**$33,296.00**
Task 4 - Bid Support (Optional)												
1	Bid Period Services	0	0		0				0	0		$0.00
	Sub-Total	0	0	0	0	0	0	0	0	0	0	**$0.00**
Task 5 - Construction Phase (Optional)												
1	Construction Phase	0	0		0				0	0		$0.00
	Sub-Total	0	0	0	0	0	0	0	0	0	0	**$0.00**
1	Miscellaneous Expenses (Mileage, Prints, Postage, etc.)									0	$500	**$500**
	PROJECT TOTAL	**32**	**38**	**50**	**114**	**2**	**10**	**8**	**6**	**260**	**$500**	**$49,956**

Project Assumptions

1. Distribution of hours shown on the budget are for estimating purposes and the invoicing hours can vary as long as the total approved budget is not exceeded.
2. Miscellaneous expenses include mileage, postage, photocopies, computer plotting/printing for internal use, UPS/FedEx, etc.
3. Utility plans from the various utility companies are readily available, accurate and current and if needed utility relocations will be designed by others.
4. If needed, the Town will provide the storm drain video inspection files for the storm drain lines.
5. Town pays for all outside agency fees (Environmental, Caltrans, utility companies, etc.).
6. Town will print and distribute all bid documents.

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AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT amends that certain agreement titled Agreement for Consultant Services dated May 22, 2025, made by and between the Town of Los Gatos, ("Town,") and Sanbell (“Consultant”), a Corporation and whose address is 1390 Willow Pass Rd, Ste 300, Concord, CA 94520.

A. Town and Contractor entered into an Agreement for Consultant Services on May 22, 2025 (“Agreement”).

B. The parties desire to amend the Agreement in order to extend the term and time of performance.

AMENDMENT

A. Section 2.2 Term and Time of Performance is amended to read: This contract will remain in effect from upon execution through December 31, 2026.

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

TOWN OF LOS GATOS

Signed by:
Chris Constantin
03E5E4869B5C461...

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

5/1/2026

DATE SIGNED

SANBELL:

Signed by:
Robert Broestl
15F958DDFC5F4CD...

SIGNATURE

Robert Broestl

CONTRACTOR SIGNATORY'S FULL NAME

Principal Engineer

CONTRACTOR SIGNATORY'S TITLE

5/1/2026

DATE SIGNED

Approved as to form:

Signed by:
Gabrielle Whelan
BB433AD84396437...

SIGNATURE

Gabrielle Whelan

FULL NAME

Town Attorney

TITLE

5/1/2026

DATE SIGNED

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 11

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute an Agreement for Professional Services with Sanbell for Engineering, Environmental, and Permitting Services for the Vasona Oak Storm Drainage Repair Project in the amount of $128,923**

RECOMMENDATION: Authorize the Town Manager to execute an Agreement for Professional Services with Sanbell for engineering design, environmental technical studies, CEQA documentation, and multi-agency permitting support for the Vasona Oak Storm Drainage Repair Project (4628316; CIP No. 816-0418) in an amount of $128,923.

FISCAL IMPACT:

There is sufficient funding available to support this agreement through the carryforward of FY2025-26 appropriations into the Town's adopted FY2026-27 Capital Improvement Program Budget (4628316; CIP No. 816-0418).

STRATEGIC PRIORITY:

This item does not directly support a Town's Strategic Priority, but does align with the Town's Core Goal of Quality Public Infrastructure as it will repair the failed storm drainage system between University Avenue and Vasona Lake.

BACKGROUND:

The FY 2026–2027 Capital Improvement Program includes funding for the Vasona Oak Storm Drainage Repair Project, which proposes replacement of an existing corrugated metal storm

PREPARED BY: Jason Lin
Special Projects Manager

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

drain pipe that conveys runoff from University Avenue to an existing outfall into Vasona Lake. The existing pipe has reached the end of its service life and requires replacement to address deterioration and localized trench erosion. The storm drain discharges into Vasona Lake through an existing outfall structure on property owned by Valley Water, and work in this area will require coordination and permitting with Santa Clara County Parks and several regulatory agencies.

The Town retained Sanbell through its on-call consultant list after informal bids identified them as the best-value, most qualified firm to evaluate drainage concerns at the Vasona Oak and 709 University sites. Under a single agreement, Sanbell was contracted to support Town staff in conducting early field work and assisted during the Town's closed-circuit television (CCTV) inspection of the line, which confirmed significant deterioration and deficiencies that could not be addressed through routine maintenance.

In November 2025, the Town completed an emergency replacement of a failed culvert segment under University Avenue associated with the Vasona Oak storm drainage system. With the failed culvert replaced within the Town's right-of-way, the remaining project work focuses on replacing the downstream pipe segment and completing outfall improvements on Santa Clara County Parks and Santa Clara Valley Water (Valley Water) right-of-way.

DISCUSSION:

The Town originally combined design efforts for both the Vasona Oak and 709 University drainage systems because the projects initially appeared to involve a straightforward storm drain replacement with limited design. As the investigation advanced, each site was found to require its own scope, technical analyses, and timeline. Consequently, the original effort is now being bifurcated into separate projects.

A separate agreement is needed for the Vasona Oak Storm Drainage Repair Project to allow Sanbell to advance the next phases of engineering design, environmental review, and permitting. Sanbell has already completed initial survey work and early design evaluations for this project. The remaining work for the Vasona Oak Storm Drainage Repair Project now focuses on replacing the deteriorated downstream pipe segment within the County Park, stabilizing eroded trench material, and completing improvements to the existing outfall structure at Vasona Lake. This work requires expanded engineering design, environmental documentation, and multi-agency permitting support with Valley Water, the Regional Water Quality Control Board, U.S. Army Corps of Engineers, and the California Department of Fish and Wildlife.

Sanbell's expanded scope includes data collection and reconnaissance, supplemental survey, refinement of design plans for pipeline replacement and headwall improvements, and preparation of technical studies and documentation necessary for CEQA and regulatory

permitting. Upon completion of technical studies and environmental review, Sanbell will prepare 60%, 90%, and final bid-ready plans, specifications, and an engineer's estimate addressing pipe replacement, trench stabilization, surface restoration, and outfall improvements. Limited bid-phase support is included to provide assistance during project advertisement and respond to contractor inquiries.

Sanbell has been involved with the project since its inception and is familiar with the site conditions, previous design work, and the coordination required with outside agencies. Because Sanbell completed the initial investigation and early design development for this drainage system, continuing with them qualifies as a single-source selection under Section XV of the Town's Purchasing Policy, which permits the selection of a consultant when prior work provides a compelling reason to do so. Continuing with Sanbell will maintain project continuity and avoid any duplicative effort associated with bringing a new consultant up to speed. This will help the Town efficiently complete the next stages of design, environmental review, and permitting needed to advance the project toward construction.

CONCLUSION:

The additional engineering design, environmental documentation, and permitting services proposed by Sanbell are necessary to advance the Vasona Oak Drainage Failure Repair Project. Sanbell's prior involvement and familiarity with the project's site conditions and regulatory context provide continuity and efficiency in completing the remaining work. Staff recommend that the Town Council authorize the Town Manager to execute the proposed agreement with Sanbell in the amount of $128,923.

COORDINATION:

This report was coordinated with the Finance Department and the Town Attorney.

ENVIRONMENTAL ASSESSMENT:

Awarding of the engineering agreement is not a project defined under CEQA, and no further action is required. Environmental review for the underlying capital project will be completed as part of the design and permitting process. Preliminary evaluation indicates the project may qualify for a categorical exemption pursuant to CEQA Guidelines Sections 15301 (Existing Facilities) and/or 15302 (Replacement or Reconstruction); however, final CEQA determination will occur following completion of technical studies and environmental review.

Attachments:
1. Agreement for Professional Services with Sanbell for Vasona Oak Storm Drainage Repair Project
2. Original Sanbell Agreement for 709 University and Vasona Oak Projects

AGREEMENT FOR PROFESSIONAL SERVICES

Vasona Oak Drainage Failure Repair Project engineering and design services

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Sanbell ("Contractor"), a Corporation whose address is 390 Willow Pass Rd, Ste 300, Concord, CA 94520. This Agreement is made with reference to the following facts.

I. RECITALS

A. Town desires to engage Consultant to provide professional services for design of the Vasona Oaks Storm Drainage Project.

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

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

II. AGREEMENT

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

B. Term. The term of this Agreement shall be from upon execution to Friday, June 30, 2028.

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

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

E. Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless the Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

F. Compensation: Compensation for Consultant's professional services **shall not exceed $128,923.00** at the rates set forth in Exhibit A which is attached and incorporated by reference. Payment shall be based upon Town approval of each task.

G. Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.
Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:
Invoices: Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

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

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

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

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

performance of this Agreement. If after employment of a person Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

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

III. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Insurance:

1. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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

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

B. General Liability:

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

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

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

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

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

D. Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

E. Indemnification. The Consultant shall indemnify the Town its elected and appointed officials, employees and agents from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant. Consultant shall defend the Town against any such claims.

IV. GENERAL TERMS

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

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

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

D. Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Service Provider. In the event of such termination, Town shall pay Consultant an amount that bears the

same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

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

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

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

Sanbell
390 Willow Pass Rd, Ste 300, Concord, CA 94520

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

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

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

Attachments:

A - Scope & Cost Proposal - Vasona Oak Project

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

TOWN OF LOS GATOS:	SANBELL:
SIGNATURE	**SIGNATURE**
Chris Constantin	Robert Broestl
FULL NAME	**ENTER CONSULTANT SIGNATORY'S NAME**
Town Manager	Principal Engineer
TITLE	**ENTER CONSULTANT SIGNATORY'S TITLE**
DATE SIGNED	**DATE SIGNED**

Approved as to form:

SIGNATURE
Gabrielle Whelan
FULL NAME
Town Attorney
TITLE
DATE SIGNED

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

Exhibits List

A - Scope & Cost Proposal - Vasona Oak Project

Exhibit A

Scope & Cost Proposal - Vasona Oak Project

SCOPE OF SERVICES

VASONA OAK DRAINAGE FAILURE REPAIR PROJECT

The Vasona Oak Drainage Failure Repair project consists of repair and replacement of an existing 36-inch corrugated metal pipe (CMP) storm drain that conveys runoff from University Avenue to Vasona Lake. The existing pipe has reached the end of its service life and is severely corroded, resulting in loss of structural integrity and erosion of the surrounding trench. These conditions have created voids and exposed portions of the pipeline, posing a safety hazard within the County park.

The storm drain discharges into Vasona Lake through an existing headwall structure owned and operated by Santa Clara Valley Water District (Valley Water). Because the work will affect the outfall/headwall area and discharge into Vasona Lake, the project is expected to require coordination, permitting, or consultation with Valley Water, the San Francisco Bay Regional Water Quality Control Board (RWQCB), U.S. Army Corps of Engineers (USACE), and CA Department of Fish and Wildlife (CDFW).

As a result, the scope of work includes preparation of environmental documentation, technical studies, and regulatory permit applications in addition to design and bid phase support services.

TASK 1 – PROJECT ADMINISTRATION & MEETINGS

Sanbell will provide project administration for the duration of the work. This includes schedule management, budget tracking, and coordination with Town of Los Gatos (“Town”), agencies, and subconsultants.

Environmental documentation, technical studies, and regulatory permitting will be performed by an environmental subconsultant (Acorn Environmental). Acorn will lead coordination with regulatory agencies. Agency coordination and meetings will be performed in accordance with the environmental subconsultant’s scope of work, included as an attachment to this proposal.

Sanbell will support this effort by facilitating communication between the Town and the environmental subconsultant, participating in coordination meetings, and incorporating environmental requirements and agency input into the project design.

DELIVERABLES: Meeting agendas and summaries, as needed

TASK 2 – DATA COLLECTION & RECONNAISSANCE

Sanbell will compile and review available project information, including record drawings, prior investigations, and existing survey data relevant to the storm drain system and outfall at Vasona Lake.

Sanbell will perform additional topographic survey, as needed, to support expanded project limits associated with environmental documentation, permitting, and design. Survey efforts will focus on areas required to support pipeline replacement, headwall improvements, access, and environmental study boundaries.

Sanbell will perform site reconnaissance, as needed, to confirm existing conditions, access constraints, and key features affecting design of the pipeline and headwall improvements.

Sanbell will coordinate with Acorn to provide base information required to support technical studies, environmental documentation, and permitting efforts.

Deliverables: Topographic survey and base mapping to support design and environmental analysis

TASK 3 – DESIGN DEVELOPMENT

Sanbell has previously prepared a preliminary set of plans for the project. Based on subsequent coordination and feedback, additional design development will be required, including refinement of the outfall improvements and incorporation of environmental and permitting requirements.

Sanbell will prepare plans, specifications, and estimate (PS&E) for replacement of the existing storm drain pipe, stabilization of eroded trench/backfill areas, restoration of damaged surface improvements, and modifications to the outfall/headwall at Vasona Lake. Design will include development of a new headwall by a licensed structural engineer.

Design will be developed in stages, including 60%, 90%, and final bid documents. Each submittal will include plans, specifications, and an engineer's estimate. Specifications will be prepared consistent with Town standards and applicable Caltrans Standard Specifications.

Following review of the 60% and 90% submittals, Sanbell will facilitate design review meetings to review plan check comments and identify remaining items before advancing to the next submittal. Sanbell will coordinate with the Town, agencies, and Acorn throughout design to incorporate environmental requirements, permitting constraints, and agency conditions into the plans.

Based on Sanbell's preliminary investigation and current understanding of the project conditions, geotechnical services are not anticipated to be required.

DELIVERABLES: 60%, 90%, and Final Bid Set Plans, Specifications, and Engineer's Estimate.

TASK 4 – ENVIRONMENTAL DOCUMENTATION & TECHNICAL STUDIES

Environmental documentation, technical studies, and regulatory permitting will be performed by an environmental subconsultant (Acorn Environmental). This work will support compliance with CEQA and applicable federal and state permitting requirements associated with work at the Vasona Lake outfall.

A detailed scope of work for Acorn's environmental documentation, technical studies, and permitting is included in the attached Exhibit E – Environmental Subconsultant Scope of Work. The following is a summary of the environmental subconsultant's scope:

Task 4.1 – Agency Coordination & Environmental Scoping

Coordinate with the Town, Valley Water, and regulatory agencies to establish permitting requirements, confirm the environmental compliance approach, and obtain preliminary feedback on project constraints and applicability of regulatory programs.

Task 4.2 – Biological Resources Assessment

Perform a desktop review of available biological resource databases and conduct a site visit to document existing conditions. Prepare a Biological Resources Assessment (BRA) identifying potential sensitive resources, evaluating project impacts, and recommending avoidance, minimization, and mitigation measures, including consistency review with the Santa Clara Valley Habitat Conservation Plan (HCP).

Task 4.3 – Aquatic Resources Delineation

Conduct an aquatic resources survey at the outfall and headwall area to identify jurisdictional waters and areas of impact. Prepare a delineation report in accordance with U.S. Army Corps of Engineers (USACE) requirements and submit for verification.

Task 4.4 – Cultural Resources Technical Memorandum

Conduct a cultural resources survey and records search to identify known or potential cultural resources. Prepare documentation consistent with Section 106 of the National Historic Preservation Act, including coordination with State Historic Preservation Officer and support for tribal consultation.

Task 4.5 – CEQA Compliance Documentation

Evaluate applicability of a CEQA categorical exemption (Class 1 or Class 2) and prepare a technical memorandum documenting compliance. Provide support for preparation and filing of a Notice of Exemption (NOE).

Task 4.6 – Habitat Plan Application (if required)

Prepare a Habitat Conservation Plan (HCP) application package, including required forms and coordination with the permitting authority.

Task 4.7 – Permit Applications and Processing

Prepare and submit permit applications to applicable regulatory agencies, including:

- Lake and Streambed Alteration Agreement (CDFW)
- Clean Water Act Section 404 Permit (USACE)
- Clean Water Act Section 401 Water Quality Certification (RWQCB)

Coordinate with agencies during review and respond to comments, as required.

DELIVERABLES: Technical study reports (biological, aquatic, cultural resources, etc), CEQA documentation and Notice of Exemption support, Permit applications and supporting materials

TASK 5 – BID PHASE SUPPORT

Sanbell will provide limited support during the bidding phase. This includes responding to contractor questions, assisting with interpretation of bid set documents, and preparing addenda, as needed.

Sanbell will coordinate with the Town during bid advertisement to support issuance of clarifications and ensure consistency with the contract documents.

DELIVERABLES: Responses to bidder inquiries and preparing addenda, as required.

Acorn Environmental
Scope of Work

Project Understanding

The Proposed Project involves the permanent restoration and rehabilitation of a failing storm drainage pipeline in the Town of Los Gatos' storm drainage system. The existing pipeline consists of a corrugated metal pipe (CMP) that has reached the end of its service life, necessitating replacement to restore structural integrity and prevent further erosion. This section of the storm drainage pipe is approximately 180 feet from the Town's inlet at the edge of University Avenue to the existing headwall outlet at the edge of Vasona Lake. An existing dirt path provides access to the site, and the pipeline alignment crosses below a paved walking trail that has eroded and failed due to the condition of the stormdrain. The Town maintains an easement for the alignment across County Parks & Recreation property and Santa Clara Valley Water District (Valley Water) is the owner and operator of Vasona Lake and the headwall.

Vasona Lake is a jurisdictional water that feeds Los Gatos Creek, a tributary of Guadalupe River thence Alviso Slough thence the San Francisco Bay. Northwestern pond turtle (*Actinemys marmorata*), proposed for threatened status under the federal Endangered Species Act (ESA), is known to occur in Vasona Lake and California red-legged frog (*Rana draytonii*), ESA threatened, has known occurrences upstream and downstream of the lake. In addition, other state-level protected plants, birds, and mammals may have the potential to occupy the riparian habitat along the lake shore. Despite complete downstream barriers to fish passage, the area is designated as Essential Fish Habitat for Coho (*Oncorhynchus kisutch*) and Chinook salmon (*O. tshawytscha*). While the Town is not a signatory to the Santa Clara Valley Habitat Conservation Plan (HCP), Valley Water is a signatory and Vasona Lake is within the boundary of the Santa Clara Valley HCP. The Santa Clara Valley HCP provides conditions to avoid take of covered species, but does not currently have programmatic agreements for impacts to jurisdictional water bodies. Because the Proposed Project discharges into a jurisdictional water body (Vasona Lake), the following regulatory agencies are expected to require permits or consultations prior to construction:

- San Francisco Bay Regional Water Quality Control Board (RWQCB)
- U.S. Army Corps of Engineers (USACE)
- California Department of Fish and Wildlife (CDFW)

The scope of work below includes technical studies necessary to support compliance with the California Environmental Quality Act (CEQA) and regulatory agency permitting. It is likely that the permits negotiated with each agency will contain protective measures for environmental resources during construction, which could include preconstruction surveys, revegetation plans, construction monitoring, etc. This proposal assumes that those items will be addressed in a future scope of work associated with the construction phase of the Project, once the exact permit details are known.

Scope of Work

Task 1: Technical Studies

Task 1a: Agency Coordination and Preliminary Environmental Scoping

Early in the process, Acorn will attend a meeting with the Town, Valley Water, and other jurisdictional agencies to establish lines of communication, determine the nature and format of the documents to be prepared. In this meeting, Acorn will summarize our proposed approach and recommendations for achieving CEQA compliance in an efficient manner based on previous experience, and seek concurrence on the proposed approach. Acorn will also solicit preliminary feedback on HCP applicability.

Task 1b: Biological Resources Assessment

Acorn qualified biologists will conduct a desktop review of relevant databases (e.g., Natural Resource Conservation Service, CDFW California Natural Diversity Database, U.S. Fish and Wildlife Service's IPaC, National Wetlands Inventory, and Critical Habitat Mapper) and aerial imagery to identify potential sensitive biological resources within the project site. A single site visit will then be performed to map vegetation communities, assess habitat suitability for special-status species, document observed species, and preliminarily delineate potential jurisdictional aquatic resources and other sensitive features. Based on these efforts, a Biological Resources Assessment (BRA) Report will be prepared to describe existing conditions, evaluate potential project impacts, identify potential permitting needs, and recommend avoidance, minimization, and mitigation measures.

As part of the BRA, a consistency analysis will be conducted for the Santa Clara Valley HCP due to the location of the outfall within the HCP area. Stormwater outfall infrastructure is a covered activity of the Plan. The Plan states that covered activities that occur within reservoirs can be exempted from Plan requirements provided that stream, riparian, or wetland land cover types are not impacted, but it also provides conditions for in-stream projects (including dewatered reservoirs) if those land cover types would be impacted. [1]

A draft BRA will be submitted for Town review and revised following one round of comments.

Assumptions:

Acorn's senior biologist will complete the BRA survey and wetland delineation survey (Task 1c) in a single day survey, including travel time. Protocol-level surveys for special-status wildlife species are not included, nor is a full botanical survey.

Task 1c: Aquatic Resources Delineation

Acorn will conduct an aquatic resources survey to assess the areas of impact within Vasona Lake. The survey will primarily target the culvert discharge area and existing headwall that would be impacted plus a buffer of up to 50 feet on all terrestrial sides, as accessible. Aquatic resources will be mapped using GPS equipment and aerial photography and will be digitized on a map. Acorn will prepare a written report in accordance with USACE standards. The report will contain information regarding survey findings, a summary of potentially jurisdictional aquatic resources, and maps and figures in accordance with USACE requirements. The report will be submitted to the USACE for verification. This task assumes one round of review by the client and one round of review by the USACE for up to four hours of edits.

Task 1d: Cultural Resources Technical Memorandum

Permitting under the CWA requires consultation under Section 106 of the National Historic Preservation Act (NHPA). A pedestrian survey of the project site will be conducted by a qualified archaeologist to identify any previously unrecorded cultural resources and to ascertain the status of any recorded sites noted in the record searches. Resources identified will be recorded on new forms or updated forms will

[1] Section 6.2 *Exemptions from Conditions*: "The following activities and projects are exempt from all of the conditions in this chapter… Routine infrastructure maintenance by public agencies that occurs in urban-suburban, landfill, reservoir, or agriculture developed land cover types that do not affect stream, riparian, serpentine, pond, or wetland land cover types."
Section 6.4.2 *In-Stream Projects*: "All in-stream projects, including projects occurring in dewatered reservoirs, will adopt design requirement and construction avoidance and minimization measures to minimize impacts on covered species, natural communities, and wildlife movement."

be submitted if the sites have been previously recorded. A report will be prepared following NHPA Section 106 standards. The report will provide the results of the survey and records search.

The report will also provide any appropriate measures needed to address the potential of encountering resources during construction, avoidance of any resources previously identified, or data recovery efforts required to address potentially significant impacts to resources. Acorn will assist with NHPA Section 106 consultation with the State Historic Preservation Officer (SHPO) as needed and will draft a transmittal letter to the SHPO. Additionally, Acorn will assist the lead agency with tribal consultation and will draft tribal outreach letters. This task assumes one round of review by the USACE and one round of review by the SHPO. This task assumes no significant cultural resources will be identified that would require additional evaluation, data recovery, or formal mitigation.

Task 2: CEQA Compliance

The Proposed Project may qualify for the Class 1 (Existing Facilities) or Class 2 (Replacement or Reconstruction) categorical exemption as outlined in the California Environmental Quality Act (CEQA) Guidelines § 15301 and § 15302, respectively. The Class 1 categorical exemption applies to "restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety." The Class 2 categorical exemption category applies to projects that will replace or reconstruct "existing utility systems and/or facilities involving negligible or no increase in capacity." If any special exceptions outlined in CEQA Guidelines Section 15300.2 would occur, a categorical exemption may not be used. This includes if the project would result in potentially significant effects due to unusual circumstances associated with the presence of sensitive resources, hazardous conditions, cumulative considerations, scenic highways, hazardous waste sites, or historic resources.

Acorn technical analyst(s) will review available databases and planning documents to identify if any unique considerations or significant effects may occur that would result in an Exception to the Categorical Exemption pursuant to CEQA Guidelines § 15300.2. Acorn will prepare a draft whitepaper documenting the Proposed Project's compliance with the applicable CEQA exemption. The report will be electronically submitted in Microsoft Word format. Upon receipt of comments from the Town, Acorn will revise the whitepaper and submit a final in Adobe pdf format. Acorn will assist the Town with filing of a CEQA Notice of Exemption with the State Clearinghouse (SCH). It is assumed that that City will directly pay the SCH filing fees.

> ***Assumptions:***
> If any exceptions per CEQA Guidelines § 15300.2 preclude the use of a Categorical Exemption for the Proposed Project, Acorn will immediately notify the Town and provide a scope of work for an Initial Study / Negative Declaration or Mitigated Negative Declaration.

Task 3: Permit Applications and Processing

Task 3a: Lake or Streambed Alteration Agreement (LSAA)

Under California Fish and Game Code Section 1602, the California Department of Fish and Wildlife (CDFW) must issue a discretionary permit prior to commencement of construction activities that could impact the bed, channel, or bank of a river, stream, or lake. CDFW typically also has jurisdiction over riparian habitat alongside these respective features. Utilizing the biological data collected in Task 1b, Acorn will prepare and submit an LSAA Standard Agreement Notification application through the online Environmental Permit Information Management System (EPIMS) portal. This task assumes one round of review by the client and one round of review by CDFW for up to four hours of edits.

Task 3b: Clean Water Act (CWA) Section 404 Permit

Acorn will prepare a Nationwide (NWP) permit application under either NWP 3 for Maintenance Projects or NWP 7 for Outfall Structures. Depending on the applicable NWP, a Pre-Construction Notification may be required (NWP 7). Acorn will submit the application to the USACE for review. This task assumes one round of review by the client and one round of supplemental document edits to support the application.

Task 3c: CWA Section 401 Water Quality Certification

A Water Quality Certification (WQC) from the Regional Water Quality Control Board (RWQCB) will be necessary to ensure that the discharge does not violate state water quality standards. Acorn will prepare an application to obtain a WQC. The RWQCB may issue a completeness determination requesting additional information. This task assumes one round of review by the client and one revision to the permitting package based on RWQCB request.

Optional Task 3d: Habitat Plan Application Package

If the HCP is applicable and the Proposed Project is not exempt, the Town would submit an application to the appropriate permitting authority. Under this optional task, Acorn would complete the Habitat Plan Coverage Screening Form, the Conditions Worksheet, and the Habitat Plan Application, and submit all required documentation to the permitting authority. This task includes up to two virtual meetings or calls with the permitting authority regarding the application materials.

Application Fee Estimates

Two of the three regulatory permits – LSAA and CWA 401 Certification – require the payment of an application fee, which is not included in the cost estimates presented above. The LSAA application fee is based on the total construction cost of the project, whereas the 401 Certification application fee is based on the area of direct impacts to aquatic resources. Based on information available at this time, the CDFW LSAA Application fee is expected to be $5,765.75. The San Francisco Bay RWQCB 401 Certification application fee will likely be $4,212.00.

If the Proposed Project obtains coverage under the Santa Clara Valley HCP, the Santa Clara Valley Habitat Agency would determine the amount of fees owed upon reviewing the BRA and the specific habitat types that would be impacted. For preliminary budgeting purposes, the application fee could range from approximately $5,250 to $18,150.

Acorn will refine these estimates as soon as practicable upon completion of the tasks above.

Cost Assumptions

- All deliverables will be prepared electronically.
- This proposal assumes agencies will not request a site visit or in-person field verification. This work, if required, can be conducted for an additional fee based on time and materials.
- Permitting costs do not include a detailed compensatory mitigation/restoration plan or fish relocation plan, as it is not anticipated that those would be needed. If the agencies determine any of these plans are needed, these could be provided under a separate scope.
- Costs associated with permit filing fees/permit application fees are not included within this cost estimate and it is assumed that such filing fees will be paid for by the Town. Cost estimates are provided above for planning purposes only, subject to refinement upon completion of the technical studies.
- Although threatened and endangered species are known to occur in the area, due to the limited size and scope of the Proposed Project, this scope of work assumes that construction best management practices (BMPs) and other permit terms will avoid take of listed species, and therefore no Incidental Take Permit is included herein.

sanbell

5/13/2026

Cost Proposal for Contract Amendment Request

Vasona Oak Drainage Failure Repair Project

Town of Los Gatos

		Principal-in-Charge Principal Engineer	Project Manager Senior Engineer II	Design Engineer Project Engineer I	Staff Engineer Engineering Tech	Project Surveyor Professional Surveyor I	Survey Crew 2-person survey crew	Surveying Staff Staff Surveyor II	Administrative			Environmental Acorn Environmental	Structural Engineer MP Structural	
		$260	$224	$184	$100	$256	$326	$184	$116					
NO.	**TASK DESCRIPTION**	**SANBELL LABOR CATEGORIES**								**HOURS**	**LABOR COSTS**	**SUBCONSULTANTS**		**TOTAL**
Task 1 - Project Administration, Meetings, & Agency Coordination														
1.1	Project Administration (Includes Status Reports & Schedule Updates)	1	28	8	-	-	-	-	12	49	$9,396	-	-	$9,396
1.2	Project Meetings	2	12	12	-	-	-	-	-	26	$5,416	-	-	$5,416
Task 2 - Data Collection & Reconnaissance														
2.1	Data Collection & Reconnaissance	-	4	8	-	1	12	10	-	35	$8,376	-	-	$8,376
Task 3 - Design Development														
3.1	Plans, Specifications, & Estimate (60%)	1	12	40	10	-	-	-	-	63	$11,308	-	$4,200	$15,508
3.2	Plans, Specifications, & Estimate (90%)	1	10	32	8	-	-	-	-	51	$9,188	-	$2,300	$11,488
3.3	Plans, Specifications, & Estimate (Bid Set)	2	8	28	8	-	-	-	-	46	$8,264	-	$1,000	$9,264
Task 4 -Environmental Documentation & Technical Studies														
4.1	Agency Coordination & Environmental Scoping	-	-	-	-	-	-	-	-	-	$0	$4,455	-	$4,455
4.2	Biological Resources Assessment	-	-	-	-	-	-	-	-	-	$0	$14,630	-	$14,630
4.3	Aquatic Resources Delineation	-	-	-	-	-	-	-	-	-	$0	$7,563	-	$7,563
4.4	Cultural Resources Technical Memorandum	-	-	-	-	-	-	-	-	-	$0	$7,288	-	$7,288
4.5	CEQA Compliance Documentation	-	-	-	-	-	-	-	-	-	$0	$6,050	-	$6,050
4.6	Habitat Plan Application Package	-	-	-	-	-	-	-	-	-	$0	$5,940	-	$5,940
4.7	Permit Applications and Processing	-	-	-	-	-	-	-	-	-	$0	$20,922	-	$20,922
Task 5 - Bid Phase Support														
5.1	Bid Phase Support	1	4	8	-	-	-	-	-	13	$2,628	-	-	$2,628
		8	**78**	**136**	**26**	**1**	**12**	**10**	**12**	**283**	**$54,576**	**$66,847**	**$7,500**	**$128,923**

Notes:

1 The above cost proposal is for the anticipated work as described in the Contract Amendment Request for Additional Engineering Services
2 Distribution of hours may vary based on the actual level of effort required during performance of the services.
3 The above labor rates are based on the 2026 Sanbell Billing Rate schedule.
4 The Town of Los Gatos will provide Sanbell with all available utility information requested by Sanbell.
5 The Town of Los Gatos will provide potholing and CCTV as needed.

Billing Rates

	Jan 1, 2026 to Dec 31, 2026
Engineering Services	
Engineering Technician	$108
Staff Engineer I	$146
Staff Engineer II	$162
Staff Engineer III	$176
Staff Engineer IV	$190
Project Engineer I / Project Manager I	$184
Project Engineer II / Project Manager II	$224
Senior Engineer I / Senior Project Manager	$228
Senior Engineer II / Senior Project Manager	$242
Principal Engineer I	$260
Principal Engineer II	$288
Construction Services	
Public Works Inspector	$176
Senior Public Works Inspector	$190
Public Works Inspector Assistant	$146
Construction Manager	$228
Administrative	$116
Resident Engineer	$224
Land Surveying Services	
Safety Monitor/Flag Person	$128
Staff Surveyor I	$146
Staff Surveyor II	$176
Staff Surveyor III	$184
Professional Land Surveyor I	$240
Professional Land Surveyor II	$256
Survey, Party Chief II	$196
Survey, Journeyman Rodman	$130
Survey, Apprentice I	$84
Survey, Apprentice II	$90
Survey, Apprentice III	$110
Survey, Apprentice IV	$126
2-Man Survey Crew	$326
3-Man Survey Crew	$436
Drone Photography/Videography	$240
Graphic Artist	$154
Legal & Expert Services	
Document Review and Case Meetings	$270
Depositions and Trial Testimony	$446

Client authorized overtime work will be charged at 135% of the standard hourly
*** billing rates to increase 4% per year, beginning on January 1

Expenses	
Bond	$0.50/SF
Mylar	$18/SF
Large Format Color Presentation	$3.00/SF
Company Vehicle at Site	$16/hr
Color Copies - 8.5x11	$1.50/EA
Color Copies - 11x17	$2.5/EA
Other Direct Project Expenses	Cost + 10%
Subcontractors	Cost + 10%
Outside Printing & Delivery Service	Cost + 10%

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AGREEMENT FOR CONSULTANT SERVICES

PREAMBLE

THIS AGREEMENT is dated for identification on 22nd day of May 2025 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") Sanbell, ("Consultant"), identified as a C Corporation and whose address is 1390 Willow Pass Rd, Ste 300, Concord, CA 94520. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desires to engage Consultant to provide design for Vasona storm drain replacement project.

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

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

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain Proposal sent to the Town on May 1 2025, which is hereby incorporated by reference and attached as Exhibit A.

2.2 Term and Time of Performance. This contract will remain in effect from upon execution through May 16, 2026. Consultant shall perform the services described in this agreement as described in Exhibit A.

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

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

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared

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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 **$49,956**, inclusive of all costs. Payment shall be based upon Town approval of each task and fees for each task shall not be exceeded without written authorization from the Town.

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

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

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

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

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

2.10 Independent Contractor. It is understood that the Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain

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any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Consultant may perform some obligations under this Agreement by subcontracting but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

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

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

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an

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amount not less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

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

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

General Liability:

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

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

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

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

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

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

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Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its elected and appointed officials, agents, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

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

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

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

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

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

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

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

Sanbell
1390 Willow Pass Rd, Ste 300
Concord, CA 94520

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:

Signed by:
Chris Constantin
3EF03F232F1B428...
6/3/2025

Chris Constantin, Town Manager

Sanbell by:

Signed by:
Robert Broestl
CDB444CDDECD4C0...
5/28/2025

Robert Broestl, Principal Engineer

Recommended by:

Signed by:
Nicolle Burnham
0E97831349644C3...
5/29/2025

Nicolle Burnham,
Director of Parks and Public Works

Approved as to Form:

Signed by:
Gabrielle Whelan
EFD6738A5534428...
6/2/2025

Gabrielle Whelan, Town Attorney

Attest:

Signed by:
Wendy Wood
26A726C4AE6A4D9...
6/3/2025

Wendy Wood, CMC, Town Clerk

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sanbell
Intelligent Infrastructure. Enduring Communities.

May 1, 2025

Mr. Sean Rose
Town of Los Gatos
Parks & Public Works Department
41 Miles Avenue
Los Gatos CA 95030

Regarding: Proposal to provide Surveying and Engineering Design Services for the 709 University Avenue & Vasona Storm Drain Project

Dear Mr. Rose:

Bellecci & Associates (dba; Sanbell – Bay Area) appreciates the opportunity to work with the Town of Los Gatos. Per our conversation on April 24, 2025 and your follow up email on April 25, 2025, Sanbell proposes to provide surveying and engineering design services to the Town of Los Gatos for the 709 University Avenue & Vasona Storm Drain Project.

Attached for your review is our proposed scope of service and cost proposal to provide the surveying and engineering services requested in the Town's RFP.

Bellecci proposes to provide the services outlined in this proposal for an estimated fee of $49,956.00 for both sites to be invoiced monthly on an hourly basis. We will not exceed this fee without prior approval from the Town.

We are excited about the opportunity to assist the Town with this project. If you have any questions, feel free to call me at 925-318-2071.

Sincerely,
BELLECCI & ASSOCIATES, INC

Robert Broestl

Robert Broestl, PE
Principal Engineer I

Docusign Envelope ID: 2C454F9C-AF28-4BC9-BA6F-8B73E907BC14

Concord, CA 94520 bellecci.com Pleasanton, CA 94566

Project Understanding

The Town of Los Gatos seeks engineering design services for the replacement of 2 corrugated metal storm drain pipes (CMP) that have corroded and missing inverts due to the age of the pipes. The soil material under the pipes has eroded away in the areas where the pipe invert is completely missing due to the corrosion. The void under the pipes created by erosion is causing sink holes and instability of the ground surface over the pipes. The aerial image below shows the approximate locations of the project sites.



The two project sites are as follows:

1. 709 University Avenue – 24" CMP located in an easement between buildings. Generally, the anticipated repairs include either replacing the CMP pipe or lining the existing pipe with a cured in place liner (CIP), and restoration of the existing ground surface over the pipe.

2. Vasona – 36" CMP crossing University Avenue and through a park with an outfall into Los Gatos Creek at Vasona Reservoir. Generally, the anticipated repairs include replacing the CMP pipe, repair of the existing rock outfall and restoration of the existing ground surface over the pipe.

The scope of work for the above project is described in more detail below:

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Scope of Work:

PROJECT MANAGEMENT, MEETINGS AND PROGRESS REPORTS

Sanbell will attend meetings with Town staff throughout the design process. The meetings shall include:

- One (1) kick-off meeting at the project site with Public Works staff and project stakeholders
- Two (2) design review meetings (virtual meetings) with Public Works staff
- Schedule and coordinate with staff

In addition, Sanbell will provide project progress updates monthly. The report will include accomplishments, anticipated problems or issues, schedule updates and schedule of upcoming events. In addition, we will provide cost reports with every invoice that highlights the approved budget, budget remaining, and amount spent for the invoicing period, estimated cost at completion and an estimate of the percent complete.

Deliverable: Progress reports and meeting agendas & minutes

DETAILED SITE INVESTIGATION

Sanbell will visually inspect the project sites to assess and accomplish the following:

- Review existing site conditions.
- Determine the existing access constraints at the project site.
- Determine the limits of work and identify possible construction issues.
- Identify possible conflicts with visible utilities (valves, manholes, monuments, etc.).

Deliverable: None

TOPOGRAPHIC SURVEY FOR BASE MAP

Sanbell will provide topographic surveying services by a licensed Professional Land Surveyor for development of topographic maps. We will provide an aerial image supplemented with ground shot information by the Sanbell survey crews. The topographic survey will include the following activities:

- Establish survey control using GPS coordinates (NAD 83, NAVD 88, Epoch 2010, Zone 3).
- Provide ground shot topographic survey for the areas at the site scheduled to receive new improvements. Supplemental survey to include the following:
    - Curbs, gutters, sidewalks, driveways and existing improvements
    - Sewer manhole rim and clean-outs.
    - Storm drain manhole rim elevations and catch basin grate elevations and inverts.
    - Water valve boxes, meter boxes and fire hydrants.
    - Miscellaneous dry utility (PG&E, AT&T, etc.) boxes and equipment.
    - Trees with trunk diameter.

Deliverable: None

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COORDINATION WITH UTILITIES

Sanbell will coordinate with owners of the utilities (including Town owned facilities) in the project areas to obtain their utility base maps for use in developing the plans. Utility locations will be shown on the base map used for the design of the improvements.

Deliverable: Copies of the correspondence with the utility companies

PLANS, SPECIFICATIONS AND ESTIMATES

The plans, technical specifications and cost items will be compiled in standard Town format. The plans will be prepared in ACAD and use the aerial image supplemented with the topographic survey as the design base maps. The plans will be at a 1" = 20' scale on 22"x34" plan sheets and will include details needed for the construction of the project. We will prepare technical specifications using the format of the Town of Los Gatos and Caltrans 2024 Standard Specifications. Sanbell will provide the Town with 35% (conceptual), 80% and Bid submittal. Engineer's estimates will be provided with each submittal.

Deliverable: Electronic files (PDF) of Plans and Estimate at the 35% (conceptual), and electronic files of Plans, Specifications and Estimate 80% Design Stage and Final Bid Documents

BID SUPPORT (OPTIONAL)

During the bidding phase, Sanbell will assist the Town with the bidding process and provide the Town with assistance to answer any Contractor questions pertaining to the plans and specifications. We will prepare and issue contract addenda, as needed.

Deliverable: Copies of all addenda and correspondence

CONSTRUCTION SUPPORT SERVICES (OPTIONAL)

Sanbell will attend the preconstruction meeting as required. We will review the contractor submittals for compliance with the specifications and respond within ten days. We will also clarify questions regarding the plans (RFIs), review change order requests from the contractor and prepare as-needed plan modifications for the change orders.

In addition, Sanbell will prepare as-built plans for the Town's records. As-built changes will be based on the red line mark-ups from the Contractor and the Construction Manager.

Deliverable: Copies of all correspondence

Docusign Envelope ID: 2C454F9C-AF28-4BC9-BA6F-8B73E907BC14

COST PROPOSAL

Town of Los Gatos

709 University Avenue & Vasona Storm Drain Project

April 30, 2025

PROJECT BUDGET ESTIMATE

TASK #	RATE / TASKS DESCRIPTION	248 Principal Engineer I	228 Professional Engineer II	180 Engineer II	162 Assistant Engineer II	236 Professional Surveyor I	284 2-Man Survey Party	180 Survey Technician III	106 Administrative	HRS. /TASK	DIRECT COST	TOTAL COST
Task 1 - Project Administration												
1	Project Administration (Includes Project Status Reports & Schedule Updates)	12							2	14		$3,188.00
2	Project Meetings (Town Staff)	4	4							8		$1,904.00
3	QA/QC	2	2							4		$952.00
	Sub-Total	18	6	0	0	0	0	0	2	26		**$6,044.00**
Task 2 - Site Investigation, Data Collection, & Survey												
1	Utility Research & Coordination (PG&E, Comcast, AT&T, City, etc.)	2	2		6					10		$1,924.00
2	Topographic Survey Base Map	2				2	10	8		22		$5,248.00
3	Detailed Site Investigation	2	6	6						14		$2,944.00
	Sub-Total	6	8	6	6	2	10	8	0	46		**$10,116.00**
Task 3 - Plans, Specifications & Estimate												
1	35% Conceptual Plans & Estimate	4	8	16	48				2	78		$13,684.00
2	80% Plans, Specification & Estimate and Bid Plans, Specifications & Estimate (100%)	4	16	28	60				2	110		$19,612.00
	Sub-Total	8	24	44	108	0	0	0	4	188		**$33,296.00**
Task 4 - Bid Support (Optional)												
1	Bid Period Services	0	0		0				0	0		$0.00
	Sub-Total	0	0	0	0	0	0	0	0	0	0	**$0.00**
Task 5 - Construction Phase (Optional)												
1	Construction Phase	0	0		0				0	0		$0.00
	Sub-Total	0	0	0	0	0	0	0	0	0	0	**$0.00**
1	Miscellaneous Expenses (Mileage, Prints, Postage, etc.)									0	$500	**$500**
	PROJECT TOTAL	**32**	**38**	**50**	**114**	**2**	**10**	**8**	**6**	**260**	**$500**	**$49,956**

Project Assumptions

1. Distribution of hours shown on the budget are for estimating purposes and the invoicing hours can vary as long as the total approved budget is not exceeded.
2. Miscellaneous expenses include mileage, postage, photocopies, computer plotting/printing for internal use, UPS/FedEx, etc.
3. Utility plans from the various utility companies are readily available, accurate and current and if needed utility relocations will be designed by others.
4. If needed, the Town will provide the storm drain video inspection files for the storm drain lines.
5. Town pays for all outside agency fees (Environmental, Caltrans, utility companies, etc.).
6. Town will print and distribute all bid documents.

sanbell
Intelligent Infrastructure. Enduring Communities.

Docusign Envelope ID: AD3BC1B4-FFD5-8D23-822B-8BDA36474863

AMENDMENT TO AGREEMENT

ITEM NO. 11.

This AMENDMENT TO AGREEMENT amends that certain agreement titled Agreement for Consultant Services dated May 22, 2025, made by and between the Town of Los Gatos, ("Town,") and Sanbell (“Consultant”), a Corporation and whose address is 1390 Willow Pass Rd, Ste 300, Concord, CA 94520.

A. Town and Contractor entered into an Agreement for Consultant Services on May 22, 2025 (“Agreement”).

B. The parties desire to amend the Agreement in order to extend the term and time of performance.

AMENDMENT

A. Section 2.2 Term and Time of Performance is amended to read: This contract will remain in effect from upon execution through December 31, 2026.

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

Docusign Envelope ID: AD3BC1B4-FFD5-8D23-822B-8BDA36474863

TOWN OF LOS GATOS

Signed by:
Chris Constantin
03E5E4869B5C461...
SIGNATURE

Chris Constantin
FULL NAME

Town Manager
TITLE

5/1/2026
DATE SIGNED

SANBELL:

Signed by:
Robert Broestl
15F958DDFC5F4CD...
SIGNATURE

Robert Broestl
CONTRACTOR SIGNATORY'S FULL NAME

Principal Engineer
CONTRACTOR SIGNATORY'S TITLE

5/1/2026
DATE SIGNED

Approved as to form:

Signed by:
Gabrielle Whelan
BB433AD84396437...
SIGNATURE

Gabrielle Whelan
FULL NAME

Town Attorney
TITLE

5/1/2026
DATE SIGNED

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 12

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Professional Services Agreement with Liebert Cassidy Whitmore (LCW) For a Three-Year Term with a Total Not-To-Exceed Amount of $120,000**

RECOMMENDATION: Authorize the Town Manager to execute a Professional Services Agreement with Liebert Cassidy Whitmore (LCW) for a three-year term with a total not to exceed amount of $120,000

FISCAL IMPACT:

The cost for the three-year agreement is not to exceed $120,000. Funding for employment relations attorney services is included in the adopted Human Resources budget for Fiscal Year 2026-27. Funding for subsequent fiscal years will be requested through the annual budget process and is subject to Town Council approval.

STRATEGIC PRIORITY:

This item relates to the Town's strategic priority of prudent financial management, as LCW helps the Town with employee relations and labor relations issues to mitigate any significant financial risks associated with those areas.

BACKGROUND:

In 2018, Liebert Cassidy Whitmore (LCW) was selected as a single source provider for labor and employment relations services, and services were continued in 2020 as a result of a

PREPARED BY: Cheryl Parkman
Human Resources Director

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

competitive interview process. The Town utilized LCW's services for salary negotiations in 2020, and the successor MOU negotiations in 2021 and 2024. Throughout the duration of LCW's tenure with the Town, their attorneys have advised and represented the Town on singular personnel and labor matters, as well. During this time, LCW provided valuable negotiations and employee relations legal guidance and has established a good rapport with the Town's bargaining units.

DISCUSSION:

The Town's current contract with LCW will expire on June 30, 2026. A new professional services agreement is needed due to language changes proposed by LCW related to the use of artificial intelligence as a tool for attorneys and e-discovery management software. As this language was not in the original agreement with LCW, the Town opted to set forth the terms in a new professional services agreement to be approved by Council. Please refer to pages 5 and 6 of the agreement attachment for the new language.

LCW provides ongoing legal services related to employee and labor relations issues, and it would be detrimental to the Town if Administrative Services staff lost the continuity of services provided by LCW. The three-year term allows the Town to have stability and strategic alignment with LCW for long-term planning and employment relations issues.

CONCLUSION:

LCW has been highly effective in assisting the Town with labor negotiations and employment relations support. Staff recommend that the Town Council authorize the Town Manager to execute a three-year professional services agreement with LCW for an amount not-to-exceed $120,000.

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.

Attachments:
1. Professional Services Agreement with Liebert Cassidy Whitmore

AGREEMENT FOR PROFESSIONAL SERVICES

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and LIEBERT CASSIDY WHITMORE, a professional corporation ("Attorney"), a Limited Liability Company whose address is 6033 West Century Boulevard, 5th Floor, Los Angeles, CA 90045. This Agreement is made with reference to the following facts.

I. RECITALS

A. Town desires to engage Attorney to provide consulting, representation and legal services pertaining to employment relations matters, including representation in negotiations and in administrative and court proceedings, as requested by Town or otherwise required by law.

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

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

II. AGREEMENT

A. Scope of Services. Attorney shall provide services as described in the Scope of Services, which is hereby incorporated by reference and attached as Exhibit A ("Schedule I – FEES & COSTS").

B. Term. The term of this Agreement shall be from July 1, 2026 through June 30, 2029, and may be modified by mutual agreement of the parties.

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

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

E. Information/Report Handling. All documents furnished to Attorney by the Town and all reports and supportive data prepared by the Attorney under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Attorney in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Attorney shall not make any of these documents or information available to any individual or organization not employed by the Attorney or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Attorney 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 Attorney in connection with other projects shall be solely at Town's risk, unless the Attorney expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Attorney which is and has been confirmed in writing by Attorney to be a trade secret of Attorney.

F. Compensation: Compensation for Attorney's professional services **shall not exceed $120,000** at the rates set forth in Exhibit A which is attached and incorporated by reference. Payment shall be based upon Town approval of each task.

G. Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.
Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:
Invoices: Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

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

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

J. Independent Contractor. It is understood that the Attorney, 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 Attorney 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. Attorney agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Attorney 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 Attorney or is based on allegations of Attorney's negligent performance or wrongdoing.

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

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

III. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Insurance:

1. Attorney agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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

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

B. General Liability:

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

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

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

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

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

D. Workers' Compensation. In addition to these policies, Attorney 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, Attorney shall ensure that all subcontractors employed by Attorney provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

E. Indemnification. The Attorney shall indemnify the Town its elected and appointed officials, employees and agents from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any negligent act or omissions of the Attorney, or any of the Attorney's officers, employees, or agents or any subconsultant. Attorney shall defend the Town against any such claims.

IV. GENERAL TERMS

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

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

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

D. Termination of Agreement. The Town and the Attorney shall have the right to terminate this agreement with or without cause by giving not less than thirty days (30) written notice of termination. In the event of termination, the Attorney shall deliver to the Town all plans, files, documents, reports, performed to date by the Service Provider. In the event of such termination, Town shall pay Attorney an amount that bears the same ratio to the

maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

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

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

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

Liebert, Cassidy Whitmore
6033 West Century Boulevard, 5th Floor
Los Angeles, CA 90045

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

H. ATTORNEY LITIGATION AND E-DISCOVERY MANAGEMENT. Attorney is committed to using state-of-the-art technology to efficiently manage and harness electronically-stored information ("ESI") in compliance with Federal and State law requirements. Attorney partners with an outside managed services provider to provide Relativity, the industry leading e-discovery software, for this purpose. The cost for each matter will depend on the volume and format of the data. For non-complex data up to 50 gigabytes, Attorney charges a monthly fee of $450 on all active litigation matters for data management, including data validation and security, ingestion, de-duplication, culling and streamlining, and creation of Relativity fields for expedited review. For data of 50 gigabytes and over and for complex data requiring specialized services (e.g., payroll data, spreadsheets with underlying formulas, video, advanced searches, etc.), additional charges are incurred and are passed through to the client. For such charges, Attorney will provide an itemized bill from their managed services provider and obtain client approval prior to incurring the charges.

I. ATTORNEY CASE STAFFING. Attorney has organized its litigation practice to meet the challenges of today's complex litigation cases. Attorney employs a dedicated Litigation Manager – a non-billing Attorney litigator – whose responsibility is to monitor all litigation cases to ensure quality, efficiency, and adherence to client and firm litigation guidelines. Each litigation case is staffed with a Partner, an Associate (or Associates, as required and as approved by the Client), a Paralegal and an E-Discovery Specialist. Attorney's E-Discovery Specialists have extensive experience in the efficient management of electronic data through every stage of the e-discovery life cycle, and they strategize with Attorneys and clients on effective ESI protocols. This makes the document review process more efficient and enables LCW Attorneys to target the most relevant data to meet litigation objectives.

Working with their e-discovery managed services provider, Attorney is able to provide state-of-the-art data processing and hosting services at below-market rates.

J. Artificial Intelligence. LCW permits attorneys to utilize generative artificial intelligence ("AI") tools in the performance of their work within the standards and guidance established by the State Bar of California. Attorneys may use AI as a tool and do not use AI work product without applying their own independent legal judgment. Attorneys do not disclose confidential information to unsecure AI tools.

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

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

TOWN OF LOS GATOS:

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

ATTORNEY: Enter name of Attorney

SIGNATURE

Melanie L. Chaney

ENTER ATTORNEY SIGNATORY'S NAME

Managing Partner

ENTER ATTORNEY SIGNATORY'S TITLE

DATE SIGNED

Approved as to form:

SIGNATURE

Gabrielle Whelan

FULL NAME

Town Attorney

TITLE

DATE SIGNED

SIGNATURE

Brian Walter

ENTER ATTORNEY SIGNATORY'S NAME

Partner

ENTER ATTORNEY SIGNATORY'S TITLE

DATE SIGNED

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 13

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Fourth Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) for the Library Battery Power Supply Project**

RECOMMENDATION: Authorize the Town Manager to execute a Fourth Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) to extend the term and time of performance through September 30, 2026, for the Library Battery Power Supply Project (4118721, 4218721; CIP 821-2505)

FISCAL IMPACT:

There is no fiscal impact associated with executing this fourth amendment, as it solely extends the contract term to September 30, 2026. The amendment does not change the original contract amount, and sufficient funds for the remaining services are included in the FY 2026-27 adopted budget.

STRATEGIC PRIORITY:

This item aligns with the Strategic Priority of public safety and aligns with the Core Goal of Quality Public Infrastructure. This is a resiliency project and supports a critical facility that will provide community services during power outages.

BACKGROUND:

The Library Battery Storage Project included the development of design plans and installation of a battery energy storage system tied to the solar photovoltaic (PV) system at the Library. In FY

PREPARED BY: Dan Keller
Fleet and Facilities Operations Manager

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

2020-21, Parks and Public Works staff issued a Request for Proposals (RFP), and AMS Electric LLC was selected. An Agreement for Consultant Services was executed on December 7, 2021.

On June 6, 2023, a First Amendment to the Agreement for Services was executed to extend the agreement term to June 30, 2024, to allow for installation and completion of the project, which was delayed due to extended plan review time with Santa Clara County Fire and delays in the manufacturing and delivery of equipment.

On May 7, 2024, a Second Amendment to the Agreement for Services was executed to extend the agreement term to June 30, 2025, to allow time for welded anchoring inspection of the battery cabinet and time for the battery manufacturer to test, operate, and run the internal HVAC system.

On May 20, 2025, a Third Amendment to the Agreement for Services was executed to extend the agreement term to June 30, 2026, to allow time for the replacement of a meter required by PG&E and the extensive reprogramming of the meter that was needed.

DISCUSSION:

Since its inception, this project has undergone significant design changes. These changes were partially due to the advancing technology and discontinuation of the originally specified equipment. This includes the battery itself and components that allow better regeneration of power through the PV system.

After replacement and reprogramming the meter, commissioning of the Library Battery and its operation occurred in November 2025. During the final Pacific Gas and Electric (PG&E) inspection, it was determined that a critical component was not on the Electric Generation Interconnection (EGI) Equipment list for PG&E. Therefore, PG&E did not approve the operation of the battery and asked the contractor to work with the manufacturer to provide engineering documentation and qualification. Staff is recommending an extension of the agreement term to allow the contractor time to coordinate with PG&E. Town staff have been in direct conversations with PG&E and the contractor to try to resolve this issue.

CONCLUSION:

Staff recommends authorizing the Town Manager to execute a Fourth Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) for installation of a battery storage system at the Library to extend the term and time of performance through September 30, 2026.

COORDINATION:

This Staff Report was coordinated with the Town Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Fourth Amendment to Agreement
2. Original Agreement with Amendments

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT amends that certain agreement titled Agreement for Consultant Services dated December 7, 2021, made by and between the Town of Los Gatos, ("Town,") and AMS Electric LLC dba Prime Electric LLC (“Contractor”), a Limited Liability Company and whose address is 1941 Ringwood Ave. Ste. 140, San Jose, CA 95131.

RECITALS

A. Town and Consultant entered into an Agreement for Consultant Services on December 7, 2021, (“Agreement”).

B. First Amendment to Agreement for Consultant Services on June 6, 2023.

C. Second Amendment to Agreement for Consultant Services on May 7, 2024.

D. Third Amendment to Agreement for Consultant Services on May 20, 2025.

E. The parties desire to amend the Agreement in order to extend the term and time of performance.

AMENDMENT

A. Section 2.2 Term and Time of Performance is replaced and will read: This contract will remain in effect from December 7, 2021 to September 30, 2026.

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

TOWN OF LOS GATOS	AMS ELECTRIC LLC DBA PRIME ELECTRIC LLC
SIGNATURE	**SIGNATURE**
Chris Constantin	Danny Thomas
FULL NAME	**CONTRACTOR SIGNATORY'S FULL NAME**
Town Manager	Chief Operating Officer
TITLE	**CONTRACTOR SIGNATORY'S TITLE**
DATE SIGNED	**DATE SIGNED**

Approved as to form:

SIGNATURE
Gabrielle Whelan
FULL NAME
Town Attorney
TITLE
DATE SIGNED

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

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

THIRD AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES

This THIRD AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES is dated for identification this 20th day of May 2025 and amends that certain Second Amendment to Agreement for Consultant Services dated May 7, 2024, made by and between the Town of Los Gatos, ("Town") and AMS Electric LLC dba as Prime Electric LLC ("Consultant") identified as a Partnership and whose address is 1941 Ringwood Avenue, Suite 140, San Jose, CA 95130.

RECITALS

A. Town and Consultant entered into an Agreement for Consultant Services for a Design-Build of Battery Power Supply at the Library on December 21, 2021, ("Agreement"), a First Amendment to Agreement for Consultant Services on June 6, 2023, a Second Amendment to Agreement for Consultant Services on May 7, 2024, copies of which are attached hereto and incorporated by reference as Exhibit A to this Agreement.

B. Town desires to amend the Agreement to extend the term and time of performance.

AMENDMENT

1. Section 2.2 Term and Time of Performance is amended to add the following:

   This contract will remain in effect from December 7, 2021, to June 30, 2026.

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

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

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

Town of Los Gatos:

Signed by:
Chris Constantin 6/11/2025
3EF03F232F1B428...

Chris Constantin, Town Manager

Approved as to Consent:

Signed by:
Danny Thomas 6/3/2025
B4C0EA6DC8874E7...

Danny Thomas, COO

Department Approval:

Signed by:
Nicolle Burnham 6/3/2025
0E9783134906 44C3...

Nicolle Burnham
Director of Parks and Public Works

Approved as to Form:

Signed by:
Gabrielle Whelan 6/10/2025
EFD6738A5534428...

Gabrielle Whelan, Town Attorney

Attest:

Signed by:
Wendy Wood 6/11/2025
20A720C4AE0A4D8...

Wendy Wood, CMC, Town Clerk

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

SECOND AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES

This SECOND AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES is dated for identification this 7th day of May 2024 and amends that certain First Amendment to Agreement for Consultant Services dated June 6, 2023, made by and between the Town of Los Gatos, ("Town") and AMS Electric LLC dba as Prime Electric LLC ("Consultant") identified as a Partnership and whose address is 1941 Ringwood Avenue, Suite 140, San Jose, CA 95130.

RECITALS

A. Town and Consultant entered into an Agreement for Consultant Services for a Design-Build of Battery Power Supply at the Library on December 21, 2021, ("Agreement"), a First Amendment to Agreement for Consultant Services on June 6, 2023, copies of which are attached hereto and incorporated by reference as Exhibit A to this Agreement.

B. Town desires to amend the Agreement to extend the term and time of performance.

AMENDMENT

1. Section 2.2 Term and Time of Performance is amended to read:

   This contract will remain in effect from December 7, 2021 to June 30, 2025.

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

EXHIBIT A

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

Town of Los Gatos:

DocuSigned by:
Laurel Prevetti 5/22/2024
853FEEA2EB39470...
Laurel Prevetti, Town Manager

Approved as to Consent:

DocuSigned by:
Danny Thomas 5/20/2024
B4C0EA6DC8874E7...
Danny Thomas, COO

Department Approval:

DocuSigned by:
Nicolle Burnham 5/20/2024
0E97831349644C3...
Nicolle Burnham
Director of Parks and Public Works

Approved as to Form:

DocuSigned by:
Gabrielle Whelan 5/21/2024
EFD0736A5534428...
Gabrielle Whelan, Town Attorney

Attest:

DocuSigned by:
Wendy Wood 5/22/2024
BF6EBCBE2C214F8...
Wendy Wood, CMC, Town Clerk

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

FIRST AMENDMENT TO AGREEMENT

This FIRST AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES is dated for identification this 6th day of June 2023 and amends that certain Agreement for Consultant Services dated December 7, 2021, made by and between the Town of Los Gatos, ("Town,") and AMS Electric LLC, dba Prime Electric LLC (Consultant") identified as a Partnership and whose address is 1941 Ringwood Avenue Suite 140, San Jose, CA 95131.

RECITALS

A. Town and Consultant entered into an Agreement for Consultant Services for a Design-Build of Battery Power Supply at the Library on December 7, 2021 ("Agreement"), a copy of which is attached hereto and incorporated by reference as Exhibit A to this Amendment.

B. Town desires to amend the Agreement to extend the end date of the term and add to the minimum scope of insurance of the agreement.

AMENDMENT

1. Section 2.2 Term and Time of Performance is amended to read:

   This contract will remain in effect from December 7, 2021 to June 30, 2024.

2. Section 3.1 Minimum Scope of Insurance is amended to read as follows:

   Service Provider agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

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

Town of Los Gatos:

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

Approved as to Consent:

DocuSigned by:
Brandon Elliot
607F4FB74A34418...
Brandon Elliot,
Group Executive, Shareholder

Department Approval:

DocuSigned by:
Nicolle Burnham
0E97831349644C3...
Nicolle Burnham
Director of Parks and Public Works

Approved as to Form:

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

Attest:

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

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on this 7th day of December 2021 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and AMS Electric LLC dba Prime Electric LLC, whose address is 1941 Ringwood Ave. Suite 140, San Jose, CA, 95131. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desires to engage Consultant to provide Design-Build services for development of plans and construct a Battery Electrical storage system at the Library.

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

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

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain Proposal sent to the Town on December 1, 2021, which is hereby incorporated by reference and attached as Exhibit A and B.

2.2 Term and Time of Performance. This contract will remain in effect from date of execution to June 30, 2023.

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

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

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and

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

2.6 Compensation. Compensation for Consultant's professional services **shall not exceed $513,000**, inclusive of all costs. Payment shall be based upon Town approval of each task.

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

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

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

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

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

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

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

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

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

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

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

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

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

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

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

General Liability:

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

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

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

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

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

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

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,

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penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

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

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

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

4.4 Prevailing Wages. This project is subject to the requirements of Section 1720 et seq. of the California Labor Code requiring the payment of prevailing wages, the training of apprentices and compliance with other applicable requirements. Contractors and all subcontractors who perform work on the project are required to comply with these requirements. Prevailing wages apply to all projects over $1,000 which are defined as a "public work" by the State of California. This includes: construction, demolition, repair, alteration, maintenance and the installation of photovoltaic systems under a Power Purchase Agreement when certain conditions are met under Labor Code Section 1720.6. This include service and warranty work on public buildings and structures.

4.4.1 The applicable California prevailing wage rate can be found at www.dir.ca.gov and are on file with the Town of Los Gatos Parks and Public Works Department, which shall be available to any interested party upon request. The contractor is also required to have a copy of the applicable wage determination posted and/or available at each jobsite.

4.4.2 Specifically, contractors are reminded of the need for compliance with Labor Code Section 1774-1775 (the payment of prevailing wages and documentation

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of such), Section 1776 (the keeping and submission of accurate certified payrolls) and 1777.5 in the employment of apprentices on public works projects. Further, overtime, weekend and holiday pay, and shift pay must be paid pursuant to applicable Labor Code section.

4.4.3 The public entity for which work is being performed or the California Department of Industrial Relations may impose penalties upon contractors and subcontractors for failure to comply with prevailing wage requirements. These penalties are up to $200 per day per worker for each wage violations identified; $100 per day per worker for failure to provide the required paperwork and documentation requested within a 10-day window; and $25 per day per worker for any overtime violation.

4.4.4 As a condition to receiving progress payments, final payment and payment of retention on any and all projects on which the payment of prevailing wages is required, the contractor agrees to present to the TOWN, along with its request for payment, all applicable and necessary certified payrolls (for itself and all applicable subcontractors) for the time period covering such payment request. The term "certified payroll" shall include all required documentation to comply with the mandates set forth in Labor Code Section 1720 et seq, as well as any additional documentation requested by the Agency or its designee including, but not limited to: certified payroll, fringe benefit statements and backup documentation such as monthly benefit statements, employee timecards, copies of wage statements and cancelled checks, proof of training contributions (CAC2 if applicable), and apprenticeship forms such as DAS-140 and DAS-142.

4.4.5 In addition to submitting the certified payrolls and related documentation to the TOWN, the contractor and all subcontractors shall be required to submit certified payroll and related documents electronically to the California Department of Industrial Relations. Failure to submit payrolls to the DIR when mandated by the project parameters shall also result in the withholding of progress, retention and final payment.

4.4.6 No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].

4.4.7 No contractor or subcontractor may be awarded a contract for public work on a public works project, unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. Contractors MUST be a registered "public works contractor" with the DIR AT THE TIME OF BID. Where the prime contract is less than $15,000 for maintenance work or less than $25,000 for construction alternation, demolition or repair work, registration is not required.

4.4.8 Should any contractor or subcontractors not be a registered public works contractor and perform work on the project, Contractor agrees to fully indemnify the TOWN for any fines assessed by the California Department of

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Industrial Relations against the TOWN for such violation, including all staff costs and attorney's fee relating to such fine.

4.4.9 The TOWN shall withhold any portion of a payment; including the entire payment amount, until certified payroll forms and related documentation are properly submitted, reviewed and found to be in full compliance. In the event that certified payroll forms do not comply with the requirements of Labor Code Section 1720 et seq., the TOWN may continue to hold sufficient funds to cover estimated wages and penalties under the contract.

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

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

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

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

AMS Electric LLC dba Prime Electric LLC
1941 Ringwood Ave.
San Jose, CA, 95131

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

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

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

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

Town of Los Gatos by:

DocuSigned by:
Laurel Prevetti 2/14/2022
853EEEA2EB39470...
Laurel Prevetti, Town Manager

AMS Electric LLC dba Prime Electric LLC, by:

DocuSigned by:
Brandon Elliott 2/7/2022
607F4FB74A34418...
Brandon Elliott, Group Executive, Shareholder
Printed Name and Title

Recommended by:

DocuSigned by:
Matt Morley 2/8/2022
BBA0B3B0D8F4484...
Matt Morley
Director of Parks and Public Works

Approved as to Form:

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

Attest:

DocuSigned by:
Shelley Neis 2/14/2022
B9666F65B1F3456...
Shelley Neis, MMC, CPMC, Town Clerk

Docusign Envelope ID: 77EA428D-5BB8-4D7F-A809-9506343FEB8E



OCTOBER 22, 2021

Town of Los Gatos Battery Energy Storage System

ELECTRICAL RFP

PRIME ELECTRIC

EXHIBIT A

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

October 22, 2021

Town of Los Gatos

41 Miles Avenue
Los Gatos, CA 95030
ATTN: Matt Morley

RE: Town of Los Gatos Battery Energy Storage System
Request for Proposal: Electrical

Dear Matt:

PRIME Electric is pleased to submit our Electrical Proposal for the Town of Los Gatos Battery Energy Storage System project. Our project experience with Design-Build and preconstruction services will bring tremendous value to the Town of Los Gatos team.

Our recent project experience (demonstrated herein) shows our ability to successfully turn over this project. We are comfortable with the Design-Build delivery model for this project and have selected a team that best fits the needs of the Town of Los Gatos Battery Energy Storage System project.

We understand that this project will be highly collaborative. PRIME will bring our lean and innovative practices, lessons learned from successes and challenges in the marketplace, and our strong and collaborative field team consisting of wireman and supervisors.

Additionally, the identified RFP project fundamentals are also core principles at PRIME:

- Proactive approach to preconstruction cost control and project planning
- Willingness to listen and provide project and design advice to the team
- Proven ability to deliver based on project needs
- Customer service focus
- Commitment to safety and quality control
- Commitment to planning and using Lean Planning principles (i.e. Pull Planning)

We are excited about the opportunity to work on this project; the outlined delivery model encompasses all of our best attributes. Performance based criteria and accountability metrics are welcomed by PRIME.

We are committed to adding value to this project. In order to accomplish this, PRIME will be a proactive team member that brings ideas to the table and focuses on solutions rather than problems. PRIME has the organizational depth and resources to assure total control and optimization of cost, quality, and schedule to positively impact the project.

Our project team will assist in developing the best overall solutions for the benefit of the entire project, not just our trade. We believe that the success of the project is best measured as a whole rather than by individual disciplines.

We look forward to demonstrating our ability to accomplish these goals. Thank you for the opportunity to provide this proposal response. We look forward to any questions or feedback.

Best Regards,

Jonathan Graves
PROJECT EXECUTIVE

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

Meet Your Team



Danny Thomas
CHIEF OPERATING OFFICER



Mike Sanjurjo
EXECUTIVE DIRECTOR OF SALES



Brandon Elliott
GROUP EXECUTIVE



Jonathan Graves
PROJECT EXECUTIVE



Anthony Pinon
SERVICE & SPECIAL PROJECTS MANAGER

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

PRIME ELECTRIC

10/22/2021

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

Attention: Matt Morley

Reference: Town of Los Gatos – Energy System
Prime Reference #: 21-228

Dear Matt,

Prime Electric is pleased to present this proposal for the electrical work required for the Project Town of Los Gatos – Energy System. This proposal is based on the provided drawings dated 3/15/10 and the scope discussed and detailed below.

Scope of work:
1. Provide Design Engineering and drawings for permitting.
2. Provide excavation and patch back for all underground requirements.
3. Install 125-kilowatt ELM Microgrid Battery Storage System.
   a. See attached for cutsheet and details.
4. Provide start up, commissioning, and training for new Microgrid Battery Storage system.

Clarifications:
A. All work shall be completed during normal business hours (7:00am to 4:00pm).
B. All work shall be installed in compliance with the applicable specifications and all applicable codes.
C. We have based our proposal on having unrestricted access to all work areas.
D. We have assumed that the electrical panels have the space and capacity to accommodate the electrical requirements for this installation.
   * **NOTE**: Commodities such as wire and conduit cost can fluctuate daily, and equipment pricing generally adjusts quarterly. Significant price increases will result in a request for adjustment of contract price
E. We have not included the following:
   1. Overtime.
   2. Cut, patch and paint of existing finishes.
   3. Replacement of ceiling tiles.
   4. Provisions for and installation of temporary power and lighting.

1941 Ringwood Ave, San Jose, CA 95131 • (925) 961-1600 • Fax: (925) 961-1620 • www.primeelectric.com

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5. Provisions for and installation of access panels.
6. Provision for a performance and payment bond.

The total cost to complete this work is $498,470.00

Thank you for allowing Prime Electric to present this proposal for your review and consideration. This proposal is valid for sixty (60) days. Should you have any questions and/or comments, please feel free to contact me at (925) 961-1600.

Sincerely,

Jonathan Graves

Jonathan Graves
Project Executive
Prime Electric

Approval Signature: _____ Date: _____

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Prime Electric - Town of Los Gatos

- Battery Energy Storage System Bid Submittal -

SITE: 100 Villa Ave, Los Gatos, CA 95030

125 kW / 330 kWh ELM BATTERY ENERGY STORAGE SYSTEM

BATTERY ENERGY STORAGE SYSTEM (BESS)

Solar Technologies will design and furnish a 125-kilowatt ELM Microgrid Battery Storage system to provide 100% backup power during grid outage. The ELM Microgrid ESS has been engineered to form a microgrid, and can perform demand response, Time of Use, and self-consumption. The microgrid system integrates an EPC bi-directional inverter (PCS), Kore's UL 9540a lithium-ion battery, ELM Fieldsight energy management software and an energy meter which measures your facility's energy consumption and deploys energy as needed. All of these components are bundled in a pre-engineered NEMA 3R enclosure which includes thermal management.

The system will be designed with a charging or discharging power of 125 KW and an energy storage capacity of 330 kWh. The energy storage capacity is capable of future expansion up to 440 kWh.

The system will include a free standing NEMA 3R battery cabinet inclusive of battery modules, battery racks, integral controls, and fire suppression system. During times the grid is functioning, the system will provide self-consumption, energy arbitrage and demand charge management peak shaving functionality.

Solar Technologies will design, engineer, permit and provide a battery energy storage system described below. ELM will provide battery system commissioning assistance.

- **ELM Microgrid Battery Storage 125 kW / 330 kWh**
- Systems contain the following:
  - 3x 110kWh Kore battery racks and BPU pre-installed
  - Kore BMS
  - EPC 125 kW PCS
  - ELM Microgrid controller
  - ELM Microgrid Switchgear package

- Internal A/C bus for solar, generator, & microgrid loads
- 5 Year ELM Monitoring
- 5 Years OEM Warranty
- 24 Volt DC power supply and UPS
- HVAC/heater (thermal management of batteries)
- NEMA 3R main enclosure
- Junction panel with termination blocks
- Wattnode energy meter
- ELM will provide Annual Report on System Functionality

SYSTEM OPERATION

ELM's Energy storage system can be used in 4 key storage applications for commercial battery systems:

Forms a Microgrid: The system will form a microgrid either for the lifetime of the system or intermittently upon grid failure. Included in the standard microgrid system is a battery, inverter, internal UPS used for system controls, wiring box, grid relay and contactor.

Demand Response: Energy Storage system is used to offset a facilities demand charges by reducing the demand to the local utility by deploying energy from the battery during preset peak demand times

Time of Use Shifting (TOU): This system will store less expensive off-peak energy into the battery and then deploys that energy from the battery during more expensive peak rate times.

Self-Consumption: In markets that do not allow net metering your battery system can store excess PV generation thus preventing the system from back-feeding PV power to the grid.

System Overview & Functionality:
This system will have full Microgrid functionality as well as additional functionality that may be used to add capabilities and decrease electricity costs. Depending on how much electricity is being used, the system will provide power for at least 2 hours and could run infinitely with solar input. An onsite generator could also be used for onsite power. The preferred scenario would be that the generator would only need to be used in rare circumstances during times of especially low solar production (e.g. a large winter storm in January) Below is a typical system of operations.

Sequence of Operations
The two main operational modes are Island (backup) and Grid Tied.

1.1 Island Mode (SOO2/SOO3)
In this mode, the Microgrid will operate as an island isolated from the utility grid. The goal in this mode is to maximize the use of available battery and PV and minimize the use of the generator. In this mode, there are two operational modes and three sub modes:

- Genset ON (SOO2): When the combined maximum output of the PV array and battery (a minimum SOC threshold for the battery has been reached) is insufficient to support the loads, the site controller should turn ON the genset incorporating a seamless transition. While the genset is ON, the storage inverter will be utilized to support the load and charge the battery in current source mode. The generator will be operating in a constant power mode while charging the batteries with excess power generation. PV will be utilized if available.
- Genset OFF (SOO3): While there is sufficient PV generation and battery capacity available, the generator will remain off and the storage inverter will form the grid and act as the Microgrid master. The PV inverters will sense the AC voltage on their terminals and follow the storage inverter.

1.2 Grid Tied Mode (SOO6/SOO5)

In this mode, the Microgrid will operate in parallel with the utility grid. The goal is to maximize the local consumption of the PV generation and battery while keeping the batteries charged to prepare for an outage. If there is sufficient PV generation, the solar array will power the loads on site. If the load is fully met, PV will prioritize charging the battery bank until the battery state-of-charge (SOC) reaches 100%. If the PV generation exceeds the amount of power the battery can absorb (either due to high SOC or charge power limitations), the Microgrid can either export excess PV generation to the utility grid if allowed or curtail excess PV to prevent from exporting PV power to the grid. The microgrid
will never export any battery power to the grid.

- Peak Shaving (SOO6): The Microgrid can be enabled to use PV and the battery up to a specific SOC threshold (configurable) to minimize grid import power by setting a load threshold the user wants to keep the grid power below.
- Demand Response (SOO6): The Microgrid can be enabled to use PV and the battery up to a specific SOC threshold (configurable) to minimize grid import power only during certain times by setting a load threshold the user wants to keep the grid power below.

We will provide equipment cutsheets, shop drawings, factory test reports, wiring diagrams, commissioning reports, as-builts and O&M Data as specified.

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PROPOSAL ASSUMPTIONS, CLARIFICATIONS AND EXCLUSIONS

- Building permit fee and PG&E interconnection applications are excluded, to be passed through at direct cost without markup; we will request an estimate from AHJ prior to execution of contracts.
- ~~New concrete pad with steel bollards for protection of energy storage enclosure to be provided by others.~~ Included.
- Site preparation, including grading, soil stabilization, removal of landscaping and final grading is excluded and to be performed by others if needed.
- Microgrid control system programming & commissioning is excluded.
- Microgrid metering, relays, critical load panels and other related infrastructure and labor is excluded.
- Proposal assumes the existing Solar PV source circuit can be re-routed to energy storage system bussing.
- Proposal assumes as-built plan sets, C-ALTA, Geotechnical and Title Reports provided by Customer are sufficient for system engineering and permitting approval requirements. Additional studies or engineering reports will be charged in addition to proposal if required.
- ~~On-site construction and labor services are excluded from our quote, prevailing wages would not apply~~.
- Repairs or upgrades to the property not described within this Proposal which are otherwise required or discovered during the project. This can include existing electrical equipment, structural improvements, roof system repairs, etc.
- Utility company interconnection requirements such as NGOM meters or upgrades to Utility company infrastructure or mitigation work required through the utility interconnection application are excluded.
- Any extraordinary engineering, approvals, discretionary reviews, special certification or testing would be charged in addition to this Proposal.
- Costs incurred because of property access restrictions during normal working hours or Buyer's non-standard work hour requirements are excluded.
- Painting or any other "decorative work" on the System is excluded.
- Bid, Price or Performance Bonding is excluded.
- Fire safety and sprinkler systems are excluded.
- Security personnel excluded, securing equipment is the responsibility of Customer upon delivery and installation.
- Repair of damaged underground utilities, power, plumbing or irrigation lines if not provided with plans specifying their location is excluded.
- Remobilization after start of construction is excluded.
- Any work not originally included within this Agreement or specified as an inclusion within this Addendum A will be charged in addition to this Agreement at a labor rate of . per hour and costs plus 15%.

Price is good for 30 days

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SOLAR TECHNOLOGIES CORPORATE QUALIFICATIONS

STE Electric DBA Solar Technologies was founded in 1998. We are a privately held, full design/build, C-10/C-46 licensed contractor with 85+ employees and offices in San Ramon, Campbell and Santa Cruz, California. We focus on grid-tied, behind-the-meter PV solar, energy storage and EV charging station projects for commercial, municipal, non-profit and residential customers.

Over the past 20+ years we have established ourselves as one of the most accomplished and skilled solar design and installation companies in the business by providing customers with the best equipment, people and service at a competitive price. We are ranked among the top 25 commercial solar developers in California and were recognized in 2019 as SunPower's National Dealer of the Year and three times as SunPower Regional Commercial Dealer of the Year.

CALIFORNIA STATE LICENSE BOARD:

License #:	932914
License Type:	C-10 Electrical / C-46 Solar
Expiration:	05/31/2023
DIR Public Works Registration #:	PW-LR-1000460402

INSURANCE:

Broker Name:	Wise Insurance Agency, Inc.
Broker Contact:	415.258.9912
Certificate of Insurance:	Provided Upon Request
Commercial GL:	$1,000,000 per occurrence, $2,000,000 general aggregate covering bodily injury, property damage liability, operations and contractual liability.
Commercial Auto:	$1,000,000 per occurrence covering bodily injury and property damage liability.
Umbrella/Excess Liability:	$4,000,000 per occurrence and $4,000,000 general aggregate in excess liability coverage provided by GL and Auto.
Workers Compensation:	$1,000,000 for bodily injury as required by law.

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ELM

The ELM Microgrid Turnkey Package is shipped as a self-contained unit and can be installed outdoors or indoors.



MICROGRID 125kW PACKAGE

Turnkey Solution

- Factory Assembled
- Pre-Engineered
- Pre-Wired
- Pre-Installed Safety Labels
- Pre-Tested

Managed Assets

- Solar Generation
- Distributed Battery Storage
- Diesel, Propane & Nat Gas Generators
- CHP Systems
- Grid Power

Communications & Control

- 4G LTE Cellular
- Ethernet and Wifi
- Building Management
- Generator Start and Stop
- Optimal Power Forecasting
- Power Reliability Alerts
- Isochronous Generation Control

The Switch Advantage

- Turnkey Solution
- Indoor and Outdoor Enclosure Options
- Climate Control
- Fire Suppression Options
- Microgrid Installation and O&M Guides

switch storage solutions

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Microgrid 125 TECHNICAL SPECIFICATIONS

Electrical Specifications

AC Voltage	480 VAC
AC Input/Output Current	150 A
Max AC Output *(discharge)*	125kW
Max AC Input *(charge)*	125kW
Battery Capacity Range	110kWh – 910kWh
AC Frequency *(field settable)*	60 Hz
Max AC Overcurrent Protection	180 A
Peak Efficiency	98.5%
Power Factor	0 -1.0 Leading or Lagging

Equipment Specifications

External Dimensions *(L x W x H)*	60" x 36" x 104"
Weight	6100 lbs. (220kWh)
Lifting Provisions	Fork Lift Slots
Paint Tested	1000 Salt Hour Spray
Fire Suppression Options	Hybrid - 3M Novec
Temperature Range	-20°C to 50°C

Transfer to and from Islanded Mode

Upon detecting a grid disturbance, the system disconnects the Microgrid from the grid and seamlessly transitions critical/ resiliency loads to Microgrid Islanded mode.

While in Microgrid Islanded mode, the system manages solar, wind and generator assets in order to efficiently support the resiliency loads.

Control Software

- ELM Autonomous Microgrid Site Control System
- Access & Alerts on Desktop & Mobile 24/7
- Asset Monitoring System Level & Individual
- Individual Microgrid Component Pages
- Local HMI IP 65 Touchscreen
- Communications: WiFi, Ethernet, Cellular

Functionality

Islanded MicroGrid	Off-Grid Applications
Grid Tied MicroGrid	AI Machine Learning Demand Charge Mgmt. Peak Shaving Self-Consumption Demand Response
Distributed Generation	Time of Use Operation

Key System Components

- NEMA 3R Enclosure
- Bi Directional Storage Inverter
- DC Disconnect - (Battery)
- AC Disconnect *(Inverter)*
- Climate Controls

Certifications

Batteries	UL 1973, UL 9540A
Inverter	UL 1741 SA, IEEE 1547
System	UL 9540

For higher power or storage requirements multiple systems can be paralleled and additional energy storage containers can be added. Please contact Switch Storage for more details.

switch
storage solutions

c 650.793.2889 | w www.switchstorage.com | e d.hill@switchstorage.com

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 05/20/2025
ITEM NO. :

DATE: May 15, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: Authorize the Town Manager to Execute a Third Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) for the Library Battery Power Supply Project (CIP 821-2505)

RECOMMENDATION:

Staff recommends that the Town Council authorize the Town Manager to execute a Third Amendment to the Agreement for Consultant Services (Attachment 1) with AMS Electric LLC (dba Prime Electric LLC) to extend the term and time of performance through June 30, 2026 for a design-build project to install a battery storage system at the Library (CIP 821-2505).

STRATEGIC PRIORITIES:

This extension of the term of performance pertains to the Town Council's Priority of **Quality Public Infrastructure**. This is a resiliency project and supports a critical facility that will provide community services during power outages.

FISCAL IMPACT:

There is no fiscal impact related to this action. The amendment is to extend the performance period only.

BACKGROUND:

The Library Battery Storage Project (CIP 821-2505) included the development of design plans and installation of a battery energy storage tied to the solar photovoltaic (PV) system at the Library. In FY 2020/21, Parks and Public Works staff issued a Request for Proposals (RFP), and AMS Electric LLC was selected. An Agreement for Services was executed on December 7, 2021.

PREPARED BY: Dan Keller
Fleet & Facilities Operations Manager

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

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On June 6, 2023, a First Amendment to the Agreement for Services was executed to extend the agreement term to June 30, 2024, to allow for installation and completion of the project which was delayed due to extended plan review time with Santa Clara County Fire and delays in the manufacturing and delivery of equipment.

On May 7, 2024, a Second Amendment to the Agreement for Services was executed to extend the agreement term to June 30, 2025, to allow time for welded anchoring inspection of the battery cabinet and time for the battery manufacturer to test, operate, and run the internal HVAC system.

DISCUSSION:

Since its inception, this project has undergone significant design changes. These changes were partially due to the advancing technology and discontinuation of the originally specified equipment. This includes the battery itself and components that allow better regeneration of power through the PV system.

During their recent inspection, PG&E required the contractor to replace the meter that was originally installed with an updated meter that adds additional protection during a grid outage. Acquiring this meter from Germany will take time to receive and program. An extension of the agreement term is needed to accommodate the new requirement from PG&E. Although these changes present a delay, they will provide a more operationally efficient product in the long term. Prior to the last PG&E inspection, while remote and online access is still being finalized, Town staff and the contractor made significant advancements in the critical infrastructure of the project. This included operation and testing of the battery, exercising the internal cooling system, and installation of components required for operation.

CONCLUSION:

The extension of this agreement will Authorize the Town Manager to execute a Third Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) for a design-build project to install a battery storage system at the Library (CIP 821-2502) to extend the term and time of performance through June 30, 2026.

ENVIRONMENTAL ASSESSMENT:

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

Docusign Envelope ID: 77EA428D-5BE8-4D7F-A809-9506343FEB8E

SUBJECT: Third Amendment to a Consultant Services Agreement with AMS Electric LLC (dba Prime Electric LLC) Installation a Battery Storage System at the Library

DATE: May 15, 2025

Attachment:

1. Third Amendment to Agreement for Consultant Services with Exhibit A

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 14

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

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

RECOMMENDATION: Receive the Monthly Financial and Investment Reports for April 2026.

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 Administrative Services Director assumes the Town Treasurer role. Attachment 1 contains the April 2026 monthly Financial and Investment Report, which fulfills this requirement.

The April 2026 Monthly Financial and Investment Report was received by the Finance Commission at its June 8, 2026, regular meeting.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

DISCUSSION:

The April 2026 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 April 30, 2026, fund balance report. In the case that the differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The difference between the April 30 and March 31 estimated fund balance 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 - April 30, 2026		
Total Cash	$	83,594,887
Plus: Assets	$	12,638,963
Less: Liabilities	$	(24,184,893)
Estimated Fund Balance	**$**	**72,048,957**

As of April 30, 2026, the Town's financial position (Cash Plus Other Assets $96.23M, Liabilities $24.18M, and Fund Equity $72.05M) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of April 30, 2026, the Town's weighted portfolio yield for investments under management was 4.19%, which was 38 basis points above the Local Agency Investment Fund (LAIF) yield of 3.81% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 265 days versus the Town's longer WAM of 573 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 4.19% at the close of April was 2 basis points lower when compared to the prior month's return of 4.21% reported as of March 31, 2026.

Since April 2025, LAIF yields decreased from 428 basis points (4.28%) to 381 basis points (3.81%) through the end of April 2026. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

The Federal Open Market Committee implemented three rate cuts in 2025. The first, on September 17, reduced the federal funds target range by 25 basis points to 4.00%–4.25% amid slower economic growth in the first half of the year and emerging signs of labor-market softening. A second 25-basis-point cut on October 29 brought the range down to 3.75%–4.00% as labor-market weakness and broader economic uncertainty persisted. At its December 10 meeting, the Committee approved a final 25-basis-point reduction to 3.50%–3.75%, reflecting ongoing concerns about the economic outlook. These adjustments align with the FOMC's objective to promote maximum employment and achieve a year-over-year inflation target of 2%.

Labor market conditions showed some signs of stabilization. Nonfarm payrolls increased by 178,000 in March, a reversal from February's decrease of 92,000. Weekly initial jobless claims reached 189,000 at the end of April, the lowest since 1969. Continuing claims reached 1.785m, the lowest since April 2024.

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.

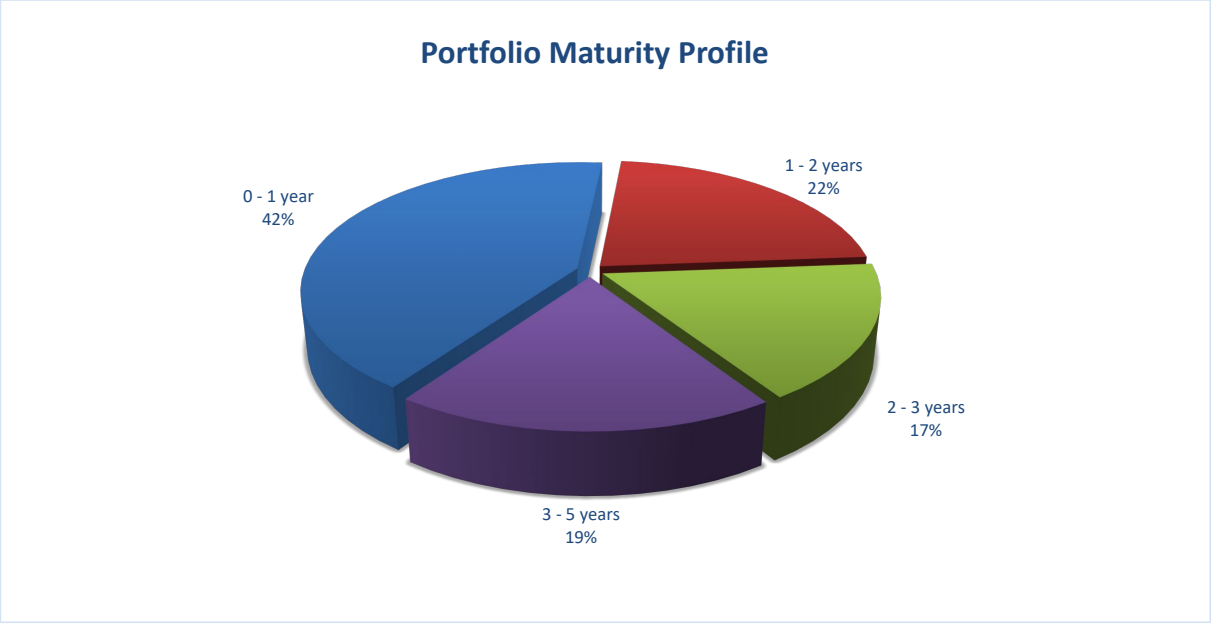
Attachments:
1. Financial and Investment Report (April 2026)

Town of Los Gatos
Summary Investment Information
April 30, 2026

Weighted Average YTM Portfolio Yield on Investments under Management	**4.19%**
Weighted Average Maturity (days)	**573**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$83,594,887	$79,742,122	$75,736,441
Managed Investments	$53,670,104		
Local Agency Investment Fund	$17,712,191		
Reconciled Demand Deposit Balances	$12,212,592		
Portfolio Allocation & Treasurer's Cash Balances	$83,594,887		

Benchmarks/ References:			
Town's Average Yield	4.19%	4.21%	4.41%
LAIF Yield for month	3.81%	3.83%	4.28%
3 mo. Treasury	3.66%	3.67%	4.29%
6 mo. Treasury	3.69%	3.69%	4.17%
2 yr. Treasury	3.87%	3.79%	3.60%
5 yr. Treasury	4.01%	3.94%	3.73%
10 Yr. Treasury	4.37%	4.32%	4.16%

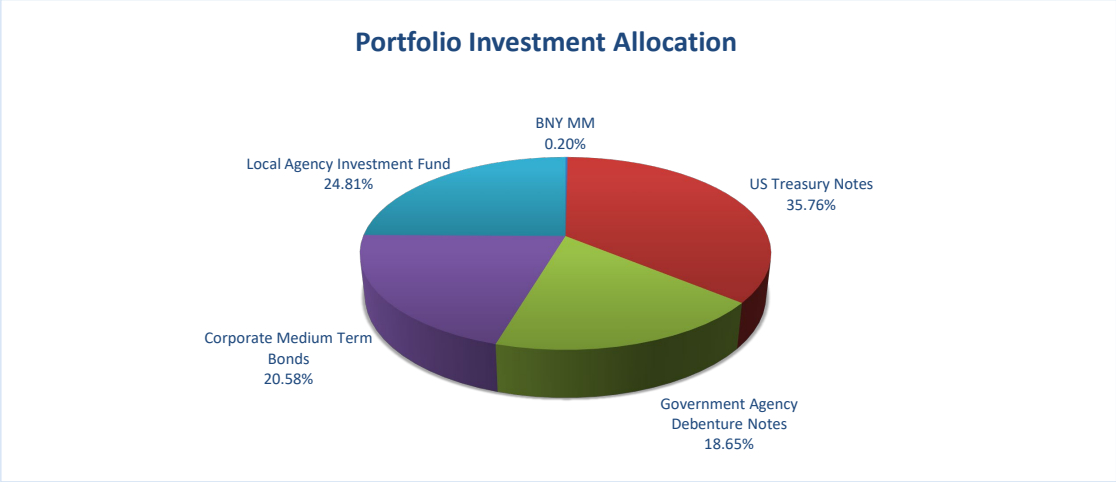


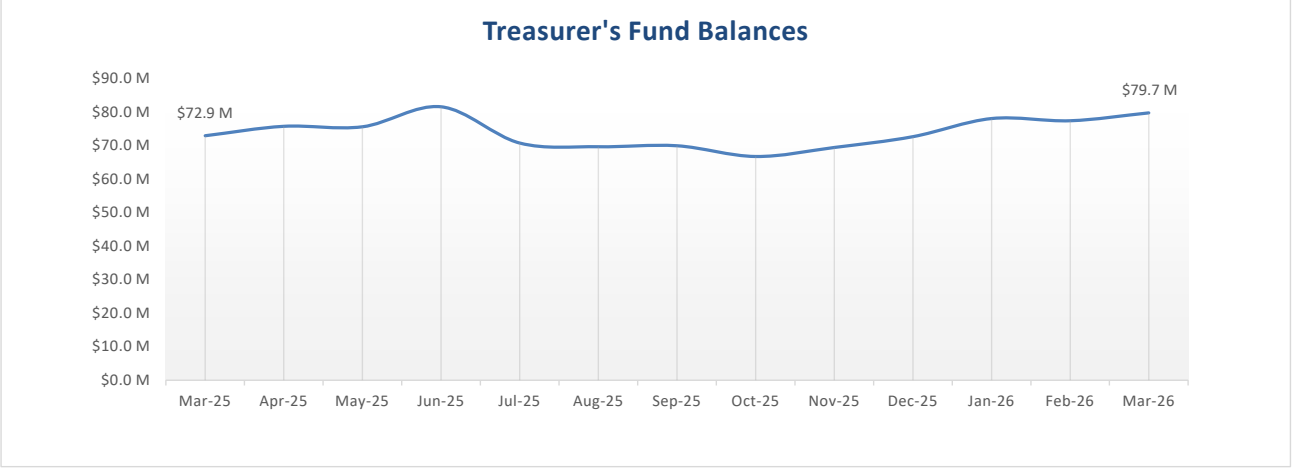
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for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

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
April 30, 2026

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 79,742,121.55	$ 81,558,113.19
Receipts	7,610,935.97	76,273,171.11
Disbursements	(3,758,170.51)	(74,236,397.29)
Cash & Investment Balances - End of Month/Period	$83,594,887.01	$83,594,887.01

Portfolio Allocation	Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM	$141,965.23	0.20%	20% of Town Portfolio
US Treasury Notes	$25,522,775.26	35.76%	No Max. on US Treasuries
Government Agency Debenture Notes	$13,313,715.31	18.65%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	$14,691,647.80	20.58%	30% of Town Portfolio
Local Agency Investment Fund	$17,712,191.07	24.81%	$75 M per State Law
Subtotal - Investments	71,382,294.67	100.00%	
Reconciled Demand Deposit Balances	12,212,592.34		
Total Portfolio Allocation & Treasurer's Cash Balances	$83,594,887.01		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
April 30, 2026

	Beginning Balance	April 2026 Deposits Realized Gain/Adj.	April 2026 Interest/ Unrealized Gains (Losses)/ Gains (Losses)	April 2026 Withdrawals / Fees	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 702,426.13	$ -	$ 1,886.52	$ -	$ 704,312.65	**Note 1**
Cert. of Participation 2010 Ser Lease Payment Fund	84.97	-	0.27	-	85.24	**Note 2**
Cert. of Participation 2002 Ser A Lease Payment Fund	144.81	-	0.31	-	145.12	**Note 1**
Cert. of Participation 2010 Ser Reserve Fund	1,314,998.24	-	3,943.34	-	1,318,941.58	**Note 2**
Total Restricted Funds:	$ 2,017,654.15	$ -	$ 5,830.44	$ -	$ 2,023,484.59	
CEPPT IRS Section 115 Trust	3,885,749.72	-	119,058.24	750.42	$ 4,004,057.54	**Note 3**
Grand Total COP's and CEPPT Trust	$ 5,903,403.87	$ -	$ 124,888.68	$ 750.42	$ 6,027,542.13	

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
April 30, 2026

July 2025	$	238,713.97
August 2025	$	238,367.28
September 2025	$	259,685.13
October 2025	$	228,769.00
November 2025	$	220,968.79
December 2025	$	234,197.60
January 2026	$	228,526.08
February 2026	$	205,910.96
March 2026	$	238,556.51
April 2026	$	244,476.90
May 2026	$	-
June 2026	$	-
	$	2,338,172.22

Town of Los Gatos
Investment Schedule
April 30, 2026

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,281,852.00	53,261.00		6/21/2027	4.19%	$ 121,687.22	$ 135,426.07	$ 44,604.04	417
FFCB	3133EN5V8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	236,632.48	(2,541.72)		1/11/2027	3.76%	$ 29,042.75	$ 21,918.24	$ 7,444.85	256
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	499,565.00	24,905.00		6/15/2026	4.70%	$ 51,644.44	$ 63,141.28	$ 18,986.10	46
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,279,109.00	118,549.60		12/21/2026	4.15%	$ 49,697.92	$ 130,709.25	$ 42,137.45	235
FHLB	3130APJH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	993,770.00	86,760.00		10/28/2026	4.17%	$ 33,354.17	$ 84,829.28	$ 28,813.52	181
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,702,890.00	(3,842.00)		1/6/2028	3.91%	$ 197,955.56	$ 159,363.33	$ 55,494.22	616
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	601,974.00	(6,882.00)		1/12/2028	4.34%	$ 75,278.33	$ 56,288.41	$ 21,909.96	622
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,483,155.00	66,528.88		3/31/2027	4.09%	$ 105,327.87	$ 122,333.72	$ 49,454.06	335
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	506,060.00	1,405.00		2/1/2028	4.37%	$ 60,502.79	$ 43,173.83	$ 18,305.22	642
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	500,835.00	(1,122.50)		7/17/2026	4.48%	$ 57,812.50	$ 43,961.07	$ 18,717.32	78
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	602,124.00	5,904.00		8/23/2027	4.29%	$ 64,556.25	$ 50,424.13	$ 21,379.27	480
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	984,730.00	63,240.00		12/23/2027	5.23%	$ 80,979.17	$ 97,247.67	$ 41,874.35	602
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,304,576.00	13,915.40		10/31/2027	4.31%	$ 147,468.75	$ 107,052.11	$ 46,491.20	549
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,631,520.00	14,352.00		11/10/2027	5.16%	$ 192,566.67	$ 153,725.55	$ 69,233.43	559
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,242,276.00	4,068.86		8/15/2028	4.76%	$ 156,211.96	$ 101,335.84	$ 48,437.26	838
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,003,170.00	8,832.00		9/1/2026	4.96%	$ 113,208.33	$ 84,828.57	$ 41,194.71	124
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	993,520.00	43,480.94		6/30/2027	4.73%	$ 71,711.96	$ 78,477.53	$ 38,294.01	426
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,286,844.00	72,507.61		4/30/2027	4.82%	$ 89,375.00	$ 100,336.49	$ 50,168.25	365
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	850,995.00	52,347.45		6/30/2028	3.99%	$ 22,805.71	$ 51,319.84	$ 28,009.39	792
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	893,286.00	47,610.00		9/24/2026	4.22%	$ 38,109.38	$ 55,770.03	$ 30,438.22	147
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	986,720.00	26,365.09		7/31/2027	3.95%	$ 57,167.12	$ 57,605.73	$ 32,132.37	457
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,790,370.00	15,184.28		5/31/2028	3.97%	$ 121,942.63	$ 102,986.91	$ 59,071.74	762
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,407,644.00	11,116.00		7/25/2027	4.93%	$ 134,696.10	$ 97,231.80	$ 57,395.08	451
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	1,001,590.00	12,390.00		7/22/2027	4.89%	$ 89,317.67	$ 68,041.60	$ 40,478.76	448
Treasury	91282CHB0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,174,941.25	22,978.33		5/15/2026	4.56%	$ 73,485.92	$ 71,517.53	$ 44,100.06	15
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,707,242.00	19,261.00		3/20/2029	4.28%	$ 138,691.67	$ 91,219.09	$ 60,415.26	1055
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,177,452.00	53,619.86		11/15/2028	4.69%	$ 57,795.34	$ 63,313.82	$ 45,181.69	930
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,016,510.00	17,380.00		1/26/2029	4.87%	$ 86,356.94	$ 54,820.58	$ 40,548.56	1002
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,018,290.00	16,500.00		4/15/2029	4.86%	$ 93,644.44	$ 54,498.76	$ 40,507.64	1081
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,195,176.00	40,546.98		12/31/2028	4.68%	$ 71,208.79	$ 59,398.06	$ 45,713.95	976
FHLB	3130B1BT3	Gov. Agency Debenture	4.88%	7/2/2024	1,150,000.00	1,150,966.00	966.00	1,151,345.50	379.50		6/12/2026	4.82%	$ 75,372.92	$ 55,261.42	$ 46,279.54	43
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,267,650.00	4,587.50		7/6/2029	4.60%	$ 89,200.62	$ 50,520.38	$ 48,144.81	1163
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,052,524.00	41,800.00		10/8/2027	3.56%	$ 13,016.67	$ 29,915.45	$ 31,038.56	526
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,097,470.00	9,325.69		9/30/2029	4.12%	$ 56,442.99	$ 25,813.46	$ 37,546.85	1249
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	513,999.10	5,745.89		12/14/2029	4.35%	$ 19,063.75	$ 8,337.70	$ 18,367.11	1324
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	998,330.00	(150.00)		3/7/2028	3.93%	$ 38,211.81	$ 11,831.34	$ 32,697.51	677
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,125,091.00	(5,076.75)		10/31/2028	4.04%	$ 58,069.06	$ 11,273.90	$ 37,662.25	915
State Street Corp	857477CD3	Corporate Bond	5.27%	4/30/2025	800,000.00	811,184.00	11,184.00	801,872.00	(9,312.00)		8/3/2026	4.04%	$ 31,983.47	$ 5,565.50	$ 27,736.24	95
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%	4/30/2025	1,000,000.00	1,005,644.00	5,644.00	999,640.00	(6,004.00)		12/18/2029	4.23%	$ 30,743.07	$ 7,735.00	$ 38,548.19	1328
US Treasury	91282CNG2	US Treasury Note	4.00%	6/30/2025	660,000.00	665,184.24	5,184.24	660,462.00	(4,722.24)		5/31/2030	3.82%	$ 11,036.08	$ -	$ 21,110.43	1492
US Treasury	91282CMG3	US Treasury Note	4.25%	8/4/2025	825,000.00	842,308.43	17,308.43	833,060.25	(9,248.18)		1/31/2030	3.74%	$ 17,150.14	$ -	$ 23,003.31	1372
US Treasury	91282CMA6	US Treasury Note	4.13%	8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,206,840.00	(12,007.77)		11/30/2029	3.72%	$ 13,118.86	$ -	$ 30,632.72	1310
US Treasury	91282CHR5	US Treasury Note	4.00%	9/23/2025	950,000.00	967,036.38	17,036.38	950,152.00	(16,884.38)		7/31/2030	3.59%	$ 13,423.92	$ -	$ 20,694.49	1553
US Treasury	91282CGQ8	US Treasury Note	4.00%	10/3/2025	1,000,000.00	1,013,362.72	13,362.72	1,001,090.00	(12,272.72)		2/28/2030	3.67%	$ 16,353.59	$ -	$ 21,168.37	1400
State Street Corp	857477DB6	Corporate Bond	4.83%	11/10/2025	580,000.00	596,535.80	16,535.80	588,578.20	(7,957.60)		4/24/2030	4.13%	$ 12,772.51	$ -	$ 11,396.23	1455
US Treasury	91282CKA8	US Treasury Note	4.13%	12/17/2025	1,150,000.00	1,157,775.34	7,775.34	1,153,139.50	(4,635.84)		2/15/2027	3.52%	$ 7,734.37	$ -	$ 14,963.89	291
US Treasury	91282CHW4	US Treasury Note	4.13%	12/17/2025	1,150,000.00	1,170,308.54	20,308.54	1,155,485.50	(14,823.04)		8/31/2030	3.71%	$ 9,566.13	$ -	$ 15,831.39	1584
US Treasury	91282CHZ7	US Treasury Note	4.63%	1/13/2026	1,050,000.00	1,089,087.89	39,087.89	1,076,208.00	(12,879.89)		9/30/2030	3.75%	$ 10,272.84	$ -	$ 11,805.91	1614
Morgan Stanley Pvt Bank	61776NU43	Corporate Bond	4.21%	2/26/2026	1,250,000.00	1,254,137.50	4,137.50	1,236,375.00	(17,762.50)	3,510.83	2/8/2029	4.09%	$ (3,510.83)	$ -	$ 8,847.89	1015
John Deere Capital Corp	24422EXN4	Corporate Bond	4.90%	3/17/2026	1,000,000.00	1,024,660.00	24,660.00	1,020,610.00	(4,050.00)	1,361.11	3/7/2031	4.34%	$ (1,361.11)	$ -	$ 5,309.36	1772
US Treasury	91282CLC3	US Treasury Note	4.00%	4/6/2026	1,050,000.00	1,053,691.41	3,691.41	1,052,131.50	(1,559.91)	7,541.44	7/31/2029	3.88%	$ (7,541.44)	$ -	$ 2,688.55	1188
US Treasury	91282CMB4	US Treasury Note	4.00%	4/6/2026	1,050,000.00	1,052,378.91	2,378.91	1,051,890.00	(488.91)	12,923.08	12/15/2027	3.86%	$ (12,923.08)	$ -	$ 2,669.26	594
Subtotal					$ 54,331,000.00	$ 53,528,138.37	$ (802,861.63)	$ 54,348,762.28	$ 820,623.91	$ 25,336.46			$ 3,181,799.69	$ 2,668,550.25	$ 1,695,074.78	
BNY MM		Money Market				141,965.23		141,965.23	0.00			0.00%				1
LAIF		State Investment Pool				17,712,191.07		17,711,851.55	(339.52)			3.81%			428,696.01	1
						71,382,294.67		**$72,202,579.06**	**$820,284.39**	**$25,336.46**			$ 3,181,799.69	$ 2,668,550.25	$ 2,123,770.79	
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	
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)				11/7/2025	4.63%	$ 5,784.72	$ 42,871.33	$ 7,773.04	
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)				12/15/2025	4.40%	$ 208,852.46	$ 186,379.78	$ 42,256.15	
American Honda	02665WEY3	Corporate Bond	4.95%	6/27/2024	1,000,000.00	995,640.00	(4,360.00)				1/9/2026	5.25%	$ 51,287.50	$ 52,766.88	$ 26,383.44	
Pepsico Inc	71344BDF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)				2/24/2026	5.24%	$ 67,133.33	$ 86,538.35	$ 33,198.50	
FHLB	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00				3/13/2026	4.72%	$ 100,479.17	$ 63,303.13	$ 33,140.29	
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)				3/31/2026	4.14%	$ 21,000.00	$ 85,193.12	$ 23,249.92	
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)				4/1/2026	3.04%	$ 94,750.00	$ 93,590.54	$ 24,257.68	
Total Investments "Matured"															$ 214,401.43	
Total Interest FY 24_25 Matured and Current															$ 2,338,172.22	

Maturity Profile

	Amount	Percent
0-1 year	$ 29,880,382.17	42%
1-2 years	$15,832,077.48	22%
2-3 years	$12,163,707.82	17%
3-5 years	$ 13,506,127.20	19%
	$71,382,294.67	100%

Town of Los Gatos
Investment Transaction Detail
April 30, 2026

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
4/1/2026	437076BM3	HOME DEPOT INC 3% 01APR2026 CALLABLE	BOND INTEREST	4/1/2026	4/1/2026	1,000,000.00	0.000%	4/1/2026	-	-	15,000.00	15,000.00
4/1/2026	437076BM3	HOME DEPOT INC 3% 01APR2026 CALLABLE	REDEMPTION	4/1/2026	4/1/2026	1,000,000.00	0.000%	4/1/2026	100.00	1,000,000.00	-	1,000,000.00
4/6/2026	91282CLC3	USA TREASURY 4% 31JUL2029	PURCHASE	4/2/2026	4/6/2026	1,050,000.00	4.000%	7/31/2029	100.35	1,053,691.41	7,541.44	1,061,232.85
4/2/2026	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	4/2/2026	4/2/2026	1,129.61	0.000%		100.00	-	-	1,129.61
4/6/2026	91282CMB4	USA TREASURY 4% 15DEC2027	PURCHASE	4/2/2026	4/6/2026	1,050,000.00	4.000%	12/15/2027	100.23	1,052,378.91	12,923.08	1,065,301.99
4/8/2026	3135G05Y5	FANNIE MAE 0.75% 08OCT2027	BOND INTEREST	4/8/2026	4/8/2026	1,100,000.00	0.750%	10/8/2027	-	-	4,125.00	4,125.00
4/15/2026	437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	BOND INTEREST	4/15/2026	4/15/2026	1,000,000.00	4.900%	4/15/2029	-	-	24,500.00	24,500.00
4/24/2026	857477DB6	STATE STREET CORP 4.834% 24APR2030 (CALLABLE 24MAR30)	BOND INTEREST	4/24/2026	4/24/2026	580,000.00	4.834%	4/24/2030	-	-	14,018.60	14,018.60
4/28/2026	3130APJH9	FEDERAL HOME LOAN BANK 2.5% 28OCT2026 (CALLABLE 28JUL26) #0006	BOND INTEREST	4/28/2026	4/28/2026	1,000,000.00	2.500%	10/28/2026	-	-	10,000.00	10,000.00
4/30/2026	91282CJF9	USA TREASURY 4.875% 31OCT2028	BOND INTEREST	4/30/2026	4/30/2026	1,100,000.00	4.875%	10/31/2028	-	-	26,812.50	26,812.50
4/30/2026	91282CEN7	USA TREASURY 2.75% 30APR2027	BOND INTEREST	4/30/2026	4/30/2026	1,300,000.00	2.750%	4/30/2027	-	-	17,875.00	17,875.00
4/30/2026	91282CFU0	USA TREASURY 4.125% 31OCT2027	BOND INTEREST	4/30/2026	4/30/2026	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 April 30, 2026

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	610,429	BBB+	A3	3	2	4	3
46625HRS1	JPMORGAN CHASE & CO 3.2% 15JUN2026 (CALLABLE 30MAY26)	6/15/2026	500,000	505,509	A	A1	3	1	3	5
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	509,830	A+	Aa3	3	3	3	2
24422EXN4	JOHN DEERE CAPITAL CORP 4.9% 07MAR2031	3/7/2031	1,000,000	1,027,791	A	A1	3	1	3	4
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,020,825	A	A2	3	3	3	3
857477CD3	STATE STREET CORP 5.272% 03AUG2026 (CALLABLE 03JUL26)	8/3/2026	800,000	811,995	A	Aa3	1	1	2	2
857477DB6	STATE STREET CORP 4.834% 24APR2030 (CALLABLE 24MAR30)	4/24/2030	580,000	589,101	A	Aa3	1	1	2	2
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	1,025,128	AA-	A1	2	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,281,961	A+	Aa3	3	1	2	4
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	993,554	A	A2	3	3	4	3
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,013,958	A	A3	3	2	3	4
61776NU43	MORGAN STANLEY PVT BANK 4.213% 08FEB2030 (CALLABLE 08FEB29)	2/8/2030	1,250,000	1,249,160	A+	Aa3	3	1	3	4
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,672,671	A+	A1	3	1	3	4
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,286,907	AA+	Aaa	5	2	5	5
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,425,558	A	A1	3	1	3	5
Total Corporate / weighted average			**14,780,000**	**15,024,375**			**3**	**2**	**3**	**4**

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-March	April 2026 Current Revenue	April 2026 Current Expenditure	April 2026 Transfer In	April 2026 Transfer Out	Estimated Fund Balance 4/30/2026*
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,300,000	-	-	-	-	-	1,300,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,201,824	-	-	-	-	-	1,201,824
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	10,211,049	(1,170,564)	6,623,127	(4,316,254)	-	-	11,347,358
	General Fund Total	35,763,316	(1,170,564)	6,623,127	(4,316,254)	-	-	36,899,625

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-March	April 2026 Current Revenue	April 2026 Current Expenditure	April 2026 Transfer In	April 2026 Transfer Out	Estimated Fund Balance 4/30/2026*
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	664,168	4,577	13,641	(10,730)	-	-	671,656
231-236	Landscape & Lighting Districts	193,606	(695)	-	(2,087)	-	-	190,824
251	Los Gatos Theatre	381,120	157,000	13,251	(5,123)	-	-	546,248
261-264,269	Library Trusts	559,745	42,787	-	(1,557)	-	-	600,975
	Special Revenue Total	1,965,292	203,669	26,892	(19,497)	-	-	2,176,356
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,974,946	955,518	81,198	(36,369)	-	-	17,975,293
412	Community Center Development	819,604	-	-	-	-	-	819,604
421	Grant Funded Projects	(1,577,430)	1,695,943	20,048	(8,902)	-	-	129,659
461-463	Storm Basin Projects	2,825,234	108,525	11,272	(17,327)	-	-	2,927,704
471	Traffic Mitigation Projects	676,482	-	-	-	-	-	676,482
472	Utility Undergrounding Projects	3,763,913	20,490	-	-	-	-	3,784,403
481	Gas Tax Projects	2,130,548	219,811	140,433	-	-	-	2,490,792
	Capital Projects Total	25,613,297	3,000,287	252,951	(62,598)	-	-	28,803,937
	INTERNAL SERVICE FUNDS							
611	Town General Liability	208,746	(370,979)	-	(26,262)	-	-	(188,495)
612	Workers Compensation	1,259,972	325,185	8,036	(163,114)	-	-	1,430,079
621	Information Technology	2,585,103	(267,474)	6,241	(27,149)	-	-	2,296,721
631	Vehicle & Equipment Replacement	3,890,428	720,334	-	-	-	-	4,610,762
633	Facility Maintenance	820,099	37,222	49,503	(113,271)	-	-	793,553
	Internal Service Funds Total	8,764,348	444,288	63,780	(329,796)	-	-	8,942,620
	Trust/Agency							
942	RDA Successor Agency	(3,037,146)	(1,736,280)	-	(155)	-	-	(4,773,581)
	Trust/Agency Fund Total	(3,037,146)	(1,736,280)	-	(155)	-	-	(4,773,581)
	Total Town	**69,069,107**	**741,400**	**6,966,750**	**(4,728,300)**	**-**	**-**	**72,048,957**

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

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance $620,481.82

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 15

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Construction Agreement with California Roofing Co. Inc., in an Amount Not to Exceed $182,440 for a Roof Replacement at the Adult Recreation Center.**

RECOMMENDATION: Authorize the Town Manager to execute a Construction Agreement with California Roofing Co. Inc., in an amount not to exceed $182,440 for a Roof Replacement at the Adult Recreation Center.

FISCAL IMPACT:

The proposed Construction Agreement with California Roofing Co. Inc, in the amount of $182,440, will be funded by the Adopted FY 2026-27 Capital Improvement Program Budget, ARC Interim Community Center Project (4118736; CIP No. 821-2208). There is sufficient funding for this agreement in the project.

STRATEGIC PRIORITY:

This item does not directly support a Strategic Priority but does align with the Core Goal of Quality Public Infrastructure**.** The roof replacement will help ensure a safe and functional Adult Recreation Center, which is a Town facility utilized by senior community members of the public.

BACKGROUND:

The Adult Recreation Center was built in 1979 and has had roof leaks in recent years. Staff and the Town's on-call roofing contractor have done work to maintain the roof and address leaks as they have occurred. The last full roof project was a tar and gravel overlay of the original roof in 2011, with no roof substructure elements addressed. The roof has reached the end of its serviceable life, and staff recommends a full roof removal and replacement.

PREPARED BY: Dan Keller
Fleet & Facilities Operations Manager

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

DISCUSSION:

On May 21, 2026, Parks and Public Works staff released a Request for Bid for a roof replacement at the Adult Recreation Center. The Bid Opening was on June 4, 2026. The construction bidding process was used per Section X, Public Works Projects, of the Town's Purchasing Policy, which outlines procedures for receiving bids on construction projects. At its meeting of February 17, 2026, Town Council authorized mid-year budget adjustments, including funding for this work.

A total of 465 vendors viewed the solicitation, 33 downloaded it for further consideration, and seven submitted proposals. California Roofing Co. Inc. was the low-cost bidder. The bids received are shown in Table 1.

Table 1. Bid Results ARC Roof Replacement

Contractor	Bid
California Roofing Co. Inc.	$182,440
Alpha One Roofing Inc.	$203,500
Andy's Roofing Co. Inc.	$242,800
Courtney Inc.	$268,000
Stronger Building Systems	$279,000
Best Contractor Services Inc.	$380,460
San Francisco Roofing Services Inc.	$450,000

The scope of work includes removal and proper disposal of the existing roofing material, replacement of any damaged substructure, and the installation of a tar and gravel built-up roof, meeting the installation requirements and materials that meet appropriate building codes.

ARC Interim Community Center Project	
(4118736, CIP No. 821-2208)	
Budget	
GFAR - Current Available Budget (As of 6/10/2026)	$ 1,254,410
Subtotal	**$ 1,254,410**
Expenditures (recommended with this action)	
Construction Contract - California Roofing Co.	$ 182,440
Subtotal	**$ 182,440**
Available Balance (After This Council Action)	**$ 1,071,970**

CONCLUSION:

Execution of this Construction Contract will help provide a clean, safe, and functional facility for public use. To that end staff is requesting that the Town Manager be authorized to execute the proposed contract.

ENVIRONMENTAL ASSESSMENT:

This is a project defined under CEQA and is Categorically Exempt: Class 1 Exemption (Existing Facilities for the repair, maintenance, and minor alteration of existing public or private structures with negligible or no expansion of use.

Attachments:
1. Construction Agreement

CONSTRUCTION CONTRACT

Adult Recreation Center Roof Replacement

This public works contract ("Contract") is by and between Town of Los Gatos ("Town") and California Roofing Company Inc. ("Contractor"), for work on the Adult Recreation Center Roof Replacement Project #4118736; 816-0423 ("Project").

The parties agree as follows:

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

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

2.1 Notice Inviting Bids;

2.2 Instructions to Bidders;

2.3 Addenda, if any;

2.4 Bid Proposal and attachments thereto;

2.5 Contract;

2.6 Payment and Performance Bonds;

2.7 General Conditions;

2.8 Special Conditions;

2.9 Project Plans and Specifications;

2.10 Change Orders, if any;

2.11 Notice of Potential Award;

2.12 Notice to Proceed; and

2.13 The following: No other documents

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

4. Payment. As full and complete compensation for Contractor's timely performance and completion of the Work in strict accordance with the terms and conditions of the Contract Documents, Town will pay Contractor $182,440.00 ("Contract Price") for all of Contractor's direct and indirect costs to perform the Work, including all labor, materials, supplies, equipment, taxes, insurance, bonds and all overhead costs, in accordance with the payment provisions in the General Conditions.

5. Time for Completion. Contractor will fully complete the Work for the Project, meeting all requirements for Final Completion, within 20 calendar days from the start date set forth in the Notice to Proceed ("Contract Time"). By signing below, Contractor expressly waives any claim for delayed early completion.

6. Liquidated Damages. As further specified in Section 5.4 of the General Conditions, if Contractor fails to complete the Work within the Contract Time, Town will assess liquidated damages in the amount of $300 per day for each day of unexcused delay in achieving Final Completion, and such liquidated damages may be deducted from Town's payments due or to become due to Contractor under this Contract.

7. Labor Code Compliance.

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

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

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

8. Workers' Compensation Certification. Pursuant to Labor Code § 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code § 3700 which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the Work on this Contract."

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

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

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

Town:

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

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

Contractor:

California Roofing Company Inc.
1595 Tenth St., San Jose, CA 95112

Attn: Joe Rebozzi Vice President joecalrfg@sbcglobal.net (408) 968-1990

12. General Provisions.

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

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

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

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

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

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

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

12. 8 Authorization. Each individual signing below warrants that he or she is authorized to do so by the party that he or she represents, and that this Contract is legally binding on that party. If Contractor is a corporation, signatures from two officers of the corporation are required pursuant to California Corporations Code § 313.

[Signatures are on the following page.]

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

TOWN OF LOS GATOS:

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

Approved as to form:

SIGNATURE

Gabrielle Whelan

FULL NAME

Town Attorney

TITLE

DATE SIGNED

CALIFORNIA ROOFING CO. INC.:

CONTRACTOR SIGNATORY'S SIGNATURE

Joe Rebozzi

CONTRACTOR SIGNATORY'S FULL NAME

Vice President of Operations

CONTRACTOR SIGNATORY'S TITLE

DATE SIGNED

SIGNATURE

FULL NAME

DATE SIGNED

TITLE

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

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 16

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution Accepting the FY2022-23 Safe Streets and Roads for All Grant Agreement and Authorize the Town Manager to Execute the Agreement in the Amount of $640,000**

RECOMMENDATION: Staff recommends that the Town Council:

a. adopt a resolution accepting the FY22-23 Safe Streets and Roads for All (SS4A) grant agreement; and
b. authorize the Town Manager to execute the agreement in the amount of $640,000

FISCAL IMPACT:

The total project cost is estimated at $800,000, with the federal SS4A grant funding $640,000 (80%) of eligible project costs. The required local match of $160,000 (20%) is planned to be shared equally between the Town of Los Gatos and the City of San José (City). The full amount of the local match is funded by existing General Fund Appropriated Reserve appropriations in the Blossom Hill Road – Union to Camden Project (4118147; Legacy CIP No. 811-0010). The City of San José is anticipated to reimburse the Town $80,000 (10%), pursuant to a future cost-sharing arrangement between the agencies. As the grant was awarded in a previous fiscal year, the grant budget appropriation is included in the Proposed Capital Improvement Program FY2026-27 budget as carryforward budget from FY 2024-25 (4218147; Legacy CIP No. 811-0010).

PREPARED BY: Prahallad Badami
Senior Transportation Planner

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

STRATEGIC PRIORITY:

This item supports the Town's Strategic Priority of implementing transportation demand management, traffic calming, and other innovative efforts to mitigate traffic congestion and improve safety for all users, including bicycle and pedestrian improvements. It also aligns with the Town's Core Goal of providing Quality Public Infrastructure. Execution of the grant agreement will allow the Town to develop a federally compliant CSAP, strengthening the Town's ability to pursue future federal funding for roadway-safety.

BACKGROUND:

The SS4A program was established by the Infrastructure Investment and Jobs Act (IIJA), and funds regional, local and Tribal initiatives that prevent roadway fatalities and serious injuries.

At the June 20, 2023, Town Council Meeting, the Council authorized the Town's application for the SS4A grant to study the Blossom Hill Road Corridor from Union Avenue in Los Gatos to Camden Avenue in San José. The City of San José supported the application. The Town's grant application was approved by the U.S. Department of Transportation (USDOT) on December 13, 2023, and work began on the development of the associated grant agreement.

Prior to preparing the grant application Town staff discussed the potential project with City of San José elected officials and staff of the City's Department of Transportation. At that time the City verbally committed to a cost share arrangement to split the 20% required grant match, with the Town of Los Gatos leading the application and grant management effort. In preparing this report, City staff has affirmed commitment to this cost share arrangement.

DISCUSSION:

Finalization of the grant agreement required multiple years due to limited staffing and the need for multi-agency coordination. Until December 2025, the Town did not have dedicated staff assigned to manage the agreement, resulting in progress occurring only as existing staff had availability. Concurrent coordination with Caltrans on environmental requirements and with the Federal Highway Administration (FHWA) on agreement development further extended the timeline.

The Town's Local Road Safety Plan (LRSP) was developed prior to USDOT's adoption of CSAP requirements. The grant agreement will support the development of a Town CSAP, which will allow the Town in the future to competitively pursue federal funding related to roadway safety.

The SS4A grant will also provide funding for analysis of the Blossom Hill Road corridor from Union Avenue to Camden Avenue. The funds will allow the jurisdictions of the Town of Los Gatos and the City of San José to jointly evaluate safety and collision risks along Blossom Hill

Road through an engineering analysis that identifies potential safety improvements. Town staff is working with City staff to confirm the cost share and develop the necessary cost share agreement.

The initial grant application included a demonstration of safety improvements, which would have required the installation of temporary bike lanes, lane reductions, and parking changes. Staff requested that the funding for demonstration of safety improvements be converted to a study since the implementation of lane reductions along the corridor may not be feasible. Completing the engineering analysis will yield the necessary information to enable Staff to recommend safety improvements.

CONCLUSION:

Adopting the resolution to accept the FY2022-23 SS4A grant agreement by the Town Council and authorizing the Town Manager to execute the grant agreement will enable Staff to engage a consultant to conduct the corridor study on Blossom Hill Road and update the Town's LSRP to a CSAP, positioning the Town to pursue future potential federal funding for implementation.

COORDINATION:

The grant agreement was prepared in coordination with the Town Attorney's Office and FHWA-California Division.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Resolution to Accept the FY23 Safe Streets and Roads for All (SS4A) Grant with Exhibit A – Grant Agreement

RESOLUTION 2026-

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ACCEPTING THE FY2022-23 SAFE STREETS AND ROADS FOR ALL (SS4A) GRANT AGREEMENT AND AUTHORIZING THE TOWN MANAGER TO EXECUTE THE GRANT AGREEMENT

WHEREAS, the U.S. Department of Transportation (USDOT) established the Safe Streets and Roads for All (SS4A) grant program through the Infrastructure Investment and Jobs Act (IIJA) to fund regional, local and Tribal initiatives through grants to prevent roadway deaths and serious injuries; and

WHEREAS, at the June 20, 2023 Town Council Meeting, the Council authorized the Town's application for the SS4A grant to study the Blossom Hill Road Corridor from Union Avenue in Los Gatos to Camden Avenue in San José; and

WHEREAS, the Town of Los Gatos applied for an SS4A Planning and Demonstration Grant to develop a Comprehensive Safety Action Plan; and

WHEREAS, on December 13, 2023, USDOT notified the Town of Los Gatos of a grant award in the amount of $640,000; and

WHEREAS, the SS4A program requires a local matching contribution of twenty percent (20%) ($160,000) of the total project cost; and

WHEREAS, the Town of Los Gatos and the City of San José have agreed to provide the required local match in equal shares; and;

WHEREAS, the Town Council finds that accepting this grant aligns with the Town's goals for public safety and pursuing future potential federal funding;

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby declare, determine and order as follows:

1. The Town Council accepts the FY2022-23 Safe Streets and Roads for All (SS4A) grant agreement (Exhibit A) with federal funds in the amount of $640,000, and the allocation of $160,000 from the General Fund Appropriated Reserve.

2. The Town Manager is hereby authorized and directed to execute, for and on behalf of the Town of Los Gatos, the FY2022-23 SS4A Grant Agreement and any subsequent amendments, subject to approval as to form by the Town Attorney.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 16th of June, 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

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

ATTEST:

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

1. Federal Award No.
693JJ32640465

2. Effective Date
See No. 16 Below

3. Assistance Listings No.
20.939

4. Award To
Town of Los Gatos
110 E Main Street
Los Gatos, CA 95030-6943

Unique Entity Id.: MPQTKTQ7N4L4
TIN No.: 94-6001435

5. Sponsoring Office
U.S. Department of Transportation
Federal Highway Administration
Office of Safety
1200 New Jersey Avenue, SE
HSSA-1, Mail Drop E71-117
Washington, DC 20590

6. Period of Performance
Effective Date of Award – 36 months

7. Total Amount

Federal Share:	$640,000.00
Recipient Share:	$80,000.00
Other Federal Funds:	$0
Other Funds:	$80,000.00
Total:	$800,000.00

8. Type of Agreement
Grant

9. Authority
Section 24112 of the Infrastructure Investment and Jobs Act (IIJA, Pub. L. 117–58, November 15, 2021)

10. Procurement Request No.
HSA240376PR

11. Federal Funds Obligated
$640,000

12. Submit Payment Requests To
See Article 5.

13. Accounting and Appropriations Data
15X0173E50.0000.055SR10500.5592000000.41010
.61006600

14. Description of the Project

Update Los Gatos's existing Local Roadway Safety Plan (LRSP), adopted April 19, 2022, to become a Comprehensive Safety Action Plan consistent with the SS4A program. Conduct traffic counts, detailed engineering assessment and traffic modeling along a key arterial called Blossom Hill Corridor to define potential safety improvements.

RECIPIENT

15. Signature of Person Authorized to Sign

_____

Signature Date

Name: Chris Constantin

Title: Town Manager

FEDERAL HIGHWAY ADMINISTRATION

16. Signature of Agreement Officer

_____

Signature Date

Name: Hector R. Santamaria

Title: Agreement Officer

U.S. DEPARTMENT OF TRANSPORTATION

GRANT AGREEMENT UNDER THE
FISCAL YEAR 2023 SAFE STREETS AND ROADS FOR ALL GRANT PROGRAM

This agreement is between the United States Department of Transportation's (the "**USDOT**") Federal Highway Administration (the "**FHWA**") and the Town of Los Gatos, California (the "**Recipient**").

This agreement reflects the selection of the Recipient to receive a Safe Streets and Roads for All ("**SS4A**") Grant for the Town of Los Gatos: Creating a Safe System Foundation.

The parties therefore agree to the following:

ARTICLE 1
GENERAL TERMS AND CONDITIONS

1.1 General Terms and Conditions.

(a) In this agreement, "**General Terms and Conditions**" means the content of the document titled "General Terms and Conditions Under the Fiscal Year 2023 Safe Streets and Roads for All ("SS4A") Grant Program," dated November 4, 2025 which is available at https://www.transportation.gov/grants/ss4a/grant-agreements under "Fiscal Year 2023." Articles 7–30 are in the General Terms and Conditions. The General Terms and Conditions are part of this agreement.

(b) The Recipient acknowledges that it has knowledge of the General Terms and Conditions. Recipient also states that it is required to comply with all applicable Federal laws and regulations including, but not limited to, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200); National Environmental Policy Act (NEPA) (42 U.S.C. § 4321 et seq.); and Build America, Buy America Act (IIJA, div. G §§ 70901-27).

(c) The Recipient acknowledges that the General Terms and Conditions impose obligations on the Recipient and that the Recipient's non-compliance with the General Terms and Conditions may result in remedial action, termination of the SS4A Grant, disallowing costs incurred for the Project, requiring the Recipient to refund to the FHWA the SS4A Grant, and reporting the non-compliance in the Federal-government-wide integrity and performance system.

ARTICLE 2
APPLICATION, PROJECT, AND AWARD

2.1 Application.

Application Title: Town of Lost Gatos: Creating a Safe System Foundation

Application Date: 08/16/23

2.2 Award Amount.

SS4A Grant Amount: $640,000.00

2.3 Federal Obligation Information.

Federal Obligation Type: Single

2.4 Budget Period.

Budget Period: See Block 6 of Page 1

2.5 Grant Designation.

Designation: Planning and Demonstration

ARTICLE 3
SUMMARY PROJECT INFORMATION

3.1 Summary of Project's Statement of Work.

The project will be completed in one phase with two distinct tasks.

Task 1: This task will consist of revising and updating the Town's Local Road Safety Plan to meet current FHWA standards.

Task 2: This task will include all planning, including data collection, community engagement and development of alternatives, and preparation of the resulting study report.

3.2 Project's Estimated Schedule.

Action Plan Schedule

Milestone	Schedule Date
Planned NEPA Completion Date:	02/09/2026 Categorical Exclusion
Planned Draft Plan Completion Date:	09/09/2028
Planned Final Plan Completion Date:	12/01/2028
Planned Final Plan Adoption Date:	02/02/2029
Planned SS4A Final Report Date:	02/08/2029

Supplemental Planning Schedule

Milestone	Schedule Date
Planned NEPA Completion Date:	02/09/2026 Categorical Exclusion
Planned Draft Plan Completion Date:	03/24/2028
Planned Final Plan Completion Date:	05/26/2028
Planned Final Plan Adoption Date:	07/28/2028
Planned SS4A Final Report Date:	08/04/2028

3.3 Project's Estimated Costs.

(a) Eligible Project Costs

Eligible Project Costs	
SS4A Grant Amount:	$640,000
Other Federal Funds:	$0
State Funds:	$0
Local Funds:	$80,000
In-Kind Match:	$0
Other Funds:	$80,000
Total Eligible Project Cost:	$800,000

(b) [RESERVED]

(c) Indirect Costs

Indirect costs are allowable under this Agreement in accordance with 2 CFR part 200 and the Recipient's approved Budget Application. In the event the Recipient's indirect cost rate changes, the Recipient will notify FHWA of the planned adjustment and provide supporting documentation for such adjustment. This Indirect Cost provision does not operate to waive the limitations on Federal funding provided in this document. The Recipient's indirect costs are allowable only insofar as they do not cause the Recipient to exceed the total obligated funding.

ARTICLE 4
CONTACT INFORMATION

4.1 Recipient Contact(s).

Chris Constantin
Town Manager
Town of Los Gatos, CA
110 E Main Street, Los Gatos, CA 95030-6943
408-354-6832
manager@losgatosca.gov

4.2 Recipient Key Personnel.

Name	Title or Position
Nicolle Burnham (nburnham@losgatosca.gov)	Director | Parks and Public Works
Gary Heap, P.E. (gheap@losgatosca.gov)	Town Engineer

4.3 USDOT Project Contact(s).

Safe Streets and Roads for All Program Manager
Federal Highway Administration
Office of Safety
HSSA-1, Mail Stop: E71-117
1200 New Jersey Avenue, S.E.
Washington, DC 20590
202-366-2822
SS4A.FHWA@dot.gov

and

Agreement Officer (AO)
Federal Highway Administration
Office of Competitive Grants and Workforce Programs
HACG-30
1200 New Jersey Avenue, S.E.
Washington, DC 20590
HCFASS4A@dot.gov

and

Agreement Officer's Representative (AOR)
Division Administrator - California
FHWA California Division Office
650 Capitol Mall, Suite 4-100
Sacramento, CA 95814
(916)498-5015
Hdaca@dot.gov

and

Ivy Attah
California Division Office Lead Point of Contact
Senior Operations Engineer
650 Capitol Mall, Ste. 4-100,
Sacramento, CA 95814
(916) 498-5860
Ivy.Attah@dot.gov

ARTICLE 5
USDOT ADMINISTRATIVE INFORMATION

5.1 Office for Subaward and Contract Authorization.

USDOT Office for Subaward and Contract Authorization: FHWA Office of Competitive Grants and Workforce Programs

SUBAWARDS AND CONTRACTS APPROVAL

Note: See 2 CFR § 200.331, Subrecipient and contractor determinations, for definitions of subrecipient (who is awarded a subaward) versus contractor (who is awarded a contract).

Note: Recipients with a procurement system deemed approved and accepted by the Government or by the Agreement Officer (the "AO") are exempt from the requirements of this clause. See 2 CFR 200.317 through 200.327.

In accordance with 2 CFR 200.308(f)(6), the recipient or subrecipient shall obtain prior written approval from the USDOT agreement officer for the subaward, if the subaward activities were not proposed in the application or approved in the Federal award. This provision is in accordance with 2 CFR 200.308 (f) (6) and does not apply to procurement transactions for goods and services. Approval will be issued through written notification from the AO or a formal amendment to the Agreement.

The following subawards and contracts are currently approved under the Agreement by the AO. This list does not include supplies, material, equipment, or general support services which are exempt from the pre-approval requirements of this clause.

5.2 Reimbursement Requests

(a) The Recipient may request reimbursement of costs incurred within the budget period of this agreement if those costs do not exceed the amount of funds obligated and are allowable under the applicable cost provisions of 2 C.F.R. Part 200, Subpart E. The Recipient shall not request reimbursement more frequently than monthly.

(b) The Recipient shall use the DELPHI iSupplier System to submit requests for reimbursement to the payment office. When requesting reimbursement of costs incurred or credit for cost share incurred, the Recipient shall electronically submit supporting cost detail with the SF-270 (Request for Advance or Reimbursement) or SF-271 (Outlay Report and Request for Reimbursement for Construction Programs) to clearly document all costs incurred.

(c) The Recipient's supporting cost detail shall include a detailed breakout of all costs incurred, including direct labor, indirect costs, other direct costs, travel, etc., and the Recipient shall identify the Federal share and the Recipient's share of costs. If the Recipient does not provide sufficient detail in a request for reimbursement, the Agreement Officer's Representative (the "**AOR**") may withhold processing that request until the Recipient provides sufficient detail.

(d) The USDOT shall not reimburse costs unless the AOR reviews and approves the cost that progress on this agreement is sufficient to substantiate payment.

(e) In the rare instance the Recipient is unable to receive electronic funds transfers (EFT), payment by EFT would impose a hardship on the Recipient because of their inability to manage an account at a financial institution, and/or the Recipient is unable to use the DELPHI iSupplier System to submit their requests for disbursement, the FHWA may waive the requirement that the Recipient use the DELPHI iSupplier System. The Recipient shall contact the Division Office Lead Point of Contact for instructions on and requirements related to pursuing a waiver.

(f) The requirements set forth in these terms and conditions supersede previous financial invoicing requirements for Recipients.

ARTICLE 6
SPECIAL GRANT TERMS

6.1 SS4A funds must be expended within five years after the grant agreement is executed and DOT obligates the funds, which is the budget period end date in section 10.3 of the Terms and Conditions and section 2.4 in this agreement.

6.2 The Recipient demonstrates compliance with civil rights obligations and nondiscrimination laws, including Titles VI of the Civil Rights Act of 1964, the Americans with Disabilities Act (ADA), and Section 504 of the Rehabilitation Act, and accompanying regulations. Recipients of Federal transportation funding will also be required to comply fully with regulations and guidance for the ADA, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and all other civil rights requirements.

6.3 SS4A Funds will be allocated to the Recipient and made available to the Recipient in accordance with FHWA procedures.

6.4 The Recipient of a Planning and Demonstration Grant acknowledges that the Action Plan will be made publicly available and agrees that it will publish the final Action Plan on a publicly available website.

6.5 The Government's execution of this agreement does not in any way constitute pre-approval or waiver of any of the regulations imposed upon Recipient under the applicable Federal rules, regulations and laws regarding SS4A projects undertaken in accordance with the terms and conditions of this agreement. The Recipient shall comply with all applicable Federal requirements before incurring any costs under this agreement.

6.6 There are no other special grant requirements.

ATTACHMENT A
PERFORMANCE MEASUREMENT INFORMATION

Study Area: Blossom Hill Road from Union Avenue to Camden Avenue

Table 1: Performance Measure Table

Measure	Category and Description	Measurement Frequency and Reporting Deadline
Costs	Project Costs: Quantification of the cost of each eligible project carried out using the grant	Within 120 days after the end of the period of performance
Lessons Learned and Recommendations	Lessons Learned and Recommendations: Description of lessons learned and any recommendations relating to future projects or strategies to prevent death and serious injury on roads and streets.	Within 120 days after the end of the period of performance

ATTACHMENT B
CHANGES FROM APPLICATION

Describe all material differences between the scope, schedule, and budget described in the application and the scope, schedule, and budget described in Article 3. The purpose of Attachment B is to clearly and accurately document any differences in scope, schedule, and budget to establish the parties' knowledge and acceptance of those differences. See Article 11 for the Statement of Work, Schedule, and Budget Changes. If there are no changes, please insert "N/A" after "Scope," "Schedule," or "Budget." If there are changes to the budget, please complete the table below. Otherwise, leave the table below blank.

Scope: N/A

Schedule: Original schedule in SF424 shows a start date of 02/01/2024 and end date of 02/01/2026. We are requesting the POP to increase by 12 months to make it 36 months, due to potential delays in consultant hire and time needed to do reviews and analysis.

Budget: N/A

The table below provides a summary comparison of the project budget.

	Application		**Section 3.3**	
Fund Source	$	%	$	%
Previously Incurred Costs (Non-Eligible Project Costs)				
Federal Funds				
Non-Federal Funds				
Total Previously Incurred Costs				
Future Eligible Project Costs				
SS4AFunds				
Other Federal Funds				
Non-Federal Funds				
Total Future Eligible Project Costs				
Total Project Costs				

ATTACHMENT C

[RESERVED]

ATTACHMENT D

[RESERVED]

ATTACHMENT E
LABOR AND WORK

1. Efforts to Support Good-Paying Jobs and Strong Labor Standards

The Recipient states that rows marked with "X" in the following table are accurate:

X	The Recipient or a project partner promotes robust job creation by supporting good-paying jobs directly related to the project with free and fair choice to join a union. *(Describe robust job creation and identify the good-paying jobs in the supporting narrative below.)*
	The Recipient or a project partner will invest in high-quality workforce training programs such as registered apprenticeship programs to recruit, train, and retain skilled workers, and implement policies such as targeted hiring preferences. *(Describe the training programs in the supporting narrative below.)*
	The Recipient or a project partner will partner with high-quality workforce development programs with supportive services to help train, place, and retain workers in good-paying jobs or registered apprenticeships including through the use of local and economic hiring preferences, linkage agreements with workforce programs, and proactive plans to prevent harassment. *(Describe the supportive services provided to trainees and employees, preferences, and policies in the supporting narrative below.)*
	The Recipient or a project partner will partner and engage with local unions or other worker-based organizations in the development and lifecycle of the project, including through evidence of project labor agreements and/or community benefit agreements. *(Describe the partnership or engagement with unions and/or other worker-based organizations and agreements in the supporting narrative below.)*
	The Recipient or a project partner will partner with communities or community groups to develop workforce strategies. *(Describe the partnership and workforce strategies in the supporting narrative below.)*
X	The Recipient or a project partner has taken other actions related to the Project to create good-paying jobs with the free and fair choice to join a union and incorporate strong labor standards. *(Describe those actions in the supporting narrative below.)*
	The Recipient or a project partner has not yet taken actions related to the Project to create good-paying jobs with the free and fair choice to join a union and incorporate strong labor standards but, before beginning construction of the Project, will take relevant actions described in Attachment B. *(Identify the relevant actions from Attachment B in the supporting narrative below.)*
	The Recipient or a project partner has not taken actions related to the Project to improve good-paying jobs and strong labor standards and will not take those actions under this award.

2. Supporting Narrative.

The Town of Los Gatos will support good paying jobs through this project and the free and fair choice to join a union and incorporate strong labor standards by following the State of California Public Contract Code and the California Uniform Construction Cost Accounting Commission guidelines, to the extent that they apply. The Town provides extensive outreach for project bidding and uses a fair selection criteria based on qualifications that is clearly defined within the bid documents.

ATTACHMENT F
CRITICAL SECURITY INFRASTRUCTURE AND RESILIENCE

1. Efforts to strengthen the Security and Resilience of Critical Infrastructure against both Physical and Cyber Threats.

The Recipient states that rows marked with "X" in the following table are accurate:

	The Recipient demonstrates, prior to the signing of this agreement, effort to consider and address physical and cyber security risks relevant to the transportation mode and type and scale of the activities.
	The Recipient appropriately considered and addressed physical and cyber security and resilience in the planning, design and oversight of the project, as determined by the Department and the Department of Homeland Security.
	The Recipient complies with 2 CFR 200.216 and the prohibition on certain telecommunications and video surveillance services or equipment.

2. Supporting Narrative.

N/A; this grant will not purchase information Technology and/or Operational Technology.

TOWN OF LOS GATOS

COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026

ITEM NO: 17

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Second Amendment to the Agreement for Pre-Employment Background Services with Secure Solutions, Extending Their Agreement to June 30, 2028, and Increasing the Not-to-Exceed Amount to $150,000**

RECOMMENDATION: Authorize the Town Manager to execute a second amendment to the agreement for pre-employment background services with Secure Solutions, extending the agreement to June 30, 2028, and increasing the not-to-exceed amount to $150,000.

FISCAL IMPACT:

Funds for the services are included in the adopted FY 2026-27 budget (Org: 1114101/Obj: 64432) and will be requested in future budget cycles. The proposed amendment would bring the total not-to-exceed amount to $150,000, which is a $51,000 increase. In FY 2025-26, the Police Department completed 16 pre-employment background investigations.

STRATEGIC PRIORITY:

This action is not associated with a strategic priority; however, it supports the Town's core goal of Public Safety.

BACKGROUND:

On July 1, 2022, the Town Manager executed an agreement with Secure Solutions for pre-employment background screening services. This agreement was amended on July 1, 2024, to

PREPARED BY: Greg Borromeo
Police Captain

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

extend the term by an additional two years, with a projected cost not-to-exceed $99,000 (Attachment 1).

DISCUSSION:

Staff is requesting approval for a second amendment with a not-to-exceed amount of $150,000. Additionally, we seek to extend the current contract until June 30, 2028. The existing agreement is scheduled to expire on June 30, 2026.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute a second amendment to an agreement with Secure Solutions for pre-employment background services.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. First Amendment and revised Proposal for Services (Exhibit B) and Original Agreement and Proposal for Services (Exhibit A).
2. Draft Second Amendment Secure Solutions Agreement with Revised Proposal (Exhibit C).

DocuSign Envelope ID: 9D4321EC-99E6-4928-B0E3-03DD40B9F189

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT is dated for identification this 4th day of June, 2024 and amends that certain agreement for Service dated June 29, 2022, made by and between the Town of Los Gatos, ("Town,") and Secure Solutions. (“Consultant.”)

RECITALS

A. Town and Consultant entered into a Service Agreement on July 1, 2022, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment.

AMENDMENT

1. Section 2.1 Scope of Services. Consultant shall provide services as described in that certain pricing proposal letter sent to the Town on June 4, 2024, which is hereby incorporated by reference and attached as Exhibit B.

2. Section 2.2 Term and Time of Performance. This contract will remain in effect from July 1, 2022, until June 30, 2026.

3. Section 2.6 Compensation. Compensation shall not exceed $99,000.

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

Town of Los Gatos

By: DocuSigned by: Laurel Prevetti 6/12/2024
853FEEA2EB39470...
Laurel Prevetti, Town Manager

Approved as to Consent:

By: DocuSigned by: Kurt Ashley 6/7/2024
32E5791EE83746E...
Kurt Ashley, Owner (Secure Solutions)

Department Approval:

DocuSigned by: Jamie Field 6/7/2024
23E08749C222435...
Jamie Field, Chief of Police

Approved as to Form:

DocuSigned by: Gabrielle Whelan 6/11/2024
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

Attest:

DocuSigned by: Wendy Wood 6/12/2024
BF0EBCBE2C214F8...
Wendy Wood, CMC, Town Clerk

JUNE 4, 2024

Secure Solutions

PRE-EMPLOYMENT BACKGROUND INVESTIGATION SERVICES

LOS GATOS-MONTE SERENO POLICE DEPARTMENT

KURT ASHLEY
SECURE SOLUTIONS
8505 CHURCH ST. #10
GILROY, CA. 95020
OFFICE: (408) 337-1358
CELL: (408) 607-0640
FAX: (408) 337-5255
KURT.ASHLEY@SECURESOLUTIONSINV.COM

EXHIBIT B

PRE-EMPLOYMENT BACKGROUND INVESTIGATION SERVICES

PLAN OVERVIEW

Secure Solutions will perform the following:

- Conduct a thorough background investigation of each candidate according to the guidelines established by POST (Peace Officer Standards of Training):
    - An in-depth interview with the candidate and review of the Personal History Statement and any supplemental questionnaires.
    - An investigation that will include:
        - Local law enforcement criminal history check.
        - Verification of citizenship, education, DMV history, financial history, military history, and other applicable legal documents.
        - Civil court records, to include dissolution of marriages.
        - Social media checks.
        - Contact with neighbors, relatives, and references.
        - Contact with current and past employers and coworkers. (10 years)
        - Review of available personnel files, academy files, and other relevant documents.
        - Status of applications with other agencies where candidate has sought employment within the last (2) two years.

- Or conduct modified background as requested. Areas of investigation to be determined by prior agreement. Standard modified backgrounds investigations to include the following:
    - An in-depth interview with the candidate and review of the Personal History Statement and any supplemental questionnaires.
    - An investigation that will include:
        - Local law enforcement criminal history check.
        - Verification of citizenship, education, DMV history, military history, and other applicable legal documents.
        - Civil court records.
        - Contact with relatives, and references and attempt contact with neighbors via phone.
        - Contact with current and past employers and coworkers. (10 years)

SECURE SOLUTIONS AGREES:

- To submit completed background investigation reports within (6) six weeks after the background interview, barring any unforeseen issues. Most completed within (4) weeks.
- To conform to all applicable federal and state laws and regulations in the performance of the background investigation, retention of information, and reporting to the police agency.
- That the investigation and the report are confidential and the property of each agency.

LICENSE/INSURANCE:

- Secure Solutions is licensed by the California Department of Consumer Affairs and carries professional liability Insurance. Verifying documents are available upon request.

QUALAFICATIONS:

- Kurt Ashley is the owner of Secure Solutions and a retired police sergeant from the Gilroy Police Department. He has over 29 years of law enforcement experience and during that time, he supervised many units to include: Patrol, SWAT, Traffic, Records and Communications.

  Kurt has completed the POST Background Investigators course and has been completing background investigations for the last 5 years. He is a member of the Professional Investigators of California Association and the California Association of Law Enforcement Background Investigators.

- All investigators have received California POST approved training in background investigations.

REFERENCES:

- Santa Cruz County Sheriff's Office: Sgt. Salvador Mejia Salvador.mejia@santacruzcounty.us
  (408) 831-454-7680
- Santa Cruz Police Department: Chief Bernie Escalante bescalante@cityofsantacruz.com
  (831) 420-5814
- Morgan Hill Police Department: Chief Shane Palsgrove shane.palsgrove@morganhill.ca.gov
  (408) 776-7900

* More references available upon request.

BILLING RATES:

Service	Rate
Basic Police Officer / Dispatcher Background	$1,550
Modified background if requested (non-sworn)	$1,350
Expedited background (When staffing available)	$2,200
Polygraph Examination	$400
Credit report	$40
Social Media / Search Engine A.I. research	$50
Withdraw or disqualification prior to or immediately after interview	$400 (plus any expenses)
Withdraw or disqualification mid-investigation	Pro-rated charge
Travel/Time Mileage	State reimbursement rate
Per Diem for extended travel (Outside four county area*)	$60 hour, plus exp. **

* Four county area incl: Santa Clara County, San Benito County, Santa Cruz County, and Monterey County.

** Travel must be previously approved by agency.

** Expenses could include, but not limited to: Flight, hotel, rental car, and investigator meal per diem.

- Livescan to be provided by agency or at applicant's expense.
- Polygraph examination is paid by agency unless otherwise noted.

If you have any further questions, please contact Kurt Ashley at (408) 607-0640 or email at: kurt.ashley@securesolutionsinv.com

Sincerely,

Kurt Ashley

Owner/Qualified Manager

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DocuSign Envelope ID: 444C6E8B-6375-47A6-9516-4E620958A6EA

AGREEMENT FOR SERVICES

THIS AGREEMENT is dated for identification this 29th of June 2022, and is made by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Secure Solutions ("Service Provider"), whose address is 8505 Church St., Gilroy, CA 95020. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 Town sought quotations for the services described in this Agreement, and Service Provider was found to be the lowest responsible supplier for this purchase.

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

1.3 Town desires to engage Service Provider to provide background investigations for the Los Gatos-Monte Sereno Police Department.

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

II. AGREEMENT

2.1 Scope of Services. Service Provider shall provide services as described in that certain Proposal sent to the Town on June 1, 2022, which is hereby incorporated by reference and attached as Exhibit A.

2.2 Term and Time of Performance. This contract will remain in effect from July 1, 2022 through June 30, 2024.

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

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

2.5 Information/Report Handling. All documents furnished to Service Provider by the Town and all reports and supportive data prepared by the Service Provider under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Service Provider in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Service Provider shall not make any of the these documents or information available to any individual or organization not employed by the Service Provider or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Service Provider pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Service Provider in connection with other projects shall be solely at Town's risk, unless Service Provider expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Service Provider which is and has been confirmed in writing by Service Provider to be a trade secret of Service Provider.

2.6 Compensation. Compensation for services **shall not exceed $50,000**, inclusive of all costs. Payment shall be based upon Town approval of each task.

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

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

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

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

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

2.10 Independent Contractor. It is understood that the Service Provider, in the performance of the work and services agreed to be performed, shall act as and be an independent

contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Service Provider may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Service Provider agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Service Provider shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Service Provider or is based on allegations of Service Provider's negligent performance or wrongdoing.

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

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

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

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

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

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

General Liability:

i. The Town, its 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 Service Provider; products and completed operations of Service Provider, premises owned or used by the Service Provider.

ii. The Service Provider's insurance coverage shall be primary insurance as respects the Town, its 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 Service Provider's insurance and shall not contribute with it.

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

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

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

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

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DocuSign Envelope ID: 444C6E8B-6375-47A6-9516-4E620958A6EA

3.4 Indemnification. The Service Provider 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 Service Provider, or any of the Service Provider's officers, employees, or agents or any subcontractor.

IV. GENERAL TERMS

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

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

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

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

4.5 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

Secure Solutions
Attn: Kurt Ashley
8505 Church St. #10
Gilroy, CA 95020

or personally delivered to Service Provider to such address or such other address as Service Provider 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 Service Provider. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

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

Town of Los Gatos by:

DocuSigned by:
Laurel Prevetti 7/19/2022
B59FEEA2EB99470...
Laurel Prevetti, Town Manager

Service Provider, by:

DocuSigned by:
Kurt Ashley
32E5791EE63746E...
Kurt Ashley, Owner (Secure Solutions)

Recommended by:

DocuSigned by:
Jamie Field
23E0B749C222435...
Jamie Field, Chief of Police

Approved as to Form:

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

Attest:

DocuSigned by:
Shelley Neis 7/19/2022
E9666F65B1F34F6...
Shelley Neis, MMC, CPMC, Town Clerk

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DocuSign Envelope ID: 444C6E8B-6375-47A6-9516-4E620958A6EA

JUNE 1, 2022

Secure Solutions

PRE-EMPLOYMENT BACKGROUND INVESTIGATION SERVICES

LOS GATOS POLICE DEPARTMENT

PRESENTED BY: KURT ASHLEY
SECURE SOLUTIONS
8505 CHURCH ST. #10
GILROY, CA. 95020
OFFICE: (408) 337-1358
CELL: (408) 607-0640
FAX: (408) 337-5255
KURT.ASHLEY@SECURESOLUTIONSINV.COM

EXHIBIT A

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Confidential

PRE-EMPLOYMENT BACKGROUND INVESTIGATION SERVICES

PLAN OVERVIEW

Secure Solutions will perform the following:

- Conduct a thorough background investigation of each candidate according to the guidelines established by POST (Peace Officer Standards of Training):
    - An in-depth interview with the candidate and review of the Personal History Statement and any supplemental questionnaires.
    - An investigation that will include:
        - Local law enforcement criminal history check.
        - Verification of citizenship, education, DMV history, financial history, military history, and other applicable legal documents.
        - Civil court records, to include dissolution of marriages.
        - Social media checks.
        - Contact with neighbors, relatives, and references.
        - Contact with current and past employers and coworkers. (10 years)
        - Review of available personnel files, academy files, and other relevant documents.
        - Status of applications with other agencies where candidate has sought employment within the last (2) two years.

- Or conduct modified background as requested. Areas of investigation to be determined by prior agreement. Standard modified backgrounds investigations to include the following:
    - An in-depth interview with the candidate and review of the Personal History Statement and any supplemental questionnaires.
    - An investigation that will include:
        - Local law enforcement criminal history check.
        - Verification of citizenship, education, DMV history, military history, and other applicable legal documents.
        - Civil court records.
        - Contact with relatives, and references and attempt contact with neighbors via phone.
        - Contact with current and past employers and coworkers. (10 years)

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DocuSign Envelope ID: 444C6E8B-6375-47A6-9516-4E620958A6EA

SECURE SOLUTIONS AGREES:

- To submit completed background investigation reports within (6) six weeks after the background interview, barring any unforeseen issues. Most completed within (4) weeks.
- To conform to all applicable federal and state laws and regulations in the performance of the background investigation, retention of information, and reporting to the police agency.
- That the investigation and the report are confidential and the property of each agency.

LICENSE/INSURANCE:

- Secure Solutions is licensed by the California Department of Consumer Affairs and carries professional liability Insurance. Verifying documents are available upon request.

QUALAFICATIONS:

- Kurt Ashley is the owner of Secure Solutions and a retired police sergeant from the Gilroy Police Department. He has over 29 years of law enforcement experience and during that time, he supervised many units to include: SWAT, Traffic, Records and Communications.

  Kurt has completed the POST Background Investigators course and has been completing background investigations for the last 4 years. He is a member of the Professional Investigators of California Association.

- All investigators are current or retired police officers trained in background investigations.

REFERENCES:

- Santa Cruz County Sheriff's Office: Sgt. Salvador Mejia Salvador.mejia@santacruzcounty.us
  (408) 831-454-7680
- Santa Cruz Police Department: Chief Bernie Escalante bescalante@cityofsantacruz.com
  (831) 420-5814
- Morgan Hill Police Department: Chief Shane Palsgrove shane.palsgrove@morganhill.ca.gov
  (408) 776-7900

* More references available upon request.

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DocuSign Envelope ID: 444C6E8B-6375-47A6-9516-4E620958A6EA

BILLING RATES:

Service	Rate
Basic Police Officer / Dispatcher Background	$1,500
Modified background (Base rate, depending on services requested)	$1,250
Expedited background (When available time)	$2,100
W/D or Disqualified prior to or immediately after initial interview	$350 (plus any expenses)
Credit Report	$35.00
Travel/Time Mileage	State reimbursement rate
Per Diem for extended travel (Outside four county area*)	$60 hour, plus exp. **

* Four county area incl: Santa Clara County, San Benito County, Santa Cruz County, and Monterey County.

** Travel must be previously approved by agency.

** Expenses could include, but not limited to: Flight, hotel and rental car

- Cost of polygraph and Livescan not included but will arrange at no charge.
- Disqualification mid-investigation while be charged at a pro-rated fee.

If you have any further questions, please contact Kurt Ashley at (408) 607-0640 or email at: kurt.ashley@securesolutionsinv.com

Sincerely,

Kurt Ashley
Owner/Qualified Manager

2nd AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT is dated for identification this 16th day of June, 2026 and amends that certain agreement for Service dated June 4, 2024, made by and between the Town of Los Gatos, ("Town,") and Secure Solutions. (“Consultant.”)

RECITALS

A. Town and Consultant entered into a Service Agreement on June 1, 2022, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment.

B. Town and Consultant entered into an amended Service Agreement on June 1, 2024, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 2 to this Amendment.

C. The parties wish to amend the Agreement again to revise the scope of services, increase the term, increase the compensation, and update the insurance requirements.

2nd AMENDMENT

1. Section 2.1, “Scope of Services,” is amended to read: “Consultant shall provide services as described in that certain pricing proposal letter sent to the Town on May 20, 2026, which is hereby incorporated by reference and attached as Attachment 3 Secure Solutions (Exhibit C).”

2. Section 2.2, “Term and Time of Performance,” is amended to read: “This contract will remain in effect from July 1, 2022, until June 30, 2028.”

3. Section 2.6, “Compensation,” is amended to read: “Compensation shall not exceed $150,000.”

4. The first paragraph of Section 3.1, “Minimum Scope of Insurance,” is amended to read:

> “Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.”

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

Town of Los Gatos

By: _____
Chris Constantin, Town Manager

Approved as to Consent:

By:_____
Kurt Ashley, Owner (Secure Solutions)

Department Approval:

_____
Jamie Field, Chief of Police

Approved as to Form:

_____
Gabrielle Whelan, Town Attorney

Attest:

_____
Wendy Wood, CMC, Town Clerk

MAY 20, 2026

Secure Solutions

UPDATED PRE-EMPLOYMENT BACKGROUND INVESTIGATION SERVICES

LOS GATOS POLICE DEPARTMENT UPDATED PRICING SHEET

PRESENTED BY: KURT ASHLEY
SECURE SOLUTIONS
8505 CHURCH ST. #10
GILROY, CA. 95020
(408) 607-0640
KURT.ASHLEY@SECURESOLUTIONSINV.COM

EXHIBIT C

BILLING RATES:

Service	Rate
Basic Police Officer / Dispatcher Background	$1,600
Modified Background (when requested)	$1,400
Expedited Backgrounds	$2,300
Disqualified or withdrew after initiation of background	$250
Disqualified after PHS interview	$400 (plus any expenses)
Credit Report	$40
A.I. Based Social Media Search (FAMA)	$50
Polygraph Examination	$400.00
Travel/Time Mileage	State reimbursement rate
Per Diem for extended travel (Once outside four county area) *	$60 per hour, plus expenses

* Must be previously approved by agency.

* Four county area includes: Santa Clara County, San Benito County, Monterey County, and Santa Cruz County.

* Expenses could include, but are not limited to flight, hotel and rental car, and food per diem.

If you have any further questions, please contact Kurt Ashley at (408) 607-0640 or email at: kurt.ashley@securesolutionsinv.com

Sincerely,

Kurt Ashley
Owner/Qualified Manager

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 18

DATE: June 8, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Approve the Accounts Payable Check Registers and Payroll Report**

RECOMMENDATION: Approve the Accounts Payable Check Registers for May 29 and June 1 and Payroll Report for May 29.

FISCAL IMPACT:

There is no fiscal impact with approving these reports. All payments that have been made are within approved budget appropriations.

STRATEGIC PRIORITY:

This initiative supports the Town's 2025 to 2027 Strategic Priority to "ensure prudent financial management to result in structurally balanced five-year forecasts and fully funded five-year Capital Improvement Plans, managing liabilities such as pension costs and leveraging the Town's assets, efficiencies, partnerships, and revenue streams."

BACKGROUND:

Pursuant to Town Municipal Code section 2.30.020 (d) payroll warrants need not be audited by the Town Council prior to payment. Payrolls shall be presented to the Town Council for ratification and approval at the regular meeting after delivery of the payroll warrants.

The municipal code did not provide direction on accounts payable. However, Government Code Section 37208 provides the following guidance:

(a) Payroll warrants or checks need not be audited by the legislative body prior to payment. Payrolls shall be presented to the legislative body for ratification and approval at the first

PREPARED BY: Diane Howard
Finance Division Manager

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

meeting after delivery of the payroll warrants or checks.

(b) Warrants or checks drawn in payment of demands certified or approved by the city clerk as conforming to a budget approved by ordinance or resolution of the legislative body need not be audited by the legislative body prior to payment.

(c) Notwithstanding subdivisions (a) and (b), budgeted payrolls and demands paid by warrants or checks may be presented to the legislative body for ratification and approval in the form of an audited comprehensive annual financial report.

DISCUSSION:

Administrative Services staff presents biweekly payroll reports to the Council on consent, as prescribed in the Municipal Code.

Although not specially required under Municipal Code or the Government Code, it is considered good practice to report on checks paid by a government agency. As such, staff provides accounts payable check registers, along with payroll reports, on a biweekly basis as part of the consent calendar for regular council meetings.

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

Type	Check Date	Amount
AP	May 29, 2026	$322,921.30
Payroll	May 29, 2026	$929,665.00
AP	June 5, 2026	$214,953.21
Total		**$1,467,539.51**

CONCLUSION:

Consistent and timely financial reporting aligns with the Municipal Code and Government Code guidance ensuring that payroll and accounts payable activities are brought forward for Council review and ratification as required. This supports transparency in governmental operations and reinforces best practices in public financial management.

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENTS:
1. Accounts Payable Register for 5/29/2026
2. Accounts Payable Register for 6/5/2026
3. Payroll by Location for 5/29/2026

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 05-29-2026

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
162533	05/29/2026	AIRGAS INC	5524614692	SUPPLIES	1115402	61265	$ 106.37
162533 Total							$ 106.37
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1GJJRMQYK63J	OFFICE SUPPLIES	1112201	61111	$ 494.43
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1H31GX69KJ7L	SUPPLIES	1117201	61191	$ 87.57
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1JYJKQNFMKQM	SUPPLIES	1114202	61175	$ 147.19
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1LJ4JWPRL7DP	SUPPLIES	1115101	64111	$ 56.43
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1LJ4JWPRL7DP-01	SUPPLIES	6335423	61112	$ 47.81
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1LNWMN6C9DPW	OFFICE SUPPLIES	1112201	61111	$ 289.11
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1PLX6616QN3N	SUPPLIES	1114301	61168	$ 360.77
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1Q7DW4Y6RPWQ	SUPPLIES	1115402	61265	$ 705.96
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1QX7LRKJRLRC	SUPPLIES	1114301	61168	$ 152.28
162534	05/29/2026	AMAZON CAPITAL SERVICES INC	1RXWF9TYJLD1	SUPPLIES	1117201	61191	$ 166.71
162534 Total							$ 2,508.26
162535	05/29/2026	AMAZON CAPITAL SERVICES INC	13GYXVDTHNV1	OFFICE SUPPLIES	1112201	61111	$ 16.94
162535	05/29/2026	AMAZON CAPITAL SERVICES INC	13HYQNHMJDKH	SUPPLIES	1117201	61191	$ 42.96
162535	05/29/2026	AMAZON CAPITAL SERVICES INC	167HJDGGG4LV	STAFFROOM SUPPLIES	6335423	61112	$ 6.87
162535	05/29/2026	AMAZON CAPITAL SERVICES INC	17FN3WW4JMPV	SUPPLIES	1117201	61191	$ 47.19
162535	05/29/2026	AMAZON CAPITAL SERVICES INC	1JK9117JKF6W	SUPPLIES	1117101	61111	$ 38.43
162535	05/29/2026	AMAZON CAPITAL SERVICES INC	1NJTJH3H9RHV	SUPPLIES	1117201	61191	$ 34.05
162535	05/29/2026	AMAZON CAPITAL SERVICES INC	1R43Q99YFQ7D	SUPPLIES	1117101	61111	$ 23.06

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 05-29-2026

162535	05/29/2026	AMAZON CAPITAL SERVICES INC	1R43Q99YJJNF	SUPPLIES	1117201	61191	$ 41.70
162535 Total							$ 251.20
162536	05/29/2026	BEAR ELECTRICAL SOLUTIONS, INC	10895	MARCH 2026 USAS	1115202	63356	$ 1,430.00
162536 Total							$ 1,430.00
162537	05/29/2026	BOETHING TREELAND FARMS INC	SI-1463984	TREES	1115999	68621	$ 433.13
162537 Total							$ 433.13
162538	05/29/2026	BPS TACTICAL, INC	26020738	S CAREY VEST	1114301	61165	$ 2,015.11
162538 Total							$ 2,015.11
162539	05/29/2026	BRIDGETTE A FALCONIO	04/07/26-04/10/26	MILEAGE-RECORD DOCUMENTS/CERTIFIED COPIES	1111301	64211	$ 52.20
162539 Total							$ 52.20
162540	05/29/2026	BRIGHTVIEW LANDSCAPE SERVICES INC	9750914	MARCH 2026 SERVICES	1115401	62354	$ 12,483.00
162540 Total							$ 12,483.00
162541	05/29/2026	BROOKE M LORENZO	05/10/26-05/13/26	PER DIEM REIMBURSEMENT-TACTICAL DISPATCH	1114201	64111	$ 301.00
162541 Total							$ 301.00
162542	05/29/2026	CENTRAL WHOLESALE NURSERY	831869	SUPPLIES	1115301	61215	$ 404.03
162542 Total							$ 404.03
162543	05/29/2026	CHILDREN'S PLUS INC	279615	BOOKS	1117202	61192	$ 247.60
162543	05/29/2026	CHILDREN'S PLUS INC	279616	BOOKS	1117202	61192	$ 420.16
162543 Total							$ 667.76
162544	05/29/2026	SAN MATEO COUNTY SHERIFF'S OFFICE	05/11/26-05/15/26	CIT 051126-051526 THEILEN/DELIA	1114301	64111	$ 624.00
162544 Total							$ 624.00

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 05-29-2026

162545	05/29/2026	CSG CONSULTANTS, INC.	65723	022826-032726 SERVICE	1115999	68416	$ 9,047.50
162545	05/29/2026	CSG CONSULTANTS, INC.	65886	022826-032726 SERVICE	1115999	68416	$ 3,340.00
162545 Total							$ 12,387.50
162546	05/29/2026	CUMMINS INC	Z1-260589333	SUPPLIES	1115402	61265	$ 273.70
162546	05/29/2026	CUMMINS INC	Z1-260589779	SUPPLIES	1115402	61265	$ 19.11
162546 Total							$ 292.81
162547	05/29/2026	DEBRA FIGONE	051326	LEADERSHIP LOS GATOS CAPSTONE PRESENTATION 050126	1112106	62434	$ 1,800.00
162547 Total							$ 1,800.00
162548	05/29/2026	DICK'S AUTOMOTIVE TRANSPORT	32648	TOWING SERVICE 022626	1114301	62391	$ 1,972.50
162548	05/29/2026	DICK'S AUTOMOTIVE TRANSPORT	32940	032226 TOWING	1115402	61265	$ 70.00
162548 Total							$ 2,042.50
162549	05/29/2026	DISABILITY ACCESS CONSULTANTS LLC	26-100	APRIL 2026 SERVICES	4118734	82303	$ 1,680.00
162549 Total							$ 1,680.00
162550	05/29/2026	DIXON RESOURCES UNLIMITED	5144	APRIL 2026 SERVICES	1115201	63264	$ 8,000.00
162550 Total							$ 8,000.00
162551	05/29/2026	EMC PLANNING GROUP, INC.	24-169-12	SERVICES THROUGH 043026	1113999	68411	$ 1,181.71
162551	05/29/2026	EMC PLANNING GROUP, INC.	25-122-3	SERVICES THROUGH 043026	1113999	68411	$ 4,312.32
162551 Total							$ 5,494.03
162552	05/29/2026	EQUIFAX INFORMATION SVCS LLC	2072593772	040826-050726 PERIOD	1114202	62343	$ 35.00
162552 Total							$ 35.00
162553	05/29/2026	EWING IRRIGATION	30136626	SUPPLIES	1115301	61215	$ 569.42

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 05-29-2026

162553	05/29/2026	EWING IRRIGATION	30195592	SUPPLIES	1115301	61215	$ 104.25
162553 Total							$ 673.67
162554	05/29/2026	FLOCK GROUP INC	INV-93469	FLOCK SAFETY LPR	1114301	61253	$ 51,000.00
162554 Total							$ 51,000.00
162555	05/29/2026	FOSTER & FOSTER CONSULTING	41710	FY 25-26 ACTUARIAL SERVICES	1111201	63219	$ 11,500.00
162555 Total							$ 11,500.00
162556	05/29/2026	FRONTIER CALIFORNIA INC	3540009MAY26	051226-061126 PERIOD	6335423	62631	$ 392.61
162556 Total							$ 392.61
162557	05/29/2026	GRAINGER	9908595417	SUPPLIES	6335423	61214	$ 75.64
162557	05/29/2026	GRAINGER	9909936610	SUPPLIES	6335423	61214	$ 178.11
162557	05/29/2026	GRAINGER	9909980758	SUPPLIES	1115401	61212	$ 35.33
162557	05/29/2026	GRAINGER	9910027714	SUPPLIES	1115401	61212	$ 151.49
162557	05/29/2026	GRAINGER	9910038620	SUPPLIES	6335423	61214	$ 83.09
162557 Total							$ 523.66
162558	05/29/2026	GREEN HALO SYSTEMS INC	6505	MAY 2026 HOSTING	6212502	63332	$ 192.00
162558 Total							$ 192.00
162559	05/29/2026	INGRAM LIBRARY SERVICE LLC	96282450	BOOKS	1117202	61192	$ 7,089.95
162559	05/29/2026	INGRAM LIBRARY SERVICE LLC	96282450	BOOKS	1117201	61191	$ 6,195.37
162559 Total							$ 13,285.32
162560	05/29/2026	INTERWEST CONSULTING GROUP	3693725	B25-0872 15425 LGB	1113999	68416	$ 471.25
162560 Total							$ 471.25

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 05-29-2026

162561	05/29/2026	JACQUELYN D ROSE	052726	REIMB-OFFICE SUPPLIES	1114201	61111	$ 109.95
162561 Total							$ 109.95
162562	05/29/2026	JARVIS FAY LLP	21963	040126-043026 SERVICES	1111301	63215	$ 118.50
162562 Total							$ 118.50
162563	05/29/2026	JOSEPH A ACEVES	21256	NO PARKING SIGNS	4818155	82405	$ 2,916.08
162563	05/29/2026	JOSEPH A ACEVES	21258	BUSINESS CARDS	1115101	61111	$ 43.90
162563 Total							$ 2,959.98
162564	05/29/2026	LOS GATOS SARATOGA DEPT OF	043026TOLG	040726 SERVICE	1112201	64433	$ 66.00
162564 Total							$ 66.00
162565	05/29/2026	LOS GATOS TOWN EMPLOYEES FOUNDATION	108536	LGTEF DUES PPE 05/23/26	111	21264	$ 456.00
162565 Total							$ 456.00
162566	05/29/2026	LYNX TECHNOLOGIES	10627	APRIL 2026 GIS SERVICES	6212502	63331	$ 10,854.00
162566 Total							$ 10,854.00
162567	05/29/2026	MIDWEST MOTOR SUPPLY CO., INC.	104445404	SUPPLIES	1115402	61265	$ 2,948.64
162567 Total							$ 2,948.64
162568	05/29/2026	NWESTCO LLC	INV600320	GIL ENCORE PUMPING UNIT BLACKMER	4118151	82405	$ 4,195.67
162568 Total							$ 4,195.67
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2025001194	B25-1333 126 & 126-A VISTA DEL PRADO	1113999	68416	$ 4,345.38
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2026001025	B26-0217 140 OAKMONT WAY	1113999	68416	$ 2,243.39
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2026001027	B26-0226 17180 & 17180-A CRESCENT DRIVE	1113999	68416	$ 1,139.71
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2026001028	B26-0239 305 & 305-A ALBERT DRIVE	1113999	68416	$ 1,407.31

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162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2026001030	B26-0251 16150 LOS GATOS BLVD	1113999	68416	$ 1,725.72
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2026001037	B26-0285 91 W MAIN STREET	1113999	68416	$ 328.30
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2025001114TM	B25-0722 32 NSC AVENUE	1113999	68416	$ 600.00
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2025001140TM	B25-0917 14107 WINCHESTER BLVD	1113999	68416	$ 300.00
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2025001176TM	B25-1299 354 SYCAMORE COURT	1113999	68416	$ 660.00
162569	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2026001019RTM	B25-0911 210 LA TERRA COURT	1113999	68416	$ 360.00
162569 Total							$ 13,109.81
162570	05/29/2026	O'BRIEN CODE CONSULTING, INC,	2025001185TM	B25-1351 119-A HARDING AVENUE	1113999	68416	$ 240.00
162570 Total							$ 240.00
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-101908	CREDIT MEMO	1115402	61265	$ (22.00)
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-102538	AUTO PARTS	1115402	61265	$ 9.65
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-102636	CREDIT MEMO	1115402	61265	$ (48.76)
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-103513	AUTO PARTS	1115402	61265	$ 368.63
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-103529	CREDIT MEMO	1115402	61265	$ (368.63)
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-105865	SUPPLIES	1115402	61265	$ 46.50
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-106417	AUTO PARTS	1115402	61265	$ 84.76
162571	05/29/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-106596	AUTO PARTS	1115402	61265	$ 92.15
162571 Total							$ 162.30
162572	05/29/2026	OCCUPATIONAL HEALTH CENTERS OF CA	90710752	042026 SERVICE	1112201	64431	$ 136.00
162572 Total							$ 136.00
162573	05/29/2026	ODP BUSINESS SOLUTIONS	468282890001	SUPPLIES	1115101	61111	$ 62.60

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162573	05/29/2026	ODP BUSINESS SOLUTIONS	468282890001	SUPPLIES	1115101	61111	$ 11.46
162573	05/29/2026	ODP BUSINESS SOLUTIONS	468282890002	SUPPLIES	1115101	61111	$ 16.90
162573	05/29/2026	ODP BUSINESS SOLUTIONS	468632499001	PAPER	1111201	61111	$ 445.27
162573 Total							$ 536.23
162574	05/29/2026	BRIAN WHITAKER	051226	REIMB-4 LAPTOPS EDEN NETWORK PROJECT	4118733	82405	$ 1,841.40
162574 Total							$ 1,841.40
162575	05/29/2026	PACIFIC GAS & ELECTRIC	01468-051926	041326-051126 SERVICE	6335423	62611	$ 11,158.37
162575	05/29/2026	PACIFIC GAS & ELECTRIC	01468-051926	041326-051126 SERVICE	6335423	62612	$ 137.62
162575	05/29/2026	PACIFIC GAS & ELECTRIC	08696-051926	041326-051126 SERVICE	6335423	62611	$ 87.42
162575	05/29/2026	PACIFIC GAS & ELECTRIC	08696-051926	041326-051126 SERVICE	6335423	62612	$ 7.85
162575	05/29/2026	PACIFIC GAS & ELECTRIC	09379-051426	122725-042726 SERVICE	6335423	62611	$ 774.96
162575	05/29/2026	PACIFIC GAS & ELECTRIC	10807-052126	041626-051426 SERVICE	1115401	62621	$ 147.52
162575	05/29/2026	PACIFIC GAS & ELECTRIC	17087-052026	041526-051326 SERVICE	1115401	62621	$ 94.22
162575	05/29/2026	PACIFIC GAS & ELECTRIC	31221-052226	032726-042426 SERVICE	1115401	62621	$ 2,516.97
162575	05/29/2026	PACIFIC GAS & ELECTRIC	43001-052026	041526-051326 SERVICE	1115401	62621	$ 270.33
162575	05/29/2026	PACIFIC GAS & ELECTRIC	47593-051226	040626-050426 SERVICE	2515408	62611	$ 4,070.80
162575	05/29/2026	PACIFIC GAS & ELECTRIC	47593-051226	040626-050426 SERVICE	2515408	62612	$ 9.42
162575	05/29/2026	PACIFIC GAS & ELECTRIC	52897-052126	041626-051426 SERVICE	1115301	62611	$ 2,218.53
162575	05/29/2026	PACIFIC GAS & ELECTRIC	52897-052126	041626-051426 SERVICE	1115401	62621	$ 91.42
162575	05/29/2026	PACIFIC GAS & ELECTRIC	54633-052226	041726-051726 SERVICE	6335423	62611	$ 122.15
162575 Total							$ 21,707.58

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162576	05/29/2026	PACIFIC GAS & ELECTRIC	00442-051926	041126-051126 SERVICE	1115401	62621	$ 82.08
162576	05/29/2026	PACIFIC GAS & ELECTRIC	26130-052226	041726-051726 SERVICE	6335423	62611	$ 52.64
162576	05/29/2026	PACIFIC GAS & ELECTRIC	26130-052226	041726-051726 SERVICE	6335423	62612	$ 8.39
162576	05/29/2026	PACIFIC GAS & ELECTRIC	46335-052126	041626-051426 SERVICE	1115401	62621	$ 47.30
162576	05/29/2026	PACIFIC GAS & ELECTRIC	61917-052126	041626-051426 SERVICE	1115401	62621	$ 52.08
162576	05/29/2026	PACIFIC GAS & ELECTRIC	63609-052026	041626-051426 SERVICE	1115401	62621	$ 3.27
162576	05/29/2026	PACIFIC GAS & ELECTRIC	66647-052126	041626-051426 SERVICE	1115402	61264	$ 42.20
162576	05/29/2026	PACIFIC GAS & ELECTRIC	81107-051526	041026-051026 SERVICE	6335423	62611	$ 45.19
162576 Total							$ 333.15
162577	05/29/2026	PLAN JPA	PLAN-0588	APRIL 2026 CLAIMS	6111302	65541	$ 4,968.98
162577 Total							$ 4,968.98
162578	05/29/2026	PREFERRED ALLIANCE INC	0211121-IN	APRIL 2026 PERIOD	1112201	62321	$ 82.30
162578 Total							$ 82.30
162579	05/29/2026	RANEY PLANNING & MANAGEMENT INC	2483E-17	178 TWIN OAK DR	1113999	68411	$ 9,326.75
162579	05/29/2026	RANEY PLANNING & MANAGEMENT INC	2511E-13	14789 OKA LANE	1113999	68411	$ 1,378.21
162579 Total							$ 10,704.96
162580	05/29/2026	ROBINSON OIL CORPORATION	570170	041426-041526 EXTERNAL GAS CHARGES	1115402	61261	$ 448.64
162580 Total							$ 448.64
162581	05/29/2026	RURAL SUPPLY HARDWARE INC	7043	SUPPLIES	1115401	61275	$ 62.05
162581 Total							$ 62.05
162582	05/29/2026	RYAN P BAKER	03/31/26-04/03/26	PLA CONFERENCE - FLIGHT/HOTEL/LYFTS/PER DIEM	1117101	64111	$ 246.00

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162582	05/29/2026	RYAN P BAKER	03/31/26-04/03/26	PLA CONFERENCE - FLIGHT/HOTEL/LYFTS/PER DIEM	1117101	64211	$ 1,561.21
162582 Total							$ 1,807.21
162583	05/29/2026	SANTA CLARA COUNTY CRIME LABORATORY	052126	CRIME LAB FEES FY 2025-26	1114303	63112	$ 37,516.00
162583 Total							$ 37,516.00
162584	05/29/2026	SANTA CLARA COUNTY SHERIFF OFFICE	1800098161	SWAT 032326-040326	1114301	64111	$ 825.00
162584 Total							$ 825.00
162585	05/29/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006936388	APRIL 2026 ADS	1112301	62306	$ 44.07
162585	05/29/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006956767	APRIL 2026 ADS	4818155	82103	$ 844.56
162585	05/29/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006957286	APRIL 2026 ADS	1112301	62306	$ 304.56
162585	05/29/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006958991	APRIL 2026 ADS	1113201	62311	$ 215.83
162585	05/29/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006958994	APRIL 2026 ADS	1113201	62311	$ 205.66
162585	05/29/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006958995	APRIL 2026 ADS	1113201	62311	$ 212.44
162585	05/29/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006960627	APRIL 2026 ADS	1113201	62311	$ 595.50
162585 Total							$ 2,422.62
162586	05/29/2026	STEPHEN CIARI PLUMBING AND HEATING	29026	050626 SERVICE	6335423	62373	$ 334.99
162586 Total							$ 334.99
162587	05/29/2026	TOWN EMPLOYEES ASSOCIATION	108535	TEA DUES PPE 05/23/26	111	21261	$ 1,411.40
162587 Total							$ 1,411.40
162588	05/29/2026	US BANK	9783-052226	MAY 2026 CAL-CARD PAYMENT	111	21115	$ 41,473.03
162588 Total							$ 41,473.03
162589	05/29/2026	VICKI L BLANDIN	LG43-25	121025 PC MEETING ITEM 6 4 TAIT AVENUE	1113201	62310	$ 202.50

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162589 Total							$ 202.50
162590	05/29/2026	VISIONSCAPE IMAGERY INC	6009	14849 LOS GATOS	1113999	68428	$ 10,150.00
162590	05/29/2026	VISIONSCAPE IMAGERY INC	6013	101 S SANTA CRUZ	1113999	68428	$ 9,000.00
162590	05/29/2026	VISIONSCAPE IMAGERY INC	6020	14849 LOS GATOS BLVD	1113999	68428	$ 6,090.00
162590	05/29/2026	VISIONSCAPE IMAGERY INC	6025	14849 LOS GATOS BLVD	1113999	68428	$ 4,060.00
162590 Total							$ 29,300.00
162591	05/29/2026	WHITLOCK & WEINBERGER TRANSPORTATIO	34534	BILLING THROUGH 043026	1115999	68611	$ 540.00
162591 Total							$ 540.00
Grand Total							**$ 322,921.30**

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162592	06/05/2026	AMAZON CAPITAL SERVICES INC	11JC6FC6K1GV	SUPPLIES	2617301	62415	$ 64.20
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	13JTG4HFFPV9	SUPPLIES	4118733	82405	$ 114.80
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	169R449FQGJY	SUPPLIES	1117202	61192	$ 126.38
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	1CWWC3K6F697	SUPPLIES	1115402	61265	$ 51.63
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	1FJ46KLRMPDM	SUPPLIES	1117202	61192	$ 109.98
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	1GNJ4YLQCCNW	SUPPLIES	1117201	61191	$ 221.71
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	1K4D7C1TPR79	SUPPLIES	1114301	62344	$ 74.70
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	1NJH4RHJ7QD9	SUPPLIES	1117201	61191	$ 38.68
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	1NKMMT1LFRKR	SUPPLIES	1115402	61265	$ 140.46
162592	06/05/2026	AMAZON CAPITAL SERVICES INC	1XFRGRTNKXNP	SUPPLIES	1113301	61211	$ 497.66
162592 Total							$ 1,440.20
162593	06/05/2026	AMAZON CAPITAL SERVICES INC	1VJMN66LJY7C	SUPPLIES	2617301	62415	$ 28.77
162593 Total							$ 28.77
162594	06/05/2026	ASSURE MSP INC	1133339	CAMERAS	1114301	61253	$ 8,946.38
162594 Total							$ 8,946.38
162595	06/05/2026	AT&T CALNET 3	000025277973	042026-051926 SERVICE	1114201	62622	$ 58.69
162595 Total							$ 58.69
162596	06/05/2026	ATCHISON, BARISONE & CONDOTTI	35098	040126-043026 SERVICE	1111301	63215	$ 7,646.51
162596 Total							$ 7,646.51
162597	06/05/2026	BAN SERVICES COMPANY INC	261908	PEST CONTROL SERVICES	6335423	62376	$ 125.00
162597 Total							$ 125.00
162598	06/05/2026	BAY AREA PL SERVICES	35442	043026 SERVICE	1114303	63322	$ 305.00
162598 Total							$ 305.00
162599	06/05/2026	BEAR ELECTRICAL SOLUTIONS, INC	11283	APRIL 2026 TS ROUTINE SERVICES	1115401	63364	$ 3,782.00
162599	06/05/2026	BEAR ELECTRICAL SOLUTIONS, INC	11285	APRIL 2026 SL MAINT SERVICES	1115401	63364	$ 1,812.72
162599 Total							$ 5,594.72
162600	06/05/2026	BLACKSTONE AUDIO INC	2234110	CDS	1117201	61191	$ 165.77
162600 Total							$ 165.77
162601	06/05/2026	CAPITOL DEL GRANDE 2 INC	424867	AUTO REPAIRS	1115402	61265	$ 845.70
162601	06/05/2026	CAPITOL DEL GRANDE 2 INC	424867	AUTO REPAIRS	1115402	62378	$ 1,765.00
162601 Total							$ 2,610.70
162602	06/05/2026	CAPITOL DEL GRANDE 4 INC	264958	AUTO PARTS	1115402	61265	$ 360.36
162602	06/05/2026	CAPITOL DEL GRANDE 4 INC	359599	AUTO PARTS	1115402	61265	$ 878.88
162602	06/05/2026	CAPITOL DEL GRANDE 4 INC	359883	AUTO PARTS	1115402	61265	$ 33.19
162602	06/05/2026	CAPITOL DEL GRANDE 4 INC	359883	AUTO PARTS	1115402	62378	$ 129.73
162602	06/05/2026	CAPITOL DEL GRANDE 4 INC	359886	AUTO PARTS	1115402	61265	$ 453.87
162602	06/05/2026	CAPITOL DEL GRANDE 4 INC	359886	AUTO PARTS	1115402	62378	$ 725.00
162602 Total							$ 2,581.03
162603	06/05/2026	CITYGOVAPP INC	2034	030126-033126 SERVICE	1113301	63332	$ 689.00
162603	06/05/2026	CITYGOVAPP INC	2035	040126-043026 SERVICE	1113301	63332	$ 689.00
162603	06/05/2026	CITYGOVAPP INC	2047	050126-053026 SERVICE	1113301	63332	$ 689.00
162603 Total							$ 2,067.00

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162604	06/05/2026	COMCAST	0737380JUN26	052826-062726 SERVICE	6212502	62614	$ 131.72
162604 Total							$ 131.72
162605	06/05/2026	CORELOGIC INFORMATION SOLUTIONS INC	30855979	040126-043026 PERIOD	6212502	63332	$ 57.45
162605	06/05/2026	CORELOGIC INFORMATION SOLUTIONS INC	30855984	040126-043026 PERIOD	6212502	63332	$ 441.10
162605 Total							$ 498.55
162606	06/05/2026	COTTON, SHIRES AND ASSOCIATES INC	526180	040326-043026 0 MIREVAL ROAD	1115999	68612	$ 3,000.00
162606 Total							$ 3,000.00
162607	06/05/2026	CRIME SCENE CLEANERS, INC.	97426	POLICE CAR #1	1114301	62392	$ 130.00
162607 Total							$ 130.00
162608	06/05/2026	CSG CONSULTANTS, INC.	66174	032826-042426 SERVICE	1115999	68416	$ 28,251.00
162608	06/05/2026	CSG CONSULTANTS, INC.	66175	032826-042426 SERVICE	1115999	68416	$ 4,625.00
162608	06/05/2026	CSG CONSULTANTS, INC.	66176	032826-042426 SERVICE	1115999	68416	$ 812.50
162608	06/05/2026	CSG CONSULTANTS, INC.	66177	032826-042426 SERVICE	1115999	68416	$ 2,206.00
162608	06/05/2026	CSG CONSULTANTS, INC.	66178	032826-042426 SERVICE	1115999	68416	$ 30,268.75
162608 Total							$ 66,163.25
162609	06/05/2026	DANNY THOMAS PARTY RENTALS	051226	LEADERSHIP LOS GATOS 050126	1112106	62434	$ 939.50
162609 Total							$ 939.50
162610	06/05/2026	DLR GROUP INC, A CALIFORNIA CORPORATION	0264968	040126-043026 PERIOD	4118735	82303	$ 2,786.20
162610 Total							$ 2,786.20
162611	06/05/2026	EWING IRRIGATION	30228699	SUPPLIES	1115301	61215	$ 194.94
162611 Total							$ 194.94
162612	06/05/2026	FRONTIER CALIFORNIA INC	1970036MAY26	050226-060126 PERIOD	6212502	62614	$ 414.25
162612	06/05/2026	FRONTIER CALIFORNIA INC	3993048JUN26	052826-062726 SERVICE	1114201	62622	$ 129.68
162612 Total							$ 543.93
162613	06/05/2026	GRAINGER	9911326438	SUPPLIES	6335423	61214	$ 129.00
162613	06/05/2026	GRAINGER	9914643813	SUPPLIES	1115301	61214	$ 34.35
162613	06/05/2026	GRAINGER	9914776050	SUPPLIES	1115301	61214	$ 472.72
162613	06/05/2026	GRAINGER	9914776068	SUPPLIES	1115402	61265	$ 543.84
162613	06/05/2026	GRAINGER	9916680540	SUPPLIES	1115402	61265	$ 12.41
162613 Total							$ 1,192.32
162614	06/05/2026	HD SUPPLY FACILITIES MAINT LTD	9248765379	SUPPLIES	6335423	61214	$ 166.10
162614	06/05/2026	HD SUPPLY FACILITIES MAINT LTD	9249042534	SUPPLIES	6335423	61214	$ 52.04
162614 Total							$ 218.14
162615	06/05/2026	HDLM ASSOCIATES INC	100	APRIL 2026 GAS PURCHASES	1115402	61262	$ 2,951.92
162615 Total							$ 2,951.92
162616	06/05/2026	INTERWEST CONSULTING GROUP	3976419	B25-0656 REVIEW	1113999	68416	$ 326.25
162616	06/05/2026	INTERWEST CONSULTING GROUP	LOSG26-0029	040126-043026 PLAN REVIEW	1113999	68416	$ 651.20
162616	06/05/2026	INTERWEST CONSULTING GROUP	LOSG26-0032	040126-043026 PLAN REVIEW	1113999	68416	$ 2,897.23
162616	06/05/2026	INTERWEST CONSULTING GROUP	LOSG26-0034	040126-043026 PLAN REVIEW	1113999	68416	$ 495.24
162616	06/05/2026	INTERWEST CONSULTING GROUP	LOSG26-0035	040126-043026 PLAN REVIEW	1113999	68416	$ 831.01
162616 Total							$ 5,200.93
162617	06/05/2026	LIEBERT CASSIDY WHITMORE	320645	MARCH 2026 SERVICES	1112201	63214	$ 8,407.00

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162617	06/05/2026	LIEBERT CASSIDY WHITMORE	320646	MARCH 2026 SERVICES	1112201	63214	$ 1,239.00
162617	06/05/2026	LIEBERT CASSIDY WHITMORE	320647	MARCH 2026 SERVICES	1112201	63214	$ 3,040.00
162617	06/05/2026	LIEBERT CASSIDY WHITMORE	320648	MARCH 2026 SERVICES	1112201	63214	$ 1,334.00
162617 Total							$ 14,020.00
162618	06/05/2026	LOS GATOS PUBLIC MEDIA INC DBA KCAT	052926	2026-Q1 PEG MONEY	111	23813	$ 20,149.64
162618	06/05/2026	LOS GATOS PUBLIC MEDIA INC DBA KCAT	103173	APRIL 2026 CABLECASTING	1111201	63311	$ 5,250.00
162618 Total							$ 25,399.64
162619	06/05/2026	MARLEE AMOS	05/10/26-05/13/26	PER DIEM REIMBURSEMENT-TACTICAL DISPATCH	1114201	64111	$ 301.00
162619 Total							$ 301.00
162620	06/05/2026	MIDWEST MOTOR SUPPLY CO., INC.	104453433	SUPPLIES	1115402	61265	$ 2,986.03
162620 Total							$ 2,986.03
162621	06/05/2026	O'BRIEN CODE CONSULTING, INC,	2026001024	B25-0216 370 PENN WAY	1113999	68416	$ 1,447.96
162621	06/05/2026	O'BRIEN CODE CONSULTING, INC,	2026001031	B26-0253 16403 ENGLEWOOD AVENUE	1113999	68416	$ 1,109.22
162621	06/05/2026	O'BRIEN CODE CONSULTING, INC,	2026001035	B26-0265 15485 CORINNE DRIVE	1113999	68416	$ 1,048.24
162621	06/05/2026	O'BRIEN CODE CONSULTING, INC,	2025001169TM	B25-1242 15597 FLINTRIDGE DRIVE	1113999	68416	$ 480.00
162621	06/05/2026	O'BRIEN CODE CONSULTING, INC,	2026001042TM	B24-0452 15995 CERRO VISTA DRIVE	1113999	68416	$ 240.00
162621	06/05/2026	O'BRIEN CODE CONSULTING, INC,	2026001044TM	B25-0523 16000 CERRO VISTA DRIVE	1113999	68416	$ 240.00
162621 Total							$ 4,565.42
162622	06/05/2026	ODP BUSINESS SOLUTIONS	467557091001	SUPPLIES	1114201	61111	$ 222.63
162622	06/05/2026	ODP BUSINESS SOLUTIONS	468869151001	SUPPLIES	1115101	61111	$ 82.05
162622	06/05/2026	ODP BUSINESS SOLUTIONS	468873824001	SUPPLIES	1115101	61111	$ 17.79
162622	06/05/2026	ODP BUSINESS SOLUTIONS	468873825001	SUPPLIES	1115101	61111	$ 8.78
162622	06/05/2026	ODP BUSINESS SOLUTIONS	468951025001	SUPPLIES	1113201	61111	$ 209.39
162622	06/05/2026	ODP BUSINESS SOLUTIONS	469037519001	SUPPLIES	1113201	61111	$ 61.67
162622	06/05/2026	ODP BUSINESS SOLUTIONS	470129406001	SUPPLIES	1115101	61111	$ 73.30
162622	06/05/2026	ODP BUSINESS SOLUTIONS	470130893001	SUPPLIES	6335423	61112	$ 13.94
162622 Total							$ 689.55
162623	06/05/2026	ORCHARD CITY LOCK AND SAFE, INC.	87052	SERVICE CALL/KEYS	6335423	61214	$ 178.88
162623	06/05/2026	ORCHARD CITY LOCK AND SAFE, INC.	87052	SERVICE CALL/KEYS	6335423	62379	$ 140.00
162623 Total							$ 318.88
162624	06/05/2026	PACIFIC GAS & ELECTRIC	32085-052626	042026-051826 SERVICE	6335423	62611	$ 15,329.38
162624	06/05/2026	PACIFIC GAS & ELECTRIC	32085-052626	042026-051826 SERVICE	6335423	62612	$ 4,002.45
162624	06/05/2026	PACIFIC GAS & ELECTRIC	74572-052626	042026-051826 SERVICE	6335423	62611	$ 23.01
162624 Total							$ 19,354.84
162625	06/05/2026	PACIFIC PRODUCTS AND SERVICES LLC	38201	SUPPLIES	1115401	61212	$ 2,711.97
162625 Total							$ 2,711.97
162626	06/05/2026	PACIFIC WATER ART INC	78071	MAY 2026 FOUNTAIN MAINTENANCE	1115301	62378	$ 1,101.50
162626 Total							$ 1,101.50
162627	06/05/2026	RANEY PLANNING & MANAGEMENT INC	2622E-1	101 S SANTA CRUZ AVE	1113999	68411	$ 1,066.25
162627 Total							$ 1,066.25
162628	06/05/2026	ROBINSON OIL CORPORATION	573591	041626-043026 GAS PURCHASES	1115402	61261	$ 5,889.06
162628	06/05/2026	ROBINSON OIL CORPORATION	576464	050126-050426 FUEL PURCHASES	1115402	61261	$ 1,245.64

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 06-05-2026

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
162628 Total							$ 7,134.70
162629	06/05/2026	RURAL SUPPLY HARDWARE INC	7069	SUPPLIES	6335423	61214	$ 10.98
162629	06/05/2026	RURAL SUPPLY HARDWARE INC	7082	SUPPLIES	1115401	61275	$ 29.64
162629	06/05/2026	RURAL SUPPLY HARDWARE INC	7083	SUPPLIES	1115301	61214	$ 24.16
162629 Total							$ 64.78
162630	06/05/2026	SAN JOSE WATER COMPANY	26334-052726	042426-052126 SERVICE	1115301	62613	$ 5,016.79
162630 Total							$ 5,016.79
162631	06/05/2026	SILICON VALLEY COMMUNITY NEWSPAPER	0006955511	APR26 AD	1112106	62437	$ 299.00
162631 Total							$ 299.00
162632	06/05/2026	STEVENS CREEK QUARRY, INC.	1167290	SUPPLIES	1115401	61275	$ 342.06
162632 Total							$ 342.06
162633	06/05/2026	SUMMIT UNIFORMS LLC	41279	UNIFORMS	1114301	61165	$ 59.40
162633 Total							$ 59.40
162634	06/05/2026	T-MOBILE USA, INC	L2605040250	CASE # 26-0483 SEARCH WARRANT	1114201	62622	$ 50.00
162634 Total							$ 50.00
162635	06/05/2026	VERIZON BUSINESS SERVICES	73698052	SV649545 SERVICES THROUGH 043026	6335423	62631	$ 322.85
162635	06/05/2026	VERIZON BUSINESS SERVICES	73698526	SV649543 SERVICES THRU 043026	6335423	62631	$ 817.48
162635	06/05/2026	VERIZON BUSINESS SERVICES	73699171	SV649539 SERVICES THRU 043026	6335423	62631	$ 793.09
162635	06/05/2026	VERIZON BUSINESS SERVICES	73699175	SV649544 SERVICES THRU 043026	6335423	62631	$ 1,361.67
162635 Total							$ 3,295.09
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	6335423	62632	$ 66.96
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	1115401	62632	$ 362.92
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	1115301	62632	$ 156.24
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	1115201	62632	$ 22.32
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	1115101	62632	$ 22.32
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	1113401	62632	$ 22.32
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	1113301	62632	$ 89.28
162636	06/05/2026	VERIZON WIRELESS	6143449178	041326-051226 BILLING PERIOD	6212502	62632	$ 114.03
162636 Total							$ 856.39
162637	06/05/2026	VICKI L BLANDIN	LG10-26	042226 PC MEETING	1113201	62310	$ 236.25
162637	06/05/2026	VICKI L BLANDIN	LG11-26	040725 TRANSCRIPTION SERVICES	1111301	63215	$ 562.50
162637 Total							$ 798.75
162638	06/05/2026	VISIONSCAPE IMAGERY INC	6021	101 S SANTA CRUZ AVENUE	1113999	68428	$ 9,000.00
162638 Total							$ 9,000.00
Grand Total							**$ 214,953.21**

Warrant	Location	Total Payroll	Number of Employees
260529	1301 - TOWN ATTORNEY	15,917.00	2
260529	2101 - TOWN MANAGER	35,693.00	6
260529	2105 - EMERGENCY PREPAREDNESS	8,192.00	3
260529	2106 - ECONOMIC VITALITY	7,500.00	2
260529	2201 - HUMAN RESOURCES	19,478.00	4
260529	2301 - FINANCE	50,455.00	9
260529	2401 - CLERK ADMINISTRATION	16,839.00	3
260529	2501 - INFORMATION TECHNOLOGY	14,809.00	3
260529	3101 - COMMUNITY DEVELOPMENT	106,879.00	21
260529	4101 - POLICE	400,157.00	59
260529	5101 - PARKS AND PUBLIC WORKS	184,434.00	45
260529	7101 - LIBRARY	69,312.00	26
	Total Payroll by Location	929,665.00	183

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 19

DATE: June 11, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Continue Consideration of an Appeal of the Planning Commission Decision to Approve a Request for Modification of an Existing Conditional Use Permit for Expanded Hours of Operation in an Institution for Religious Observance (West Valley Muslim Association) on Property Zoned R-1:8. Located at 16769 Farley Road. APN 424-21-062. Conditional Use Permit Application U-24-010. Categorically Exempt Pursuant to CEQA Guidelines Section 15301: Existing Facilities. Property Owner: West Valley Muslim Association, Osmar Ghafoor, President. Applicant: Razi Mohiuddin. Project Planner: Jocelyn Shoopman.**

RECOMMENDATION: Continue this appeal hearing to a date certain of August 18, 2026.

FISCAL IMPACT:

There is no fiscal impact associated with this action.

STRATEGIC PRIORITY:

This item does not directly address a Strategic Priority.

DISCUSSION:

On May 21, 2026, the Planning Commission approved a request for modification of an existing Conditional Use Permit for expanded hours of operation in an institution for religious observance (West Valley Muslim Association).

PREPARED BY: Jocelyn Shoopman
Senior Planner

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

On June 1, 2026, the decision of the Planning Commission was appealed to the Town Council by two separate parties:

1. Razi Mohiuddin, West Valley Muslim Association; and
2. Farley Road Neighborhood Coalition.

Although the Planning Commission approved the Conditional Use Permit modification, the applicant and a neighborhood group each filed appeals seeking review of the Commission's decision, specifically the conditions of approval.

Pursuant to Town Code 29.20.280, an appeal shall be heard by the Town Council within 56 days after the date of the hearing at which the final decision by the Planning Commission was made. The Council may continue from time to time any hearing held by it.

Both appellants have waived the 56-day deadline for hearing the appeal. Due to the time required to prepare the materials associated with the appeal and staff analysis, the matter could not be prepared for consideration at the June 16, 2026, Town Council meeting. Given the Town Council's summer recess during July and the appellants' availability, staff recommends continuing the appeal hearing to the August 18, 2026, Town Council meeting.

ENVIRONMENTAL ASSESSMENT:

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act (CEQA), Section 15301: Existing Facilities. No significant effect on the environment will occur since the project uses an existing structure with no increase in floor area and the project involves negligible expansion of use beyond existing conditions.

COORDINATION:

This report was coordinated with the offices of the Town Manager and Town Attorney.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 20

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Conduct a Brush Abatement Program Public Hearing to Consider Objections to the Proposed Removal of Brush on Parcels Listed on the 2026 Wildland Urban Interface (WUI) Area Non-Compliant Parcel List and Order Abatement**

RECOMMENDATION: Conduct a Brush Abatement Program Public Hearing to Consider Objections to the Proposed Removal of Brush on Parcels Listed on the 2026 Wildland Urban Interface (WUI) Area Non-Compliant Parcel List and Order Abatement

FISCAL IMPACT:

The costs associated with abatement work are placed on the property tax bill for that parcel. Funds are provided in the FY 2025-26 Budget (Program 5101) to cover the cost of publishing the legal notice for the June public hearing and for the associated staff time required to administer the program in partnership with the County of Santa Clara.

STRATEGIC PRIORITY:

This item addresses the Town's Strategic Priority to further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk, and aligns with the Core Goal of Public Safety. Property owners are reminded that they must remove native brush and vegetation from around their homes to create defensible space to reduce the risk of wildfire.

PREPARED BY: Paul Gonia
Project Analyst

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

BACKGROUND:

The Brush Abatement Program is a different and complementary program to the Weed Abatement Program. Both programs work to protect the Town from wildfire risk by reducing potential fuel, such as brush, in hillside areas.

The Santa Clara County Fire Department (County Fire) administers the brush abatement program. County Fire uses the procedure set forth in Government Code Sections 39560 *et seq.* for "weed abatement." Government Code Section 39561.5(b) defines "weeds" to include brush which will attain such a large growth as to become a fire menace when dry, or which is otherwise noxious or dangerous.

The Town of Los Gatos Municipal Code Section 9.20.025 *et seq.* authorizes the Fire Chief to abate fire hazards. This includes requiring property owners in the locally adopted Wildland Urban Interface (WUI) Area (Attachment 2) to maintain effective defensible space by removing brush, flammable vegetation, and combustible growth, based on the locally adopted Fire Codes. Government Code Section 39560 *et seq.*, authorizes County Fire, through a contract for services with the Town, to remove brush from non-compliant properties, and to recover administrative service and abatement costs through assessments on the non-compliant properties' tax bills.

The WUI Area is the part of the Town at greatest risk for wildfire, and primarily consists of the hillsides and immediately adjacent neighborhoods. The Town has over 1,800 parcels in the WUI Fire Area. County Fire categorizes the parcels into zones and conducts inspections of each zone every three (3) years within a five-to-six-week inspection time frame (April-June). Through this approach, each parcel in the WUI Area is inspected every three years.

Early each year, property owners are reminded that they must remove flammable vegetation from around their home and other structures on their property to create defensible space. The Town annually adopts the Hazardous Vegetation Abatement Program and works with the Santa Clara County Fire Prevention Division, which serves as the enforcement agent and conducts the inspections.

DISCUSSION:

On May 5, 2026, the Town Council passed Resolution 2026-22 (Attachment 3) declaring hazardous vegetation (brush) a public nuisance, ordering abatement, and setting June 16, 2026, as a public hearing date to consider objections to the proposed removal of brush from private property.

The following is a timeline of the program:

FEBRUARY/ MARCH	The Santa Clara County Fire Prevention Division notifies property owners located within the designated WUI Area of the requirements and timeline to comply with the safety regulations of the adopted California Fire Code. At the time of the notice, property owners are given the option to complete the required work themselves, hire their own contractor, or elect to schedule the Town of Los Gatos' authorized contractor (which is the County of Santa Clara Weed Abatement Program) to perform the work.
APRIL	County Fire conducts the first inspections of the properties identified in February/March. Letters and door-hangers are provided for those who are still not in compliance with the program requirements.
MAY	Town Council adopts a Resolution declaring hazardous vegetation (brush) a public nuisance and sets a June public hearing to consider objections to the proposed removal of brush on the non-compliant private properties by the Town contractor. County Fire re-inspects the properties that were non-compliant during the Spring property inspection. County Fire provides the Town with a list of properties that continue to be non-compliant. The Town then schedules a Public Hearing (to be held in June) to direct the removal of brush from the non-compliant properties.
JUNE	At the start of June, property owners who are not in compliance are charged administrative fees associated with the various inspections and to cover the direct cost of bringing the property into compliance. The administrative fees are adjusted each year and are set by Santa Clara County; the clean-up fees are based on the actual cost charged by the contractor. The Town Council conducts a public hearing regarding properties not in compliance (this public hearing is the subject of this agenda item). At this public hearing, property owners are provided with the right to object to the removal of hazardous vegetation (brush) on their non-compliant parcels. County Fire provides notice of the public hearing to the property owners at least 10 days prior (Attachment 4). The Town publishes notices at least 10 days prior to the public hearing. As a result of the hearing, the Town contractor (which is the County Weed Abatement Division) is authorized to perform the necessary abatement on private property and charge the

	property owner for this service. After the June public hearing but prior to abatement, County Fire performs an inspection of the properties that were the subject of the hearing. If the property owner has completed the abatement after June 1 but before the contractor arrives, the property owner will only be charged the County's administrative fee. These properties are then monitored through the County of Santa Clara Weed Abatement Program (which works in partnership with County Fire) until such time as the property demonstrates three consecutive years of voluntary compliance.
June/July	An additional inspection of the violators listed at the public hearing is conducted. If a property is found to be non-compliant at the time of re-inspection, the violator is referred to the County of Santa Clara Weed Abatement Program. In 2026 there are no Los Gatos properties that will require the additional June or July inspection as all properties have been deemed compliant.

The timeline for the final inspections runs very close to the date of the June public hearing, which means that non-compliant properties in the WUI Area, List of Properties Still Needing Inspection (Attachment 1) may ultimately be found compliant prior to the date of the public hearing. As of May 29, 2026, when noticing for the hearing was required, nine properties remained non-compliant; on June 1, 2026 staff was notified that all Los Gatos properties are in compliance. Since public notice was already completed staff will present the current state of compliance at the June 16, 2026 public hearing.

CONCLUSION:

The Brush Abatement program supports a key town priority by ensuring residents abate wildfire risks on private property.

COORDINATION:

This program is coordinated with the Santa Clara County Fire Department and the Santa Clara County Weed Abatement Program.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. 2026 Wildland Urban Interface (WUI) Area, List of Properties Needing Inspection

2. Wildland Urban Interface (WUI) Map
3. Resolution 2026-022 – Resolution Declaring Hazardous Vegetation, Ordering Abatement and Setting Public Hearing
4. Letter to Property Owners

Los Gatos

Wildland Urban Interface (WUI) Enforced Safety Regulations
2026 Properties Still Needing Compliance Inspection as of May 29, 2026

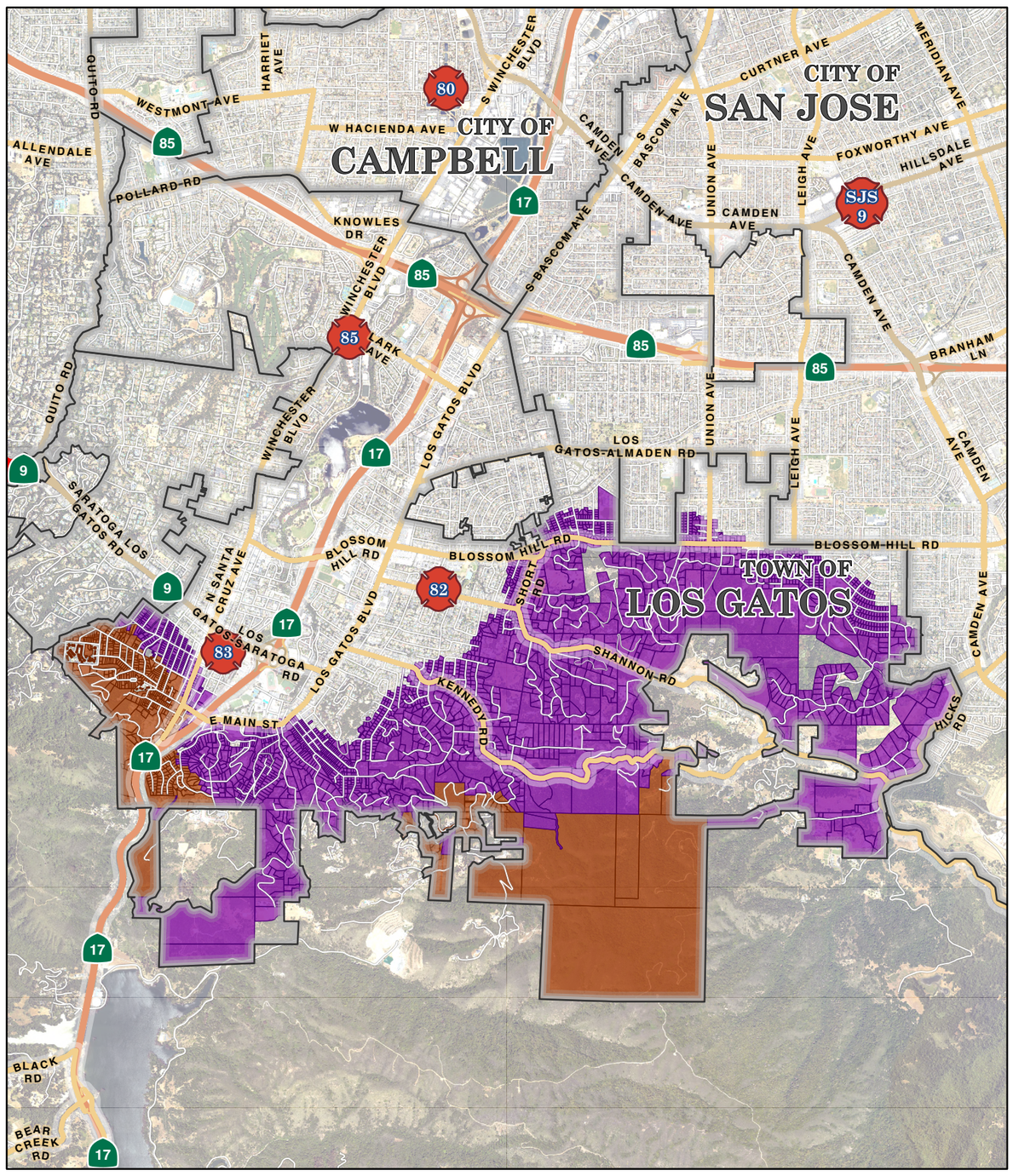
#	Situs Address
1	15290 Kennedy Road
2	100 Ravinia Way
3	101 Ravinia Way
4	102 Ravinia Way
5	106 Ravinia Way
6	144 Teresita Way
7	145 Teresita Way
8	152 Teresita Way
9	155 Teresita Way

ATTACHMENT 1

Town of Los Gatos

Local Responsibility Area Fire Hazard Severity Zones

March 2026



N 1 0.5 0 1 MILES

Municipality
Fire Station
Enforcement / Very High FHSZ
Informational / High or Moderate FHSZ

Enforcement / Very High FHSZ

APN:

51018040	51040090	51041074	51044008	51045096	52930014	53225038
51018078	51040091	51042003	51044011	51045097	52930015	53225041
51018081	51040092	51042004	51044012	51045098	52930016	53225048
51018084	51040093	51042005	51044013	51045099	52930017	53225049
51018085	51040101	51042006	51044015	51045100	52930018	53225051
51018086	51040102	51042007	51044016	51046001	52930019	53225054
51019010	51040103	51042008	51044017	51046002	52930020	53225055
51019021	51040104	51042009	51044018	51046004	52930021	53226003
51019022	51040105	51042010	51044019	51046006	52930022	53226007
51019023	51040106	51042011	51044020	51046007	52930023	53226027
51019024	51040107	51042012	51044021	51047008	52930025	53226045
51019025	51040108	51042013	51044022	51047010	52930026	53226049
51019026	51040109	51042014	51044037	51047011	52930027	53226055
51019027	51040110	51042015	51044039	51047012	52930028	53226057
51019031	51040111	51042016	51044044	51047013	52930029	53226084
51020002	51040112	51042017	51044054	51047014	52930030	53226100
51020003	51040113	51042018	51044055	51047016	52930031	53226109
51020004	51040114	51042019	51044059	51047017	52930032	53226110
51020006	51040115	51042020	51044062	51047021	52930033	53226112
51020007	51040116	51042022	51044065	51047022	52930034	53226113
51020008	51040117	51042023	51044066	51047025	52930035	53240009
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51020023	51040127	51042033	51044092	51047044	52930045	53702010
51020024	51040128	51042034	51044093	51047045	52930046	53702013
51020050	51040129	51042035	51044095	51051001	52930047	53708026
51020057	51040130	51042036	51045001	51051002	52930048	53713009
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51020066	51040136	51042041	51045004	51051005	52930051	53715008
51021002	51040139	51042042	51045006	51051006	52930052	53715027
51021003	51040141	51042043	51045007	51051007	52930053	54401014
51021077	51040143	51042044	51045008	51051008	52930054	
51038007	51040145	51042047	51045009	51051009	52930055	
51038009	51040146	51042050	51045011	51051010	52930056	
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51038011	51040150	51042052	51045016	51051012	52930062	
51038012	51040151	51042055	51045017	51051013	52930063	
51038018	51040152	51042056	51045018	51051014	52930064	
51038019	51040153	51042059	51045019	51051015	52930065	
51038026	51040154	51042060	51045020	51051016	52930069	
51038027	51040155	51042061	51045021	51051017	52930070	
51040002	51040159	51042062	51045022	51051018	52930071	
51040003	51040160	51042064	51045023	51051019	52930073	
51040004	51040163	51042065	51045025	51051020	52931001	
51040006	51040164	51042069	51045026	51051021	52931002	
51040007	51040165	51042070	51045027	51051022	52931003	
51040008	51041001	51042071	51045028	51051023	52931004	
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51040013	51041003	51042075	51045030	51051025	52931022	
51040014	51041004	51042076	51045032	51051026	52931023	
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51040019	51041007	51043003	51045037	51051029	52931049	
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51040059	51041016	51043014	51045051	51056002	52931064	
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51040061	51041021	51043016	51045053	51057001	52931083	
51040062	51041022	51043017	51045057	51057002	52931084	
51040063	51041023	51043018	51045058	51057003	52931085	
51040064	51041024	51043019	51045059	51057004	52931086	
51040065	51041025	51043020	51045060	51057005	52931087	
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51040070	51041044	51043026	51045071	51057010	52941002	
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Informational / High or Moderate FHSZ

APN: 51015002

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51017034	51019030	52324065	52343045	52707014	52718007	52723022	52728009	52755001	52903036	52933014	52936002	52939053	53212010	53216009	53223029	53228075	53234007	53703030	53723010	53729007	
51017035	51019032	52324066	52347002	52708001	52718008	52723023	52728010	52755002	52903037	52933015	52936003	52939054	53212011	53216010	53223030	53228076	53234008	53703031	53723011	53729008	
51

RESOLUTION 2026-022

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DECLARING HAZARDOUS VEGETATION (BRUSH) A PUBLIC NUISANCE, ORDERING ABATEMENT, AND SETTING JUNE 16, 2026 AS A PUBLIC HEARING TO CONSIDER OBJECTIONS TO THE PROPOSED REMOVAL OF BRUSH

WHEREAS, Town Code Section 11.20.010 authorizes the Town to abate hazardous brush;

WHEREAS, the Santa Clara County Fire Department administers the Town's brush abatement program;

WHEREAS, the County uses the brush abatement procedures set forth in Sections 39560 and following of the Government Code of the State of California;

WHEREAS, the Town of Los Gatos may declare that hazardous vegetation (brush) growing to such size and such type and in such locations as to constitute a fire hazard to the community is a public nuisance and compel owners, lessees, or occupants of buildings, grounds, or lots to remove or abate the hazardous vegetation (brush) to mitigate the fire hazard from such buildings, grounds, or lots to remove or abate the hazardous vegetation (brush) to mitigate the fire hazard from such buildings, grounds, property, and adjacent sidewalks and parkways, and upon the person's failure to do so, remove or abate such hazardous vegetation (brush) at the owner's expense, making the cost of that abatement a lien upon the property; and

WHEREAS, the Town of Los Gatos has entered into an agreement with the County of Santa Clara to provide hazardous vegetation (brush) abatement services; and

WHEREAS, the maintenance of hazardous vegetation (brush) in violation of the Uniform Fire Code adopted by the Town of Los Gatos within the Wildland Urban Interface Fire areas identified and shown on the map (Exhibit A) constitutes a public nuisance and should be abated immediately; and

WHEREAS, the Santa Clara County Fire Department has mailed notices to property owners within the Wildland Urban Interface areas notifying them of the need to abate

hazardous vegetation (brush) violations and explaining the steps necessary to correct such violations.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Los Gatos, and the Town Council hereby finds that:

1. Hazardous vegetation (brush) is a wood, perennial plant usually with multiple stems and trunks under ten feet in height, and is indigenous to the hillside area. Hazardous vegetation (brush) is also known to have a high oil, high resin, or low moisture content in its leaves and branches. Examples of this type of plant material include California Sagebrush, Greasewood or Chamise, Scotch Broom, and Toyon.
2. Unabated growth of hazardous vegetation (brush) upon and adjacent to private property within the hillside hazardous fire area and adjacent parkways and sidewalks is a public nuisance and should be abated.
3. The Director of Parks and Public Works shall act as the Superintendent for purposes of giving notice, supervising performance of the agreement with the County of Santa Clara, and evaluating the costs of abatement.
4. A public hearing is scheduled for 7:00 p.m. on June 16, 2026, at which time anyone objecting to abatement of the public nuisance may appear.
5. The Santa Clara County Fire Department shall mail notice of the public hearing in accordance with Government Code Section 39566.

BE IT FURTHER RESOLVED that unless the hazardous vegetation (brush) violations are corrected within the time specified in a written agreement with the Superintendent or the Superintendent's representative, the Town of Los Gatos shall cause such nuisance to be abated, and the expense thereof assessed upon the lots or lands from which or on which the abatement actions occur, such expense to constitute a lien upon such lots or lands until paid, and to be collected upon the next real property tax roll upon which general municipal taxes are collected.

BE IT FURTHER RESOLVED that on the 16th day of June 2026, at a meeting of the Town Council beginning at 7:00 p.m. in the Council Chambers of the Civic Center, 110 E. Main Street, Los Gatos, CA, a public hearing will be held during which all property owners

within the Wildland Urban Interface areas in the Town of Los Gatos having any objections to the proposed abatement of hazardous vegetation (brush) will be heard and given due consideration.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 5th day of May 2026 by the following vote:

COUNCIL MEMBERS:

AYES: Rob Rennie, Maria Ristow, Mary Badame, Matthew Hudes, Mayor Rob Moore

NAYS: None

ABSENT: None

ABSTAIN: None

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS

LOS GATOS, CALIFORNIA

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS

LOS GATOS, CALIFORNIA

<<Date>>

<<Owner Name>>
<<Owner Address>>
<<Owner City>>, <<Owner State>> <<Owner ZIP Code>>

RE: <<Property Address>> / APN: <<APN>>

Dear Property Owner,

Your property is located in the designated Very High Severity Zone of the Wildland Urban Interface (WUI), which requires defensible space to be maintained around all structures on your property. Defensible space is the buffer created when combustible vegetation is removed or reduced around a structure to slow or stop the spread of wildfire. On March 9, 2026 Santa Clara County Fire Department mailed to you a letter regarding the enforced applicable wildland fire safety regulations and this year's property inspection schedule mandating compliance of the enforced, applicable, wildland fire safety regulations before **June 1, 2026**.

Your property was recently re-inspected by the Santa Clara County Fire Department on <<Re-Inspection date>>. At that time, your property was found to be non-compliant with the applicable wildland fire safety regulations. The noted violation details are listed below:

<<Violations>>

<<Inspector comments>>

On May 5, 2026, the Town of Los Gatos Council passed a resolution declaring that hazardous vegetation (brush) growing in such locations as to become a fire menace or which are otherwise noxious or dangerous may be declared a public nuisance which must be abated by the removal of said hazardous vegetation. For further particulars, please refer to said resolution.

We are informed by the Town of Los Gatos that the Los Gatos Town Council will hold a public hearing at the City Council meeting on **Tuesday, June 16, 2026 @ 7:00 pm**. For more information on this process, please contact the Los Gatos Town Council Office at 408.354.6832 or visit https://www.losgatosca.gov/16/Town-Council.

At that time, all properties identified by the Fire Department as being non-compliant with the applicable wildland fire safety regulations will be declared to have hazardous conditions requiring abatement. An additional inspection of all identified properties will be conducted after the hearing and prior to ordering any abatement work.

If you do not bring your property into compliance, the Town of Los Gatos, through its contractor, may perform any brush or weed removal at your expense and will be placed on your property tax bill for payment after legal requirements are met. If you would like more information about the hazardous vegetation abatement contractor services, please contact the County of Santa Clara Weed Abatement Program at 408.282.3145 or visit https://weedabatement.sccgov.org. For your convenience, a price list indicating the rates for the County Contractor is enclosed.

If you have questions about this notice, please contact the Fire Prevention Division of the Santa Clara County Fire Department at 408.341.4420 or email prevention@sccfd.org.

Fire Prevention Division
SANTA CLARA COUNTY FIRE DEPARTMENT
408.341.4420

TOWN OF LOS GATOS
2026 COUNTY CONTRACTOR WEED ABATEMENT FEES

Properties in the Weed Abatement Program, you will be responsible for an annual inspection fee of $296.00 per parcel.

Please be advised that the property owner of any parcel found to be non-compliant on or after the April 1st, 2027 deadline will be charged a processing fee of $953.00 and the property will be scheduled for abatement by the County contractor. If you complete the abatement work before the County contractor performs the abatement, you will not incur further charges. Should the abatement work be performed by a County contractor, you will be assessed the contractor's charges plus a County administrative fee of $1,383.00 per parcel. For those parcels requiring a warrant a fee of $3,006.00 per parcel will be assessed.

A) Disc Work**

PARCEL SIZE:	1st Disc	2nd Disc	Total Discs
0-12,500 sq.ft.	$291-$425	$149-$180	$440-$605
12,501sq.ft.- 43,560sq.ft.	$338-$425	$149-$225	$487-$650
Larger than 1 Acre (cost per acre)	$152-$309	$130-$151	$282-$460

** It is required that parcels be disced twice a year. The cost for the first discing is higher due to additional work normally required during the first discing.

B) HANDWORK

$5.09-$5.73 PER 100 Square Feet (SF)

C) FLAIL MOWING

6 Foot Mower $6.40-10.97 PER 1,000 SF

12 Foot Mower $6.40-10.97 PER 1,000 SF

D) LOADER WORK

$153-$185 PER HOUR

E) DUMP TRUCK

$141-$185 PER HOUR

F) BRUSH WORK

$4.80-$5.47 PER 100 SF

G) DUMP FEE

Cost added to orders with debris removal at 100% of the dump site charge.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 21

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Conduct a Public Hearing to Hear Protests and Adopt Resolutions Confirming the Diagrams and Assessments and Levying and Authorizing the Collection of Assessments for Landscape and Lighting Assessment Districts No. 1 and 2 for Fiscal Year 2026-27**

RECOMMENDATION: Conduct a public hearing to hear protests and take the following actions for Landscape and Lighting Assessment Districts No. 1 and No. 2 for Fiscal Year 2026-27:

a. Adopt resolutions confirming the diagrams and assessments and levying and authorizing the collection of assessments for Landscape and Lighting Assessment District No. 1 (Blackwell Drive Benefit Zone, Kennedy Meadows Benefit Zone, Santa Rosa Heights Benefit Zone, Vasona Heights Benefit Zone, and Hillbrook Drive Benefit Zone).
b. Adopt resolutions confirming the diagram and assessments and levying and authorizing the collection of assessments for Landscape and Lighting Assessment District No. 2 (Gemini Court Benefit Zone).

FISCAL IMPACT:

There are no direct fiscal impacts on the Town's General Fund as a result of administering Landscape and Lighting Assessment Districts No. 1 and No. 2 (“Districts”). All of the costs associated with the Districts are recovered via the assessments levied against the property owners within the Districts. There are no proposed increases in any of the parcel assessments for FY 2026-27 that would require a vote under Proposition 218.

PREPARED BY: Paul Gonia
Project Analyst I

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

STRATEGIC PRIORITY:

This item does not directly address a Strategic Priority; however, it aligns with the Core Goal of Fiscal Stability. Specifically, property owners are assessed for the specific benefit they derive from open space and public space near their residence, reducing the General Fund burden for these services.

BACKGROUND:

Landscape and Lighting Assessment Districts No. 1 and No. 2 ("Districts") were established in accordance with Streets and Highways Code Sections 22500 *et al*. On April 21, 2026, the Town Council initiated the annual process of renewing the Districts for the fiscal year commencing on July 1, 2026. The Districts are comprised of six distinct zones of benefit, five of which are included in Landscape and Lighting Assessment District No. 1. Maps of the various benefit zones are included in the Engineer's Report (Attachment 7). The primary purpose of each Landscape and Lighting Assessment District is to provide for the ongoing maintenance and care of landscaped areas that are especially beneficial to those properties within a benefit zone. These services are performed by a contractor retained by the Town on behalf of the property owners. The current contractor was selected following a competitive solicitation process. For a specific description of the services provided in each benefit zone, please refer to the attached Engineer's Report (Attachment 7).

On May 5, 2026, the Town Council received and approved the Engineer's Report (Attachment 7) and adopted resolutions of intention declaring its intent to levy and collect assessments for Fiscal Year 2026 27 and setting June 16, 2026, at 7:00 p.m. as the date and time for the required public hearing. If a majority protest is received at the public hearing, the assessments cannot be levied. A majority protest exists if assessment ballots submitted and not withdrawn in opposition exceed assessment ballots submitted and not withdrawn in favor, with ballots weighted by the amount of the proposed assessment for each identified parcel.

DISCUSSION:

The Notice of Intention to Levy Annual Assessments for FY 2026-27 is scheduled to be published in the Los Gatos Weekly on June 5, 2026, and June 12, 2026. Additionally, notices of the proposed assessments and of the scheduled public hearing were mailed to each of the property owners in the Districts, and to date, no protests or other written communication have been received. If communication is received prior to the June 16, 2026, Town Council meeting, it will be presented at the hearing.

The following table shows the number of parcels for each benefit zone and the proposed FY 2026-27 assessments:

Benefit Zone	No. of Parcels	Per Parcel Assessment
Blackwell Drive	5	$632
Kennedy Meadows	15	$685
Santa Rosa Heights	15	$300
Vasona Heights	33	$295
Hillbrook	34	$175
Gemini Court	20	$230

CONCLUSION:

Staff recommends that the Town Council open the public hearing, hear any protests, and adopt the six resolutions (Attachments 1-6) to continue the annual process of renewing Landscape and Lighting Assessment Districts No. 1 and No. 2 for Fiscal Year 2026-27.

ALTERNATIVES:

If the six resolutions are not adopted, then the renewal process for the Districts would halt, and staff would follow any alternative direction given by the Town Council. Staff would need direction about whether the services currently provided by the Districts should continue and, if so, how.

The two most likely options that the Town Council could choose would be to either:

1. Give the responsibility for providing the services back to the property owners within the districts, or

2. Assume responsibility for providing the services through the Town's General Fund Operating Budget.

As the Districts provide for higher levels of landscaping and lighting services within the specific benefit zones than in other areas of the Town, staff does not recommend either of these two approaches.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Resolution Confirming Diagram and Assessment and Levying and Authorizing Collection of Assessments – Blackwell Drive Benefit Zone
2. Resolution Confirming Diagram and Assessment and Levying and Authorizing Collection of Assessments – Kennedy Meadows Drive Benefit Zone

3. Resolution Confirming Diagram and Assessment and Levying and Authorizing Collection of Assessments – Santa Rosa Heights Benefit Zone.
4. Resolution Confirming Diagram and Assessment and Levying and Authorizing Collection of Assessments – Vasona Heights Benefit Zone.
5. Resolution Confirming Diagram and Assessment and Levying and Authorizing Collection of Assessments – Hillbrook Drive Benefit Zone.
6. Resolution Confirming Diagram and Assessment and Levying and Authorizing Collection of Assessments – Gemini Court Benefit Zone.
7. Engineer's Report for Fiscal Year 2026-27.

RESOLUTION 2026-XX

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS CONFIRMING DIAGRAM AND ASSESSMENT, AND LEVYING AND AUTHORIZING COLLECTION OF ASSESSMENTS FOR LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1 - BLACKWELL DRIVE BENEFIT ZONE FOR FISCAL YEAR 2026-27

WHEREAS, on April 21, 2026, the Town Council ordered the Town Engineer to prepare and file a report regarding Landscape and Lighting Assessment District No. 1 - Blackwell Drive Benefit Zone regarding the improvements in the District and proposed assessments to support those improvements; and

WHEREAS, the Town Engineer prepared and filed that report; and

WHEREAS, the Town Council considered and approved that report; and

WHEREAS, the Engineer's Report contains a detailed description of the improvements in the District, the boundaries of the District, and the proposed assessments upon assessable lots and parcels of land within the District; and

WHEREAS, on May 5, 2026, the Town Council adopted Resolution No. 2026-24 declaring its intention to levy and collect assessments in Landscape and Lighting District No. 1 - Blackwell Drive Benefit Zone, and set the matter for public hearing in accordance with State law; and

WHEREAS, notice of the public hearing was duly mailed and published in accordance with State law; and

WHEREAS, the public hearing on the proposed levy of assessments was held by the Town Council on June 16, 2026, at which time all interested persons present were heard; and

WHEREAS, the proposed assessments are not proposed to be increased from any previous year; and

WHEREAS, the Town Council has received and considered all written and oral statements and protests regarding the proposed assessment.

NOW THEREFORE, BE IT RESOLVED:

1. The diagram and assessment attached hereto as Parts C and D are approved.

2. This Resolution shall constitute the levy of assessment for Landscape and Lighting Assessment District No. 1 - Blackwell Drive Benefit Zone, for Fiscal Year 2026-27.

3. The Town Clerk shall transmit a certified copy of this Resolution to the Tax Collector of Santa Clara County for entry on the County Assessment Roll opposite each lot or parcel of land in the amount assessed pursuant to the Resolution, and collection pursuant to Streets and Highways Code Sec. 22646 and payment to the Town pursuant to Streets and Highways Code Sec. 22647.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 16th day of June 2026 by the following vote:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK
LOS GATOS, CALIFORNIA

DATE: _____

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026 /27

BLACKWELL DRIVE BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$632	424-12-123
Lot 2	$632	424-12-124
Lot 3	$632	424-12-125
Lot 4	$632	424-12-126
Lot 5	$632	424-12-127
Total Assessment:	**$3,160**	

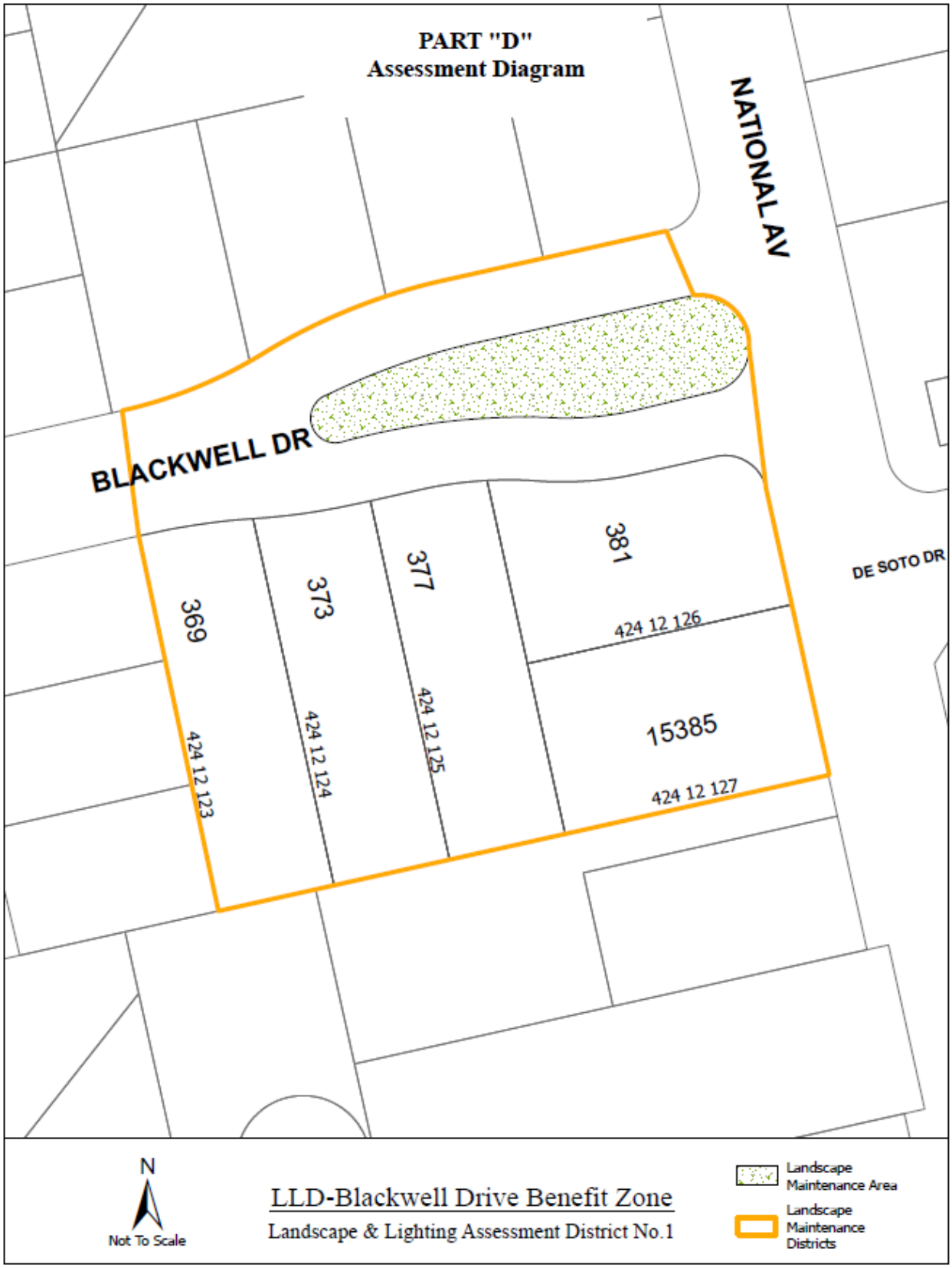
The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within the Blackwell Drive Benefit Zone of Landscape and Lighting Assessment District No. 1.

PROPERTY OWNERS LIST

APN
42412123
42412124
42412125
42412126
42412127


PART "D"
Assessment Diagram
NATIONAL AV
BLACKWELL DR
DE SOTO DR
369
373
377
381
15385
424 12 123
424 12 124
424 12 125
424 12 126
424 12 127
N
Not To Scale
LLD-Blackwell Drive Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

RESOLUTION 2026-XX

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS CONFIRMING DIAGRAM AND ASSESSMENT, AND LEVYING AND AUTHORIZING COLLECTION OF ASSESSMENTS FOR LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1 - KENNEDY MEADOWS BENEFIT ZONE FOR FISCAL YEAR 2026-27

WHEREAS, on April 21, 2026, the Town Council ordered the Town Engineer to prepare and file a report regarding Landscape and Lighting Assessment District No. 1 - Kennedy Meadows Benefit Zone regarding the improvements in the District and proposed assessments to support those improvements; and

WHEREAS, the Town Engineer prepared and filed that report; and

WHEREAS, the Town Council considered and approved that report; and

WHEREAS, the Engineer's Report contains a detailed description of the improvements in the District, the boundaries of the District, and the proposed assessments upon assessable lots and parcels of land within the District; and

WHEREAS, on May 5, 2026, the Town Council adopted Resolution No. 2026-25 declaring its intention to levy and collect assessments in Landscape and Lighting District No. 1 - Kennedy Meadows Benefit Zone, and set the matter for public hearing in accordance with State law; and

WHEREAS, notice of the public hearing was duly mailed and published in accordance with State law; and

WHEREAS, the public hearing on the proposed levy of assessments was held by the Town Council on June 16, 2026, at which time all interested persons present were heard; and

WHEREAS, the proposed assessments are not proposed to be increased from any previous year; and

WHEREAS, the Town Council has received and considered all written and oral statements and protests regarding the proposed assessment.

NOW THEREFORE, BE IT RESOLVED:

1. The diagram and assessment attached hereto as Parts C and D are approved.

2. This Resolution shall constitute the levy of assessment for Landscape and Lighting Assessment District No. 1 - Kennedy Meadows Benefit Zone, for Fiscal Year 2026-27.

3. The Town Clerk shall transmit a certified copy of this Resolution to the Tax Collector of Santa Clara County for entry on the County Assessment Roll opposite each lot or parcel of land in the amount assessed pursuant to the Resolution, and collection pursuant to Streets and Highways Code Sec. 22646 and payment to the Town pursuant to Streets and Highways Code Sec. 22647.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 16th day of June 2026 by the following vote:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK
LOS GATOS, CALIFORNIA

DATE: _____

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026 /27

KENNEDY MEADOWS BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$685.00	532-18-050
Lot 2	$685.00	532-18-049
Lot 3	$685.00	532-18-048
Lot 4	$685.00	532-18-047
Lot 5	$685.00	532-18-052
Lot 6	$685.00	532-18-063
Lot 7	$685.00	532-18-062
Lot 8	$685.00	532-18-061
Lot 9	$685.00	532-18-060
Lot 10	$685.00	532-18-059
Lot 11	$685.00	532-18-058
Lot 12	$685.00	532-18-057
Lot 13	$685.00	532-18-056
Lot 14	$685.00	532-18-055
Lot 15	$685.00	532-18-054
Total Assessment:	$10,275	

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

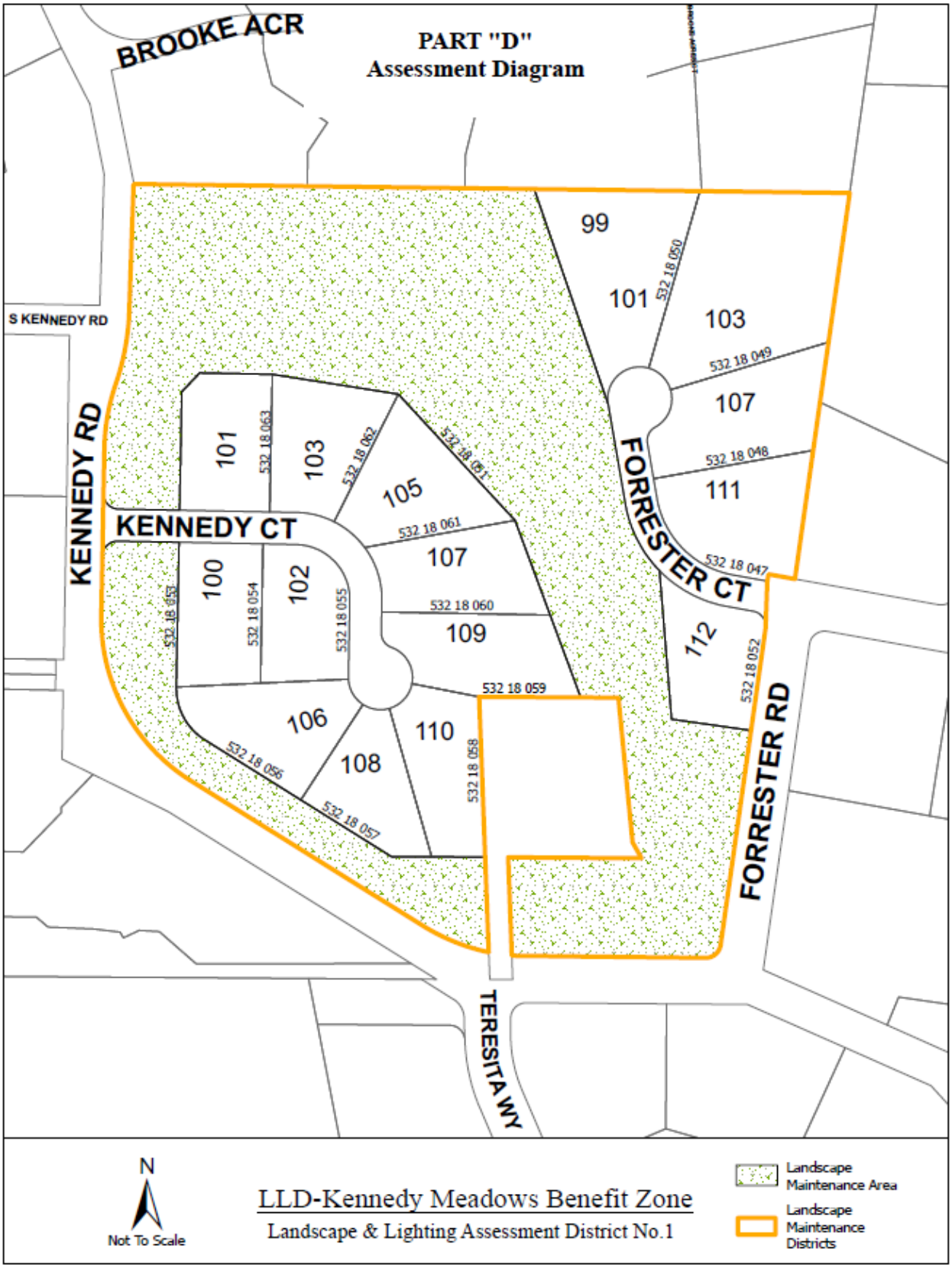
METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within Kennedy Meadows Benefit Zone of Landscape and Lighting Assessment District No. 1.

KENNEDY MEADOWS BENEFIT ZONE

PROPERTY OWNERS LIST

APN
53218047
53218048
53218049
53218050
53218052
53218054
53218055
53218056
53218057
53218058
53218059
53218060
53218061
53218062
53218063


PART "D"
Assessment Diagram
BROOKE ACR
S KENNEDY RD
KENNEDY RD
KENNEDY CT
FORRESTER CT
FORRESTER RD
TERESITA WY
99
101
103
107
111
112
100
102
105
106
108
109
110
532 18 047
532 18 048
532 18 049
532 18 050
532 18 051
532 18 052
532 18 053
532 18 054
532 18 055
532 18 056
532 18 057
532 18 058
532 18 059
532 18 060
532 18 061
532 18 062
532 18 063
N
Not To Scale
LLD-Kennedy Meadows Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

RESOLUTION 2026-XX

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS CONFIRMING DIAGRAM AND ASSESSMENT, AND LEVYING AND AUTHORIZING COLLECTION OF ASSESSMENTS FOR LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1 - SANTA ROSA HEIGHTS BENEFIT ZONE FOR FISCAL YEAR 2026-27

WHEREAS, on April 21, 2026, the Town Council ordered the Town Engineer to prepare and file a report regarding Landscape and Lighting Assessment District No. 1 - Santa Rosa Heights Benefit Zone regarding the improvements in the District and proposed assessments to support those improvements; and

WHEREAS, the Town Engineer prepared and filed that report; and

WHEREAS, the Town Council considered and approved that report; and

WHEREAS, the Engineer's Report contains a detailed description of the improvements in the District, the boundaries of the District, and the proposed assessments upon assessable lots and parcels of land within the District; and

WHEREAS, on May 5, 2026, the Town Council adopted Resolution No. 2026-26 declaring its intention to levy and collect assessments in Landscape and Lighting District No. 1 - Santa Rosa Heights Benefit Zone, and set the matter for public hearing in accordance with State law; and

WHEREAS, notice of the public hearing was duly mailed and published in accordance with State law; and

WHEREAS, the public hearing on the proposed levy of assessments was held by the Town Council on June 16, 2026, at which time all interested persons present were heard; and

WHEREAS, the proposed assessments are not proposed to be increased from any previous year; and

WHEREAS, the Town Council has received and considered all written and oral statements and protests regarding the proposed assessment.

ATTACHMENT 3

NOW THEREFORE, BE IT RESOLVED:

1. The diagram and assessment attached hereto as Parts C and D are approved.

2. This Resolution shall constitute the levy of assessment for Landscape and Lighting Assessment District No. 1 - Santa Rosa Heights Benefit Zone, for Fiscal Year 2026-27.

3. The Town Clerk shall transmit a certified copy of this Resolution to the Tax Collector of Santa Clara County for entry on the County Assessment Roll opposite each lot or parcel of land in the amount assessed pursuant to the Resolution, and collection pursuant to Streets and Highways Code Sec. 22646 and payment to the Town pursuant to Streets and Highways Code Sec. 22647.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 16th day of June 2026 by the following vote:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK
LOS GATOS, CALIFORNIA

DATE: _____

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026 /27

SANTA ROSA HEIGHTS BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$300.00	537-31-001
Lot 2	$300.00	537-31-002
Lot 3	$300.00	537-31-003
Lot 4	$300.00	537-31-022
Lot 5	$300.00	537-31-023
Lot 6	$300.00	537-31-006
Lot 7	$300.00	537-31-007
Lot 8	$300.00	537-31-008
Lot 9	$300.00	537-31-009
Lot 10	$300.00	537-31-010
Lot 11	$300.00	537-31-011
Lot 12	$300.00	537-31-012
Lot 13	$300.00	537-31-013
Lot 14	$300.00	537-31-014
Lot 15	$300.00	537-31-015
Total Assessment:	**$4,500**	

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

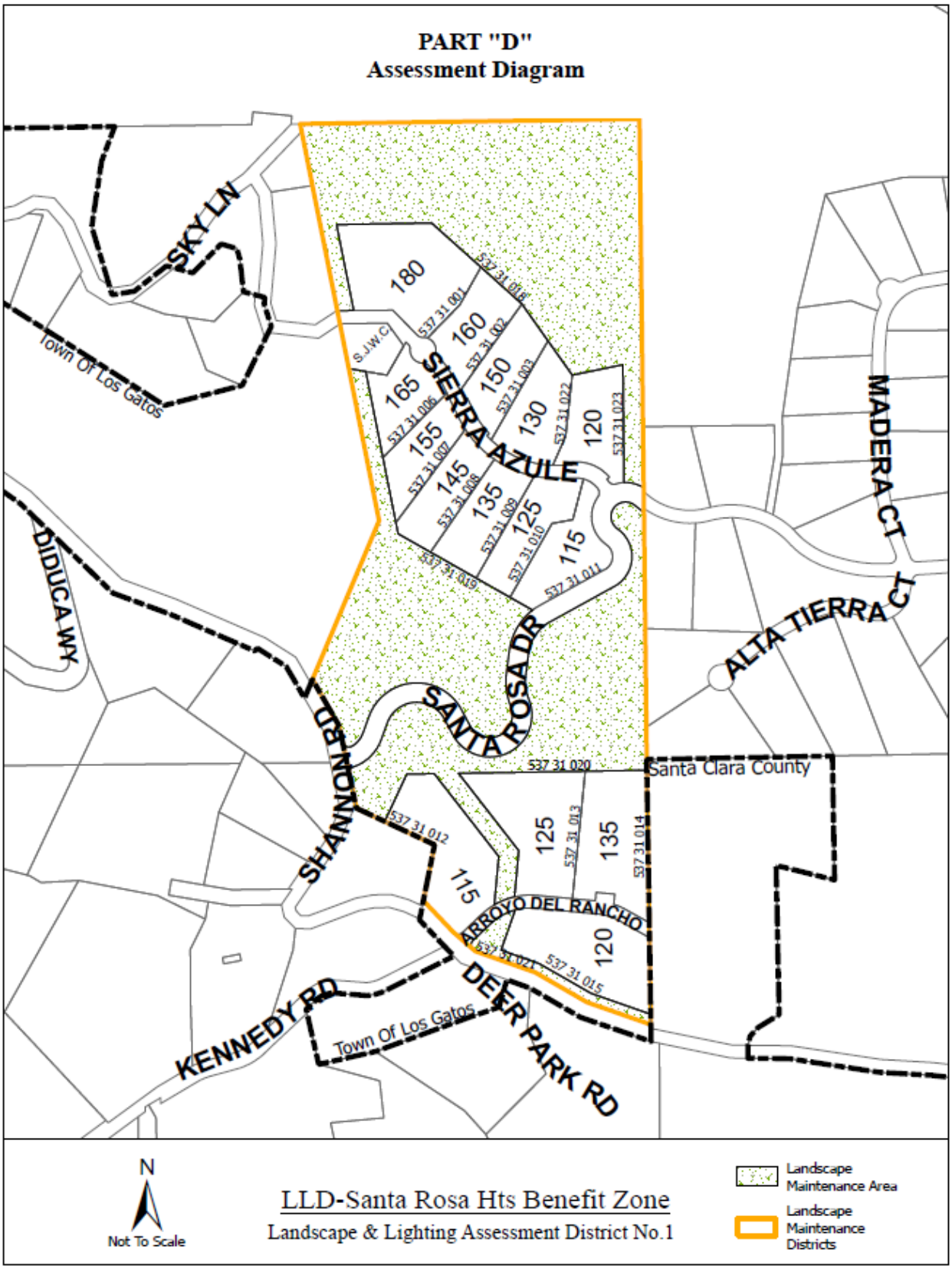
METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within Santa Rosa Heights Benefit Zone of Landscape and Lighting Assessment District No. 1.

SANTA ROSA HEIGHTS BENEFIT ZONE

PROPERTY OWNERS LIST

APN
53731001
53731002
53731003
53731006
53731007
53731008
53731009
53731010
53731011
53731012
53731013
53731014
53731015
53731022
53731023


PART "D"
Assessment Diagram
SKY LN
Town Of Los Gatos
S.J.W.C.
SIERRA AZULE
MADERA CT
DIDUCA WY
SHANNON RD
SANTA ROSA DR
ALTA TIERRA CT
ARROYO DEL RANCHO
KENNEDY RD
DEER PARK RD
Town Of Los Gatos
Santa Clara County
180
160
150
130
120
165
155
145
135
125
115
537 31 001
537 31 002
537 31 003
537 31 004
537 31 005
537 31 006
537 31 007
537 31 008
537 31 009
537 31 010
537 31 011
537 31 012
537 31 013
537 31 014
537 31 015
537 31 019
537 31 020
537 31 021
537 31 022
537 31 023
N
Not To Scale
LLD-Santa Rosa Hts Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

RESOLUTION 2026-XX

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS CONFIRMING DIAGRAM AND ASSESSMENT, AND LEVYING AND AUTHORIZING COLLECTION OF ASSESSMENTS FOR LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1 - VASONA HEIGHTS BENEFIT ZONE FOR FISCAL YEAR 2026-27

WHEREAS, on April 21, 2026, the Town Council ordered the Town Engineer to prepare and file a report regarding Landscape and Lighting Assessment District No. 1 - Vasona Heights Benefit Zone regarding the improvements in the District and proposed assessments to support those improvements; and

WHEREAS, the Town Engineer prepared and filed that report; and

WHEREAS, the Town Council considered and approved that report; and

WHEREAS, the Engineer's Report contains a detailed description of the improvements in the District, the boundaries of the District, and the proposed assessments upon assessable lots and parcels of land within the District; and

WHEREAS, on May 5, 2026, the Town Council adopted Resolution No. 2026-27 declaring its intention to levy and collect assessments in Landscape and Lighting District No. 1 - Vasona Heights Benefit Zone, and set the matter for public hearing in accordance with State law; and

WHEREAS, notice of the public hearing was duly mailed and published in accordance with State law; and

WHEREAS, the public hearing on the proposed levy of assessments was held by the Town Council on June 16, 2026, at which time all interested persons present were heard; and

WHEREAS, the proposed assessments are not proposed to be increased from any previous year; and

WHEREAS, the Town Council has received and considered all written and oral statements and protests regarding the proposed assessment,

ATTACHMENT 4

NOW THEREFORE, BE IT RESOLVED:

1. The diagram and assessment attached hereto as Parts C and D are approved.

2. This Resolution shall constitute the levy of assessment for Landscape and Lighting Assessment District No. 1 - Vasona Heights Benefit Zone, for Fiscal Year 2026-27.

3. The Town Clerk shall transmit a certified copy of this Resolution to the Tax Collector of Santa Clara County for entry on the County Assessment Roll opposite each lot or parcel of land in the amount assessed pursuant to the Resolution, and collection pursuant to Streets and Highways Code Sec. 22646 and payment to the Town pursuant to Streets and Highways Code Sec. 22647.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 16th day of June 2026 by the following vote:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK
LOS GATOS, CALIFORNIA

DATE: _____

PART C
ASSESSMENT ROLL
FISCAL YEAR 2026 /27

VASONA HEIGHTS BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$295.00	529-13-056
Lot 2	$295.00	529-13-055
Lot 3	$295.00	529-13-054
Lot 4	$295.00	529-13-053
Lot 5	$295.00	529-13-052
Lot 6	$295.00	529-13-051
Lot 7	$295.00	529-13-049
Lot 8	$295.00	529-13-048
Lot 9	$295.00	529-13-047
Lot 10	$295.00	529-13-046
Lot 11	$295.00	529-13-044
Lot 12	$295.00	529-13-043
Lot 13	$295.00	529-13-042
Lot 14	$295.00	529-13-041
Lot 15	$295.00	529-13-040
Lot 16	$295.00	529-13-039
Lot 17	$295.00	529-13-038
Lot 18	$295.00	529-13-037
Lot 19	$295.00	529-13-036
Lot 20	$295.00	529-13-035
Lot 21	$295.00	529-13-060
Lot 22	$295.00	529-13-061
Lot 23	$295.00	529-13-032
Lot 24	$295.00	529-13-031
Lot 25	$295.00	529-13-030
Lot 26	$295.00	529-13-029
Lot 27	$295.00	529-13-028
Lot 28	$295.00	529-13-063
Lot 29	$295.00	529-13-062
Lot 30	$295.00	529-13-022
Lot 31	$295.00	529-13-021
Lot 32	$295.00	529-13-058
Lot 33	$295.00	529-13-059
Total Assessment:	**$9,735.00**	

METHOD OF APPORTIONMENT OF ASSESSMENT

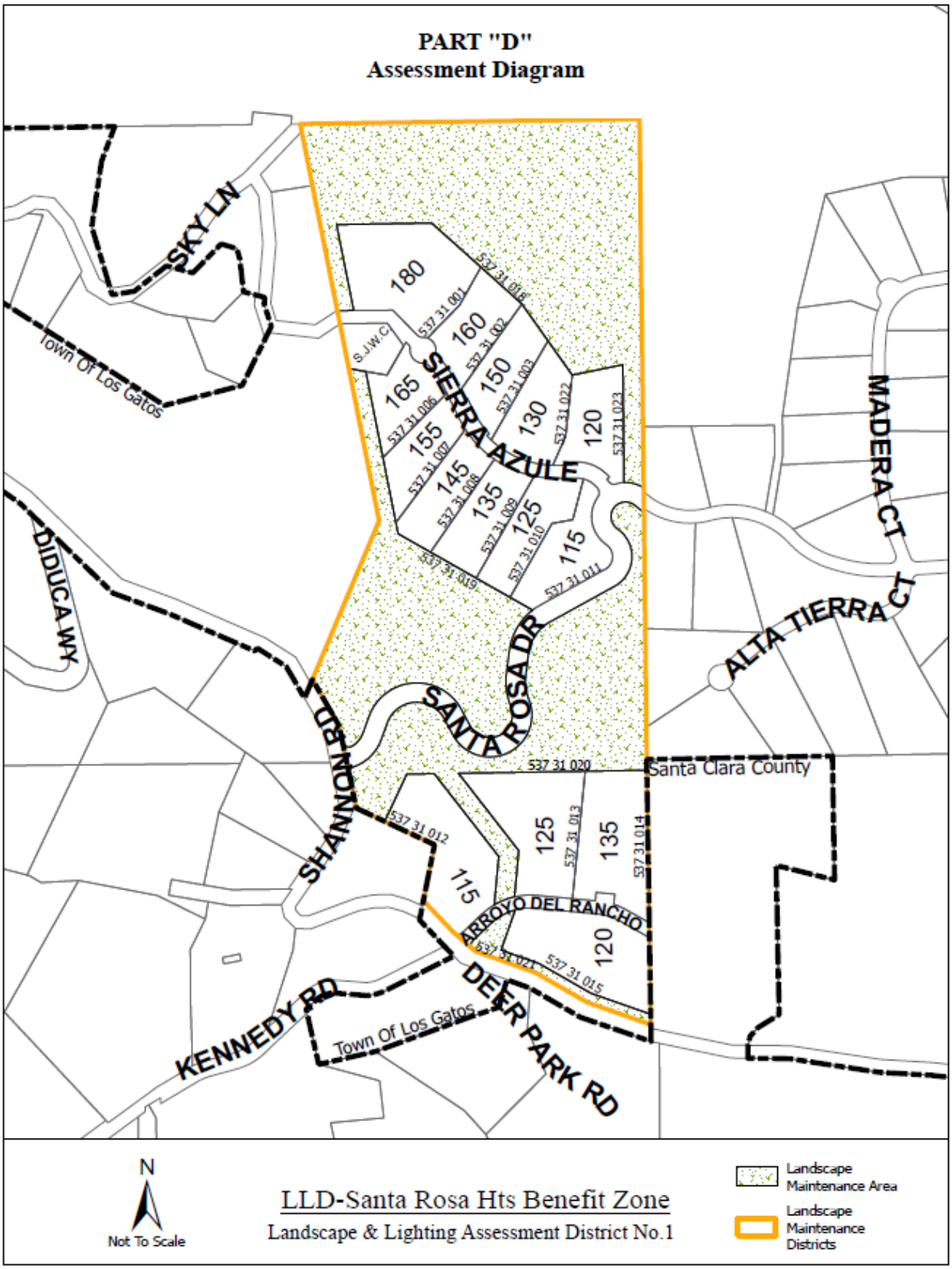
The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

The total amount of the assessment was apportioned equally to all the lots within Vasona Heights Benefit Zone of Landscape and Lighting Assessment District No. 1.

VASONA HEIGHTS BENEFIT ZONE

PROPERTY OWNERS LIST

APN
52913021
52913022
52913028
52913029
52913030
52913031
52913032
52913035
52913036
52913037
52913038
52913039
52913040
52913041
52913042
52913043
52913044
52913046
52913047
52913048
52913049
52913051
52913052
52913053
52913054
52913055
52913056
52913058
52913059
52913060
52913061
52913062
52913063


PART "D"
Assessment Diagram
SKY LN
Town Of Los Gatos
S.J.W.C.
SIERRA AZULE
MADERA CT
DIDUCA WY
SHANNON RD
SANTA ROSA DR
ALTA TIERRA CT
Santa Clara County
ARROYO DEL RANCHO
KENNEDY RD
DEER PARK RD
Town Of Los Gatos
180
160
150
130
120
165
155
145
135
125
115
537 31 001
537 31 002
537 31 003
537 31 006
537 31 007
537 31 008
537 31 009
537 31 010
537 31 011
537 31 012
537 31 013
537 31 014
537 31 015
537 31 016
537 31 019
537 31 020
537 31 021
537 31 022
537 31 023
N
Not To Scale
LLD-Santa Rosa Hts Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

RESOLUTION 2026-XX

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS CONFIRMING DIAGRAM AND ASSESSMENT, AND LEVYING AND AUTHORIZING COLLECTION OF ASSESSMENTS FOR LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1 - HILLBROOK DRIVE BENEFIT ZONE FOR FISCAL YEAR 2026-27

WHEREAS, on April 21, 2026, the Town Council ordered the Town Engineer to prepare and file a report regarding Landscape and Lighting Assessment District No. 1 - Hillbrook Drive Benefit Zone regarding the improvements in the District and proposed assessments to support those improvements; and

WHEREAS, the Town Engineer prepared and filed that report; and

WHEREAS, the Town Council considered and approved that report; and

WHEREAS, the Engineer's Report contains a detailed description of the improvements in the District, the boundaries of the District, and the proposed assessments upon assessable lots and parcels of land within the District; and

WHEREAS, on May 5, 2026, the Town Council adopted Resolution No. 2026-28 declaring its intention to levy and collect assessments in Landscape and Lighting District No. 1 - Hillbrook Drive Benefit Zone, and set the matter for public hearing in accordance with State law; and

WHEREAS, notice of the public hearing was duly mailed and published in accordance with State law; and

WHEREAS, the public hearing on the proposed levy of assessments was held by the Town Council on June 16, 2026, at which time all interested persons present were heard; and

WHEREAS, the proposed assessments are not proposed to be increased from any previous year; and

WHEREAS, the Town Council has received and considered all written and oral statements and protests regarding the proposed assessment.

ATTACHMENT 5

NOW THEREFORE, BE IT RESOLVED:

1. The diagram and assessment attached hereto as Parts C and D are approved.
2. This Resolution shall constitute the levy of assessment for Landscape and Lighting Assessment District No. 1 - Hillbrook Drive Benefit Zone, for Fiscal Year 2026-27.
3. The Town Clerk shall transmit a certified copy of this Resolution to the Tax Collector of Santa Clara County for entry on the County Assessment Roll opposite each lot or parcel of land in the amount assessed pursuant to the Resolution, and collection pursuant to Streets and Highways Code Sec. 22646 and payment to the Town pursuant to Streets and Highways Code Sec. 22647.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 16th day of June 2026 by the following vote:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK
LOS GATOS, CALIFORNIA

DATE: _____

PART C
ASSESSMENT ROLL
FISCAL YEAR 2026 /27
HILLBROOK BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$175.00	523-11-027
Lot 2	$175.00	523-11-026
Lot 3	$175.00	523-11-025
Lot 4	$175.00	523-11-024
Lot 5	$175.00	523-11-023
Lot 6	$175.00	523-11-022
Lot 7	$175.00	523-11-021
Lot 8	$175.00	523-11-020
Lot 9	$175.00	523-11-019
Lot 10	$175.00	523-11-018
Lot 11	$175.00	523-07-030
Lot 12	$175.00	523-07-029
Lot 13	$175.00	523-07-028
Lot 14	$175.00	523-07-027
Lot 15	$175.00	523-07-026
Lot 16	$175.00	523-07-025
Lot 17	$175.00	523-07-024
Lot 18	$175.00	523-07-023
Lot 19	$175.00	523-07-022
Lot 20	$175.00	523-07-021
Lot 21	$175.00	523-07-020
Lot 22	$175.00	523-07-019
Lot 23	$175.00	523-07-018
Lot 24	$175.00	523-07-017
Lot 25	$175.00	523-07-016
Lot 26	$175.00	523-07-015
Lot 27	$175.00	523-07-014
Lot 28	$175.00	523-07-013
Lot 29	$175.00	523-07-012
Lot 30	$175.00	523-07-011
Lot 31	$175.00	523-07-010
Lot 32	$175.00	523-07-009
Lot 33	$175.00	523-07-008
Lot 34	$175.00	523-07-007
Total Assessment:	**$5,950**	

ASSESSMENT ROLL
FISCAL YEAR 2026 /27

HILLBROOK BENEFIT ZONE

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

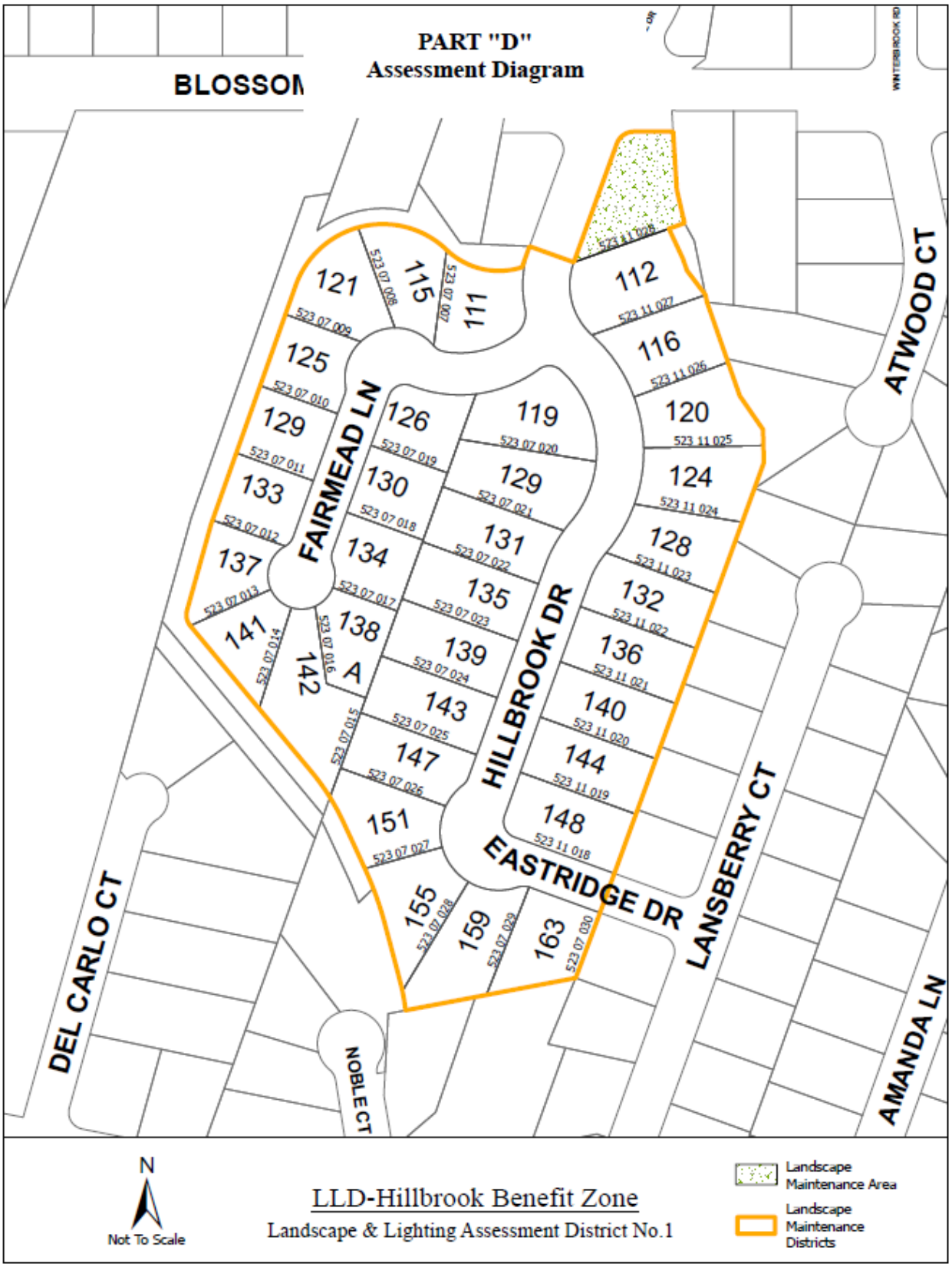
METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within Landscape and Lighting Assessment District No. 1--Hillbrook Benefit Zone.

HILLBROOK BENEFIT ZONE

PROPERTY OWNERS LIST

APN
52307007
52307008
52307009
52307010
52307011
52307012
52307013
52307014
52307015
52307016
52307017
52307018
52307019
52307020
52307021
52307022
52307023
52307024
52307025
52307026
52307027
52307028
52307029
52307030
52311018
52311019
52311020
52311021
52311022
52311023
52311024
52311025
52311026
52311027


PART "D"
Assessment Diagram
BLOSSOM
WINTERBROOK RD
ATWOOD CT
FAIRMEAD LN
HILLBROOK DR
EASTRIDGE DR
LANSBERRY CT
DEL CARLO CT
NOBLE CT
AMANDA LN
121
523 07 009
125
523 07 010
129
523 07 011
133
523 07 012
137
523 07 013
141
523 07 014
142
523 07 016
A
523 07 015
523 07 008
115
523 07 007
111
126
523 07 019
130
523 07 018
134
523 07 017
138
135
523 07 023
139
523 07 024
143
523 07 025
147
523 07 026
151
523 07 027
155
523 07 028
159
523 07 029
163
523 07 030
119
523 07 020
129
523 07 021
131
523 07 022
523 11 028
112
523 11 027
116
523 11 026
120
523 11 025
124
523 11 024
128
523 11 023
132
523 11 022
136
523 11 021
140
523 11 020
144
523 11 019
148
523 11 018
N
Not To Scale
LLD-Hillbrook Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

RESOLUTION 2026-XX

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS CONFIRMING DIAGRAM AND ASSESSMENT, AND LEVYING AND AUTHORIZING COLLECTION OF ASSESSMENTS FOR LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 2 - GEMINI COURT BENEFIT ZONE FOR FISCAL YEAR 2026-27

WHEREAS, on April 21, 2026, the Town Council ordered the Town Engineer to prepare and file a report regarding Landscape and Lighting Assessment District No. 2 - Gemini Court Drive Benefit Zone regarding the improvements in the District and proposed assessments to support those improvements; and

WHEREAS, the Town Engineer prepared and filed that report; and

WHEREAS, the Town Council considered and approved that report; and

WHEREAS, the Engineer's Report contains a detailed description of the improvements in the District, the boundaries of the District, and the proposed assessments upon assessable lots and parcels of land within the District; and

WHEREAS, on May 5, 2026, the Town Council adopted Resolution No. 2026-29 declaring its intention to levy and collect assessments in Landscape and Lighting District No. 2 - Gemini Court Benefit Zone, and set the matter for public hearing in accordance with State law; and

WHEREAS, notice of the public hearing was duly mailed and published in accordance with State law; and

WHEREAS, the public hearing on the proposed levy of assessments was held by the Town Council on June 16, 2026, at which time all interested persons present were heard; and

WHEREAS, the proposed assessments are not proposed to be increased from any previous year; and

WHEREAS, the Town Council has received and considered all written and oral statements and protests regarding the proposed assessment.

ATTACHMENT 6

NOW THEREFORE, BE IT RESOLVED:

1. The diagram and assessment attached hereto as Parts C and D are approved.

2. This Resolution shall constitute the levy of assessment for Landscape and Lighting Assessment District No. 2 - Gemini Court Benefit Zone, for Fiscal Year 2026-27.

3. The Town Clerk shall transmit a certified copy of this Resolution to the Tax Collector of Santa Clara County for entry on the County Assessment Roll opposite each lot or parcel of land in the amount assessed pursuant to the Resolution, and collection pursuant to Streets and Highways Code Sec. 22646 and payment to the Town pursuant to Streets and Highways Code Sec. 22647.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 16th day of June 2026 by the following vote:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK
LOS GATOS, CALIFORNIA

DATE: _____

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026 /27

GEMINI COURT BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$230.00	567-64-051
Lot 2	$230.00	567-64-050
Lot 3	$230.00	567-64-049
Lot 4	$230.00	567-64-048
Lot 5	$230.00	567-64-047
Lot 6	$230.00	567-64-046
Lot 7	$230.00	567-64-045
Lot 8	$230.00	567-64-044
Lot 9	$230.00	567-64-054
Lot 10	$230.00	567-64-053
Lot 11	$230.00	567-64-052
Lot 12	$230.00	567-64-042
Lot 13	$230.00	567-64-041
Lot 14	$230.00	567-64-040
Lot 15	$230.00	567-64-039
Lot 16	$230.00	567-64-038
Lot 17	$230.00	567-64-037
Lot 18	$230.00	567-64-036
Lot 19	$230.00	567-64-035
Lot 20	$230.00	567-64-034
Total Assessment:	**$4,600.00**	

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

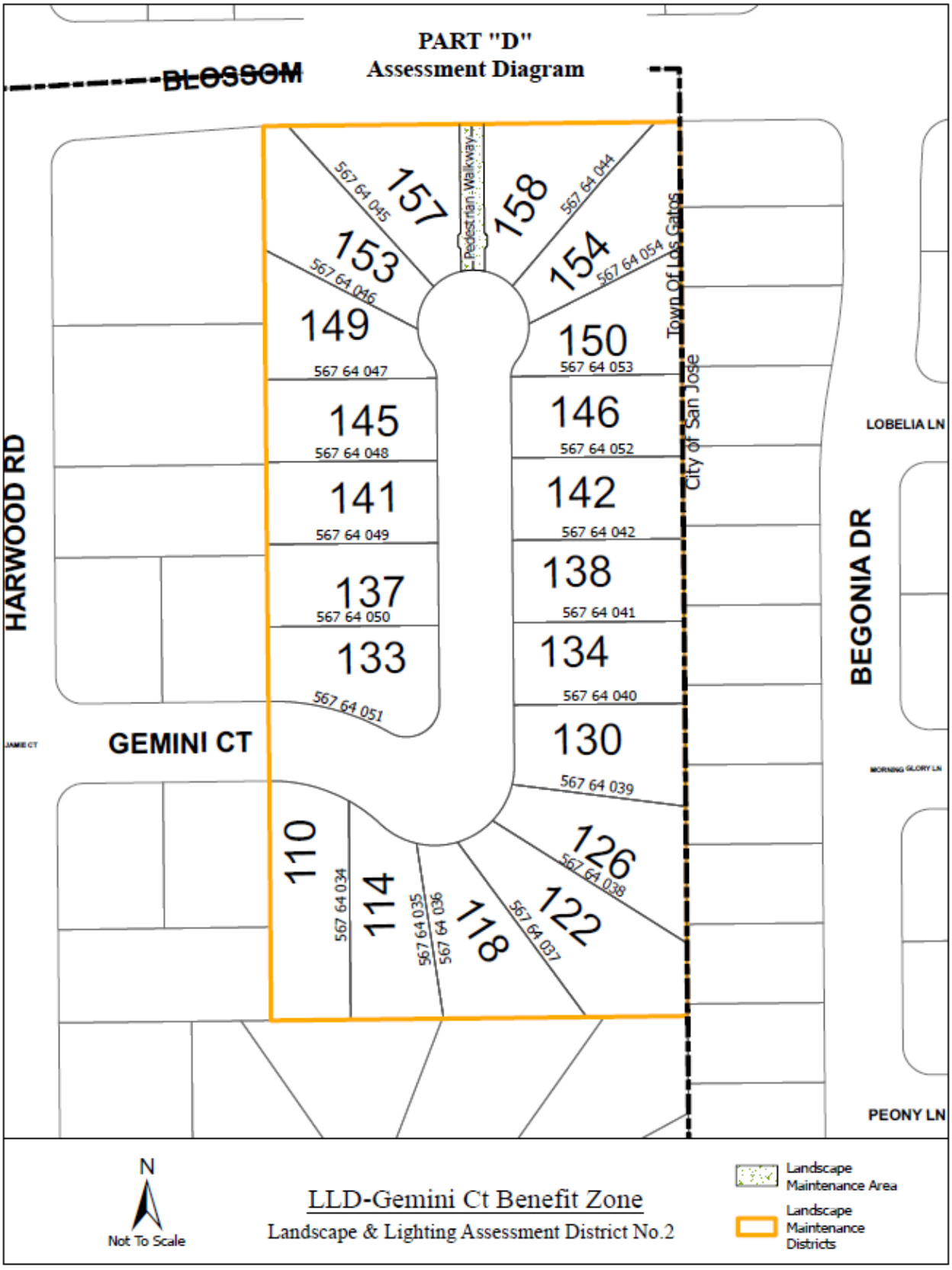
METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within the Gemini Court Benefit Zone of Landscape and Lighting Assessment District No. 2.

GEMINI COURT BENEFIT ZONE

PROPERTY OWNERS LIST

APN
56764034
56764035
56764036
56764037
56764038
56764039
56764040
56764041
56764042
56764044
56764045
56764046
56764047
56764048
56764049
56764050
56764051
56764052
56764053
56764054


PART "D"
Assessment Diagram
BLOSSOM
HARWOOD RD
GEMINI CT
BEGONIA DR
LOBELIA LN
PEONY LN
MORNING GLORY LN
JAMIE CT
Pedestrian Walkway
Town Of Los Gatos
City of San Jose
157
158
153
154
149
150
145
146
141
142
137
138
133
134
130
110
114
118
122
126
567 64 045
567 64 044
567 64 046
567 64 054
567 64 047
567 64 053
567 64 048
567 64 052
567 64 049
567 64 042
567 64 050
567 64 041
567 64 051
567 64 040
567 64 039
567 64 034
567 64 035
567 64 036
567 64 037
567 64 038
N
Not To Scale
LLD-Gemini Ct Benefit Zone
Landscape & Lighting Assessment District No.2
Landscape Maintenance Area
Landscape Maintenance Districts

Landscape and Lighting Assessment Districts No. 1 and 2

Fiscal Year 2026/27

ENGINEER'S REPORT

ATTACHMENT 7

ENGINEER'S REPORT

LANDSCAPE AND LIGHTING
ASSESSMENT DISTRICT NO. 1 AND 2

(Pursuant to the Landscape and Lighting Act of 1972)

The Engineer of Work respectfully submits the enclosed report as directed by the Town Council.

Gary Heap

Gary Heap
Town Engineer

April 30, 2026
DATE

I HEREBY CERTIFY that the enclosed Engineer's Report, with Assessment and Assessment Diagram thereto attached was filed with me on the 21 day of April, 2026.

Wendy Wood
Town Clerk, Town of Los Gatos
Santa Clara County, California

I HEREBY CERTIFY that the enclosed Engineer's Report, with Assessment and Assessment Diagram thereto attached, was approved and confirmed by the Town Council of the Town of Los Gatos, California on the 5th day of May 2026, by Resolution No. 2026- 023

Wendy Wood
Town Clerk, Town of Los Gatos
Santa Clara County, California

I HEREBY CERTIFY that the enclosed Engineer's Report, with Assessment and Assessment Diagram thereto attached was filed with the County Assessor of the County of Santa Clara on the _____ day of _____, 2026.

Landscape and Lighting Assessment District No. 1

BLACKWELL DRIVE BENEFIT ZONE

Fiscal Year 2026/27

ENGINEER'S REPORT

ENGINEER'S REPORT
FISCAL YEAR 2026/27

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1
(Pursuant to the Landscaping and Lighting Act of 1972)

BLACKWELL DRIVE BENEFIT ZONE

Gary Heap, Town Engineer for Landscape and Lighting Assessment District No. 1--Blackwell Drive Benefit Zone, Town of Los Gatos, Santa Clara County, California, makes this report, as directed by the Town Council, pursuant to Section 22566, et seq. of the Streets and Highways Code (Landscaping and Lighting Act of 1972).

The improvements that are the subject of this report are briefly described as follows:

Maintaining the landscaping in the median island constructed as a part of Tract No. 8306 and maintaining the streetlights installed along Blackwell Drive and National Avenue as a part of Tract No. 8306.

This report consists of four parts, as follows:

PART A: Plans and specifications for the improvements are filed in the Clerk Department. Although separately bound, the plans and specifications are a part of this report and are included in it by reference.

PART B: An estimate of the cost of the improvements.

PART C: An assessment of the estimated cost of the improvements on each benefited parcel within the assessment district, the method by which the Engineer of Work has determined the proposed assessment against each parcel, and a list of the owners of real property within this assessment district, as shown on the last equalized assessment roll for taxes, or as known to the Town Clerk.

PART D: A diagram showing all of the parcels of real property within this assessment district. The diagram is keyed to Part C by assessment number.

Respectfully submitted,

Gary Heap

Gary Heap
Town Engineer

April 30, 2026
DATE

PART A

FISCAL YEAR 2026/27

PLANS, SPECIFICATIONS AND REPORTS

BLACKWELL DRIVE BENEFIT ZONE

Plans and specifications for the improvements are those prepared by Greg G. Ing, and Associates, dated February 16, 1990. These plans and specifications have been filed separately in the Clerk Department of the Town of Los Gatos and are incorporated in the Report by reference.

PART B		
ESTIMATE OF THE COST OF IMPROVEMENTS		
FOR FISCAL YEAR 2026-27		
BLACKWELL DRIVE BENEFIT ZONE		
Fiscal Year 2024-25 Resources		
Fund Balance 6/30/24	$	15,046
Assessment		3,160
Delinquent Assessment		0
Penalties/Late Fees		0
Interest		664
Total Resources Available for FY 2024-25	$	**18,870**
Fiscal Year 2024-25 Expenses		
Santa Clara County Collection Fee	$	31
Publication & Notification Charges		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		1,554
Landscape Contractor		1,116
Town Administrative Charges		460
Total Expenses for FY 2024-25	$	**3,161**
Ending Fund Balance for FY 2024-25	$	**15,709**
Fiscal Year 2025-26 Estimated Resources		
Fund Balance 6/30/25	$	15,709
Assessment		3,160
Interest		50
Total Estimated Resources Available for FY 2025-26	$	**18,919**
Fiscal Year 2025-26 Estimated Expenses		
Santa Clara County Collection Fee	$	32
Publication & Notification Charges		515
Tree Services		0
Weed Abatement		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		910
Landscape Contractor		1,155
District Capital Improvement		0
Town Administrative Charges		460
Total Estimated Expenses for FY 2025-26	$	**3,072**
Estimated Ending Fund Balance for FY 2025-26	$	**15,847**

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026/27

BLACKWELL DRIVE BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$632	424-12-123
Lot 2	$632	424-12-124
Lot 3	$632	424-12-125
Lot 4	$632	424-12-126
Lot 5	$632	424-12-127
Total Assessment:	**$3,160**	

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

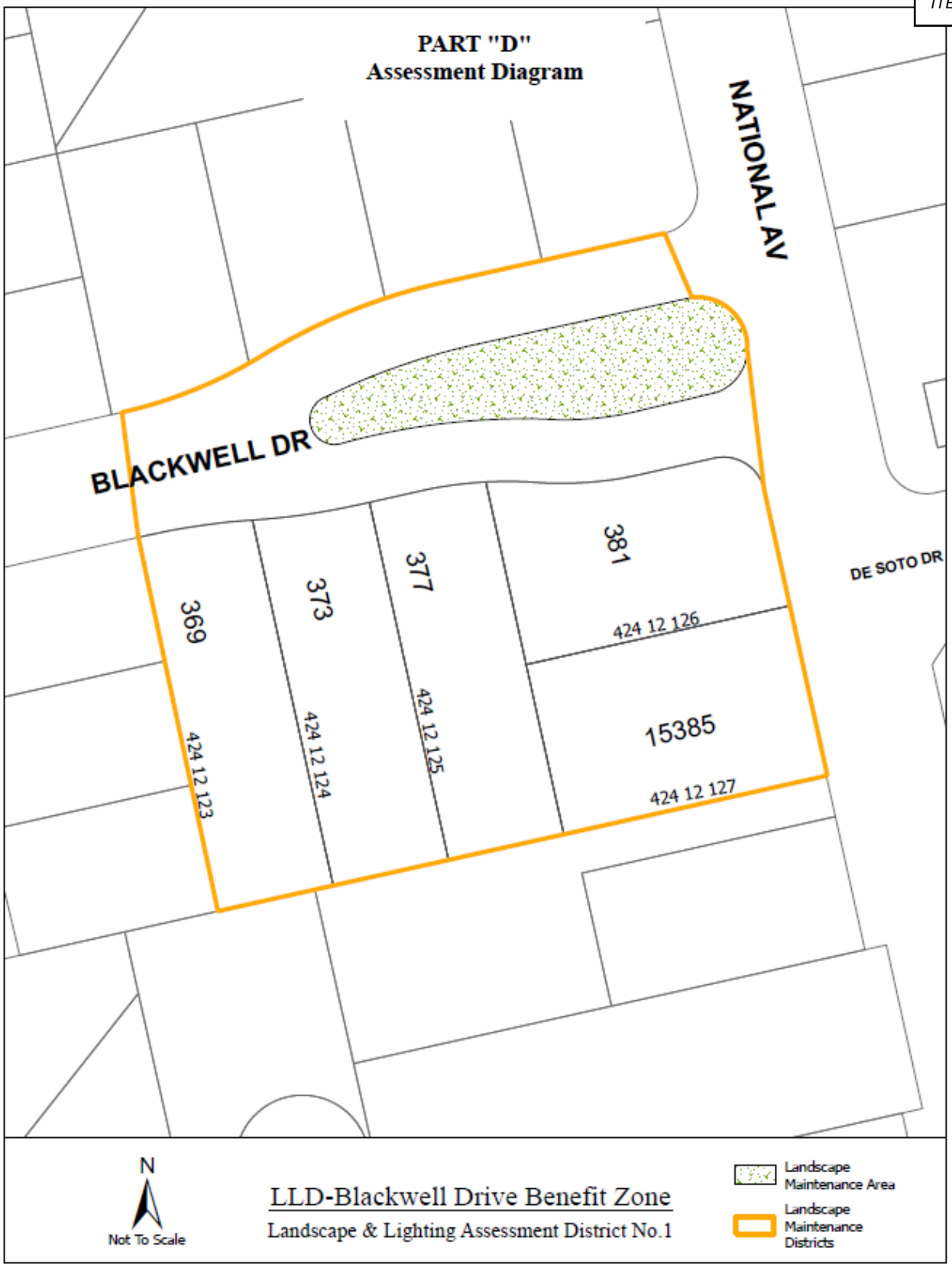
METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within the Blackwell Drive Benefit Zone of Landscape and Lighting Assessment District No. 1.

BLACKWELL DRIVE BENEFIT ZONE

PROPERTY OWNERS LIST

APN
42412123
42412124
42412125
42412126
42412127


PART "D"
Assessment Diagram
NATIONAL AV
BLACKWELL DR
DE SOTO DR
369
373
377
381
15385
424 12 123
424 12 124
424 12 125
424 12 126
424 12 127
N
Not To Scale
LLD-Blackwell Drive Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

Landscape and Lighting Assessment District No. 1

KENNEDY MEADOWS BENEFIT ZONE

Fiscal Year 2026/27

ENGINEER'S REPORT

ENGINEER'S REPORT
FISCAL YEAR 2026/27

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1
(Pursuant to the Landscaping and Lighting Act of 1972)

KENNEDY MEADOWS BENEFIT ZONE

Gary Heap, Town Engineer for Landscape and Lighting Assessment District No. 1--Kennedy Meadows Benefit Zone, Town of Los Gatos, Santa Clara County, California, makes this report, as directed by the Town Council, pursuant to Section 22566, et seq. of the Streets and Highways Code (Landscaping and Lighting Act of 1972).

The improvements that are the subject of this report are briefly described as follows:

The maintenance of trees, landscaping, irrigation systems, trail, and streetlights within open space areas (Parcels A and B) and along Kennedy Court and Forrester Court, as shown on the approved improvement for Tract No. 8612, Los Gatos, California and the riparian and wetlands area described in the report by H. T. Harvey Associates, dated November 11, 1994.

This report consists of four parts, as follows:

PART A: Plans and specifications for the improvements and the report by H. T. Harvey Associates are filed in the Clerk Department. Although separately bound, the plans, specifications and H.T. Harvey report are a part of this report and are included in it by reference.

PART B: An estimate of the cost of the improvements, including interest on the funds advanced to the benefit zone by the Town.

PART C: An assessment of the estimated cost of the improvements on each benefited parcel within the assessment district, the method by which the Engineer of Work has determined the amount proposed to be assessed against each parcel, and a list of the owners of real property within this assessment district, as shown on the last equalized assessment roll for taxes, or as known to the Town Clerk.

PART D: A diagram showing all of the parcels of real property within this assessment district. The diagram is keyed to Part C by assessment number.

Respectfully submitted,

Gary Heap

Gary Heap
Town Engineer

April 30, 2026
DATE

PART A

FISCAL YEAR 2026/27

PLANS, SPECIFICATIONS AND REPORTS

KENNEDY MEADOWS BENEFIT ZONE

Plans and specifications for the improvements are those prepared by Nowack and Associates, Civil Engineers, dated September 21, 1994, their job number 90-263C, pages 1 - 11. These plans and specifications have been filed separately in the Clerk Department of the Town of Los Gatos and are incorporated in the Report by reference.

The wetlands mitigation and monitoring plan was prepared by H.T. Harvey & Associates, Ecological Consultants, dated November 11, 1994, their file number 733-04, 11 pages. A revised wetlands mitigation plan is contained in a letter to the U.S. Army Corp of Engineers and California Regional Water Quality Control Board dated August 30, 1995 and as-built plans in a letter dated February 21, 1995. The original report and letters have been filed separately in the Clerk Department of the Town of Los Gatos and are incorporated in this Report by reference.

PART B		
ESTIMATE OF THE COST OF IMPROVEMENTS		
FOR FISCAL YEAR 2026-27		
KENNEDY MEADOWS BENEFIT ZONE		
Fiscal Year 2024-25 Resources		
Fund Balance 6/30/24	$	18,097
Assessment		10,378
Delinquent Assessment		0
Penalties/Late Fees		0
Interest		729
Total Resources Available for FY 2024-25	$	**29,204**
Fiscal Year 2024-25 Expenses		
Santa Clara County Collection Fee	$	103
Publication & Notification Charges		0
Light Pole Maintenance		0
Weed Abatement		0
Electric Utility		0
San Jose Water		2,553
Landscape Contractor		7,308
Town Administrative Charges		1,510
Improvements (Trail)		0
Total Expenses for FY 2024-25	$	**11,474**
Ending Fund Balance for FY 2024-25	$	**17,730**
Fiscal Year 2025-26 Estimated Resources		
Fund Balance 6/30/25	$	17,730
Assessment		10,275
Interest		330
Total Estimated Resources Available for FY 2025-26	$	**28,335**
Fiscal Year 2025-26 Estimated Expenses		
Santa Clara County Collection Fee	$	103
Publication & Notification Charges		536
Tree Services		0
Weed Abatement		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		2,162
Landscape Contractor		7,564
District Capital Improvements		0
Town Administrative Charges		1,510
Total Estimated Expenses for FY 2025-26	$	**11,875**
Estimated Ending Fund Balance for FY 2025-26	$	**16,460**

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026/27

KENNEDY MEADOWS BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$685.00	532-18-050
Lot 2	$685.00	532-18-049
Lot 3	$685.00	532-18-048
Lot 4	$685.00	532-18-047
Lot 5	$685.00	532-18-052
Lot 6	$685.00	532-18-063
Lot 7	$685.00	532-18-062
Lot 8	$685.00	532-18-061
Lot 9	$685.00	532-18-060
Lot 10	$685.00	532-18-059
Lot 11	$685.00	532-18-058
Lot 12	$685.00	532-18-057
Lot 13	$685.00	532-18-056
Lot 14	$685.00	532-18-055
Lot 15	$685.00	532-18-054
Total Assessment:	$10,275	

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

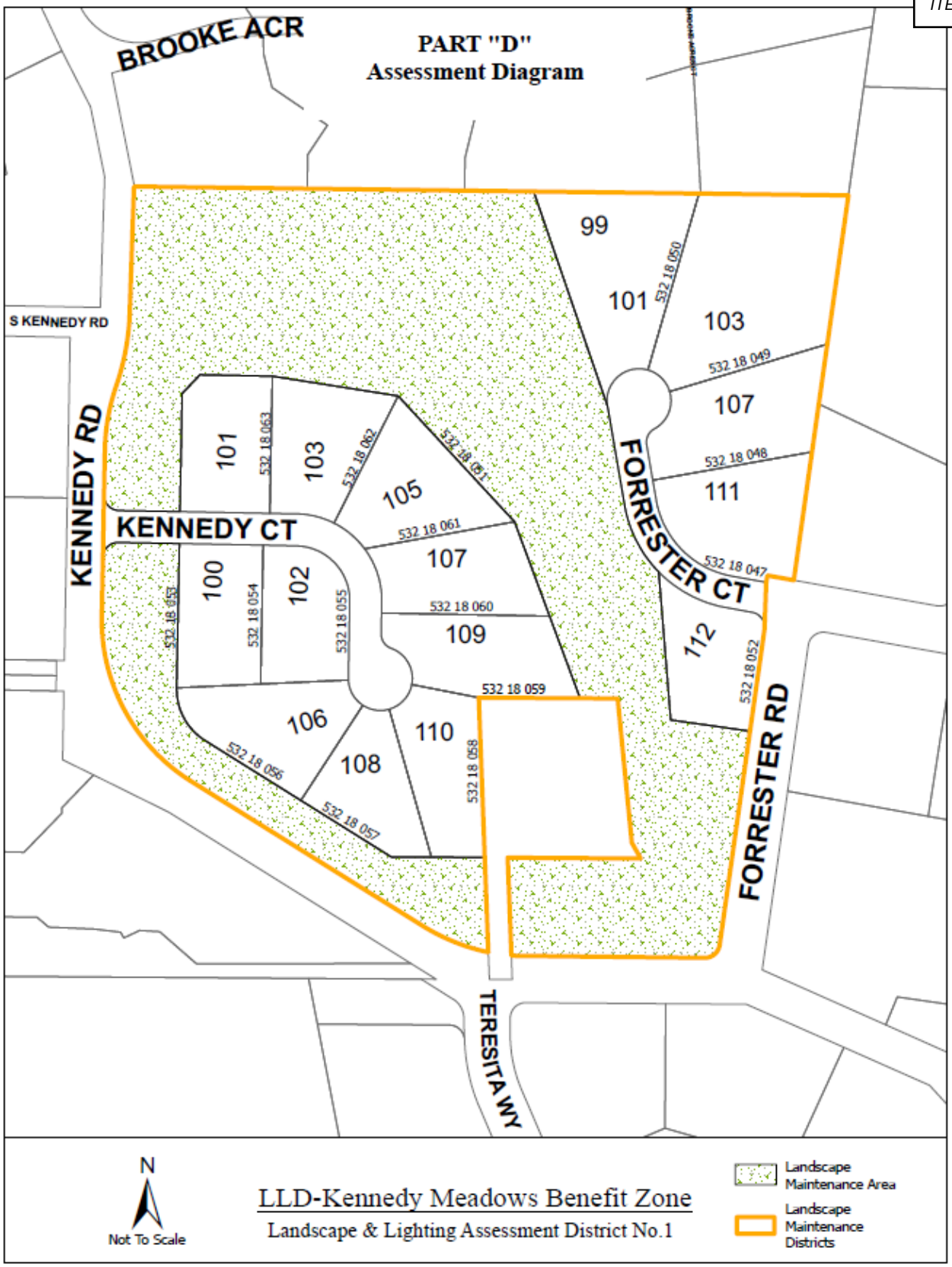
METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within Kennedy Meadows Benefit Zone of Landscape and Lighting Assessment District No. 1.

KENNEDY MEADOWS BENEFIT ZONE

PROPERTY OWNERS LIST

APN
53218047
53218048
53218049
53218050
53218052
53218054
53218055
53218056
53218057
53218058
53218059
53218060
53218061
53218062
53218063


PART "D"
Assessment Diagram
BROOKE ACR
S KENNEDY RD
KENNEDY RD
KENNEDY CT
FORRESTER CT
FORRESTER RD
TERESITA WY
99
101
532 18 050
103
532 18 049
107
532 18 048
111
532 18 047
112
532 18 052
101
532 18 063
103
532 18 062
532 18 061
105
532 18 061
107
100
532 18 053
532 18 054
102
532 18 055
532 18 060
109
532 18 059
106
532 18 056
108
532 18 057
110
532 18 058
N
Not To Scale
LLD-Kennedy Meadows Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

Landscape and Lighting Assessment District No. 1

SANTA ROSA HEIGHTS BENEFIT ZONE

Fiscal Year 2026/27

ENGINEER'S REPORT

ENGINEER'S REPORT
FISCAL YEAR 2026/27

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1
(Pursuant to the Landscaping and Lighting Act of 1972)

SANTA ROSA HEIGHTS BENEFIT ZONE

Gary Heap, Town Engineer for Landscape and Lighting Assessment District No. 1--Santa Rosa Heights Benefit Zone, Town of Los Gatos, Santa Clara County, California, makes this report, as directed by the Town Council, pursuant to Section 22566, et seq. of the Streets and Highways Code (Landscaping and Lighting Act of 1972).

The improvements that are the subject of this report are briefly described as follows:

The maintenance of trees, landscaping, trail and retaining walls, as shown on the approved improvement plans for Tract No. 8400, Los Gatos, California.

This report consists of four parts, as follows:

PART A: Plans and specifications for the improvements are filed in the Clerk Department. Although separately bound, the plans and specifications are a part of this report and are included in it by reference.

PART B: An estimate of the cost of the improvements.

PART C: An assessment of the estimated cost of the improvements on each benefited parcel within the assessment district, the method by which the Engineer of Work has determined the amount proposed to be assessed against each parcel, and a list of the owners of real property within this assessment district, as shown on the last equalized assessment roll for taxes, or as known to the Town Clerk.

PART D: A diagram showing all of the parcels of real property within this assessment district. The diagram is keyed to Part C by assessment number.

Respectfully submitted,

Gary Heap

Gary Heap
Town Engineer

April 30, 2026
DATE

PART A

FISCAL YEAR 2026/27

PLANS, SPECIFICATIONS AND REPORTS

SANTA ROSA HEIGHTS BENEFIT ZONE

Plans and specifications for the improvements are those prepared by Nowack & Associates, dated February 1991, their job number 90-295. These plans and specifications have been filed separately in the Clerk Department of the Town of Los Gatos and are incorporated in the Report by reference.

PART B		
ESTIMATE OF THE COST OF IMPROVEMENTS		
FOR FISCAL YEAR 2026-27		
SANTA ROSA HEIGHTS BENEFIT ZONE		
Fiscal Year 2024-25 Resources		
Fund Balance 6/30/24	$	32,756
Assessment		4,793
Delinquent Assessment		0
Penalties/Late Fees		31
Interest		1,378
Total Resources Available for FY 2024-25	$	**38,958**
Fiscal Year 2024-25 Expenses		
Santa Clara County Collection Fee	$	45
Publication & Notification Charges		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		0
Landscape Contractor		6,708
Town Administrative Charges		660
Total Expenses for FY 2024-25	$	**7,413**
Ending Fund Balance for FY 2024-25	$	**31,545**
Fiscal Year 2025-26 Estimated Resources		
Fund Balance 6/30/25	$	31,545
Assessment		4,500
Interest		50
Total Estimated Resources Available for FY 2025-26	$	**36,095**
Fiscal Year 2025-26 Estimated Expenses		
Santa Clara County Collection Fee	$	45
Publication & Notification Charges		508
Tree Services		0
Weed Abatement		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		0
Landscape Contractor		6,943
Town Administrative Charges		660
District Capital Improvements		0
Total Estimated Expenses for FY 2025-26	$	**8,156**
Estimated Ending Fund Balance for FY 2025-26	$	**27,939**

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026/27

SANTA ROSA HEIGHTS BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$300.00	537-31-001
Lot 2	$300.00	537-31-002
Lot 3	$300.00	537-31-003
Lot 4	$300.00	537-31-022
Lot 5	$300.00	537-31-023
Lot 6	$300.00	537-31-006
Lot 7	$300.00	537-31-007
Lot 8	$300.00	537-31-008
Lot 9	$300.00	537-31-009
Lot 10	$300.00	537-31-010
Lot 11	$300.00	537-31-011
Lot 12	$300.00	537-31-012
Lot 13	$300.00	537-31-013
Lot 14	$300.00	537-31-014
Lot 15	$300.00	537-31-015
Total Assessment:	**$4,500**	

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

METHOD OF APPORTIONMENT OF ASSESSMENT

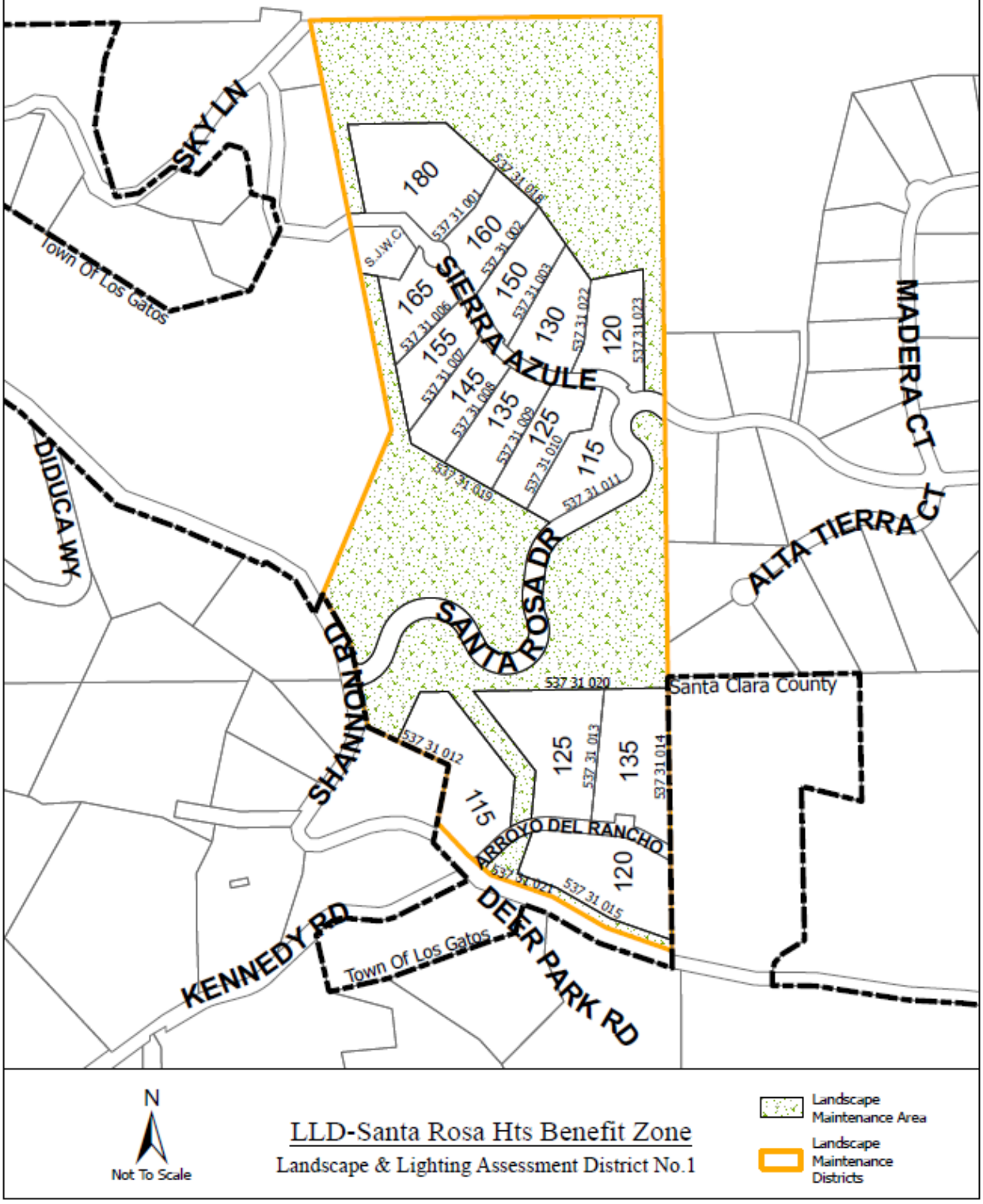
The total amount of the assessment was apportioned equally to all the lots within Santa Rosa Heights Benefit Zone of Landscape and Lighting Assessment District No. 1.

SANTA ROSA HEIGHTS BENEFIT ZONE

PROPERTY OWNERS LIST

APN
53731001
53731002
53731003
53731006
53731007
53731008
53731009
53731010
53731011
53731012
53731013
53731014
53731015
53731022
53731023

PART "D"
Assessment Diagram



Landscaping and Lighting Assessment District No. 1

VASONA HEIGHTS BENEFIT ZONE

Fiscal Year 2026/27

ENGINEER'S REPORT

ENGINEER'S REPORT
FISCAL YEAR 2026/27

LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT NO. 1
(Pursuant to the Landscaping and Lighting Act of 1972)

VASONA HEIGHTS BENEFIT ZONE

Gary Heap, Town Engineer for Landscaping and Lighting Assessment District No. 1--Vasona Heights Benefit Zone, Town of Los Gatos, Santa Clara County, California, makes this report, as directed by the Town Council, pursuant to Section 22566, et seq. of the Streets and Highways Code (Landscaping and Lighting Act of 1972).

The improvements that are the subject of this report are briefly described as follows:

The maintenance of trees, landscaping, irrigation systems, trail, emergency access, and retaining wall within open space areas, as shown on the approved improvement for Tract No. 8280, Los Gatos, California.

This report consists of four parts, as follows:

PART A: Plans and specifications for the improvements are filed in the Clerk Department. Although separately bound, the plans and specifications are a part of this report and are included in it by reference.

PART B: An estimate of the cost of the improvements.

PART C: An assessment of the estimated cost of the improvements on each benefited parcel within the assessment district, the method by which the Engineer of Work has determined the amount proposed to be assessed against each parcel, and a list of the owners of real property within this assessment district, as shown on the last equalized assessment roll for taxes, or as known to the Town Clerk.

PART D: A diagram showing all of the parcels of real property within this assessment district. The diagram is keyed to Part C by assessment number.

Respectfully submitted,

Gary Heap

Gary Heap
Town Engineer

April 30, 2026
DATE

PART A

FISCAL YEAR 2026/27

PLANS, SPECIFICATIONS AND REPORTS

VASONA HEIGHTS BENEFIT ZONE

Plans and specifications for the improvements are those prepared by Dillon/Drulias Associates, Landscape Architects, dated April 16, 1990, their job number 8840, pages L1 - L17 and revised planting and irrigation plans as prepared by Greg Ing and Associates, dated November 3, 1992 and revised November 23, 1993. These plans and specifications have been filed separately in the Clerk Department of the Town of Los Gatos and are incorporated in the Report by reference.

PART B

ESTIMATE OF THE COST OF IMPROVEMENTS

FOR FISCAL YEAR 2026-27

VASONA HEIGHTS BENEFIT ZONE

Fiscal Year 2024-25 Resources		
Fund Balance 6/30/24	$	43,770
Assessment		9,750
Delinquent Assessment		0
Penalties/Late Fees		0
Interest		1,937
Total Resources Available for FY 2024-25	$	**55,457**
Fiscal Year 2024-25 Expenses		
Santa Clara County Collection Fee	$	97
Publication & Notification Charges		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		1,144
Landscape Contractor		4,500
Town Administrative Charges		0
District Capital Improvements		1,430
Total Expenses for FY 2024-25	$	**7,171**
Ending Fund Balance for FY 2024-25	$	**48,286**
Fiscal Year 2025-26 Estimated Resources		
Fund Balance 6/30/25	$	48,286
Assessment		9,735
Interest		340
Total Estimated Resources Available for FY 2025-26	$	**58,361**
Fiscal Year 2025-26 Estimated Expenses		
Santa Clara County Collection Fee	$	97
Publication & Notification Charges		515
Tree Services		0
Weed Abatement		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		2,319
Landscape Contractor		4,658
Town Administrative Charges		1,430
District Capital Improvements		0
Total Estimated Expenses for FY 2025-26	$	**9,019**
Estimated Ending Fund Balance for FY 2025-26	$	**49,342**

PART C
ASSESSMENT ROLL
FISCAL YEAR 2026/27

VASONA HEIGHTS BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$295.00	529-13-056
Lot 2	$295.00	529-13-055
Lot 3	$295.00	529-13-054
Lot 4	$295.00	529-13-053
Lot 5	$295.00	529-13-052
Lot 6	$295.00	529-13-051
Lot 7	$295.00	529-13-049
Lot 8	$295.00	529-13-048
Lot 9	$295.00	529-13-047
Lot 10	$295.00	529-13-046
Lot 11	$295.00	529-13-044
Lot 12	$295.00	529-13-043
Lot 13	$295.00	529-13-042
Lot 14	$295.00	529-13-041
Lot 15	$295.00	529-13-040
Lot 16	$295.00	529-13-039
Lot 17	$295.00	529-13-038
Lot 18	$295.00	529-13-037
Lot 19	$295.00	529-13-036
Lot 20	$295.00	529-13-035
Lot 21	$295.00	529-13-060
Lot 22	$295.00	529-13-061
Lot 23	$295.00	529-13-032
Lot 24	$295.00	529-13-031
Lot 25	$295.00	529-13-030
Lot 26	$295.00	529-13-029
Lot 27	$295.00	529-13-028
Lot 28	$295.00	529-13-063
Lot 29	$295.00	529-13-062
Lot 30	$295.00	529-13-022
Lot 31	$295.00	529-13-021
Lot 32	$295.00	529-13-058
Lot 33	$295.00	529-13-059
Total Assessment:	**$9,735.00**	

METHOD OF APPORTIONMENT OF ASSESSMENT

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

The total amount of the assessment was apportioned equally to all the lots within Vasona Heights Benefit Zone of Landscaping and Lighting Assessment District No. 1.

VASONA HEIGHTS BENEFIT ZONE

PROPERTY OWNERS LIST

APN
52913021
52913022
52913028
52913029
52913030
52913031
52913032
52913035
52913036
52913037
52913038
52913039
52913040
52913041
52913042
52913043
52913044
52913046
52913047
52913048
52913049
52913051
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52913056
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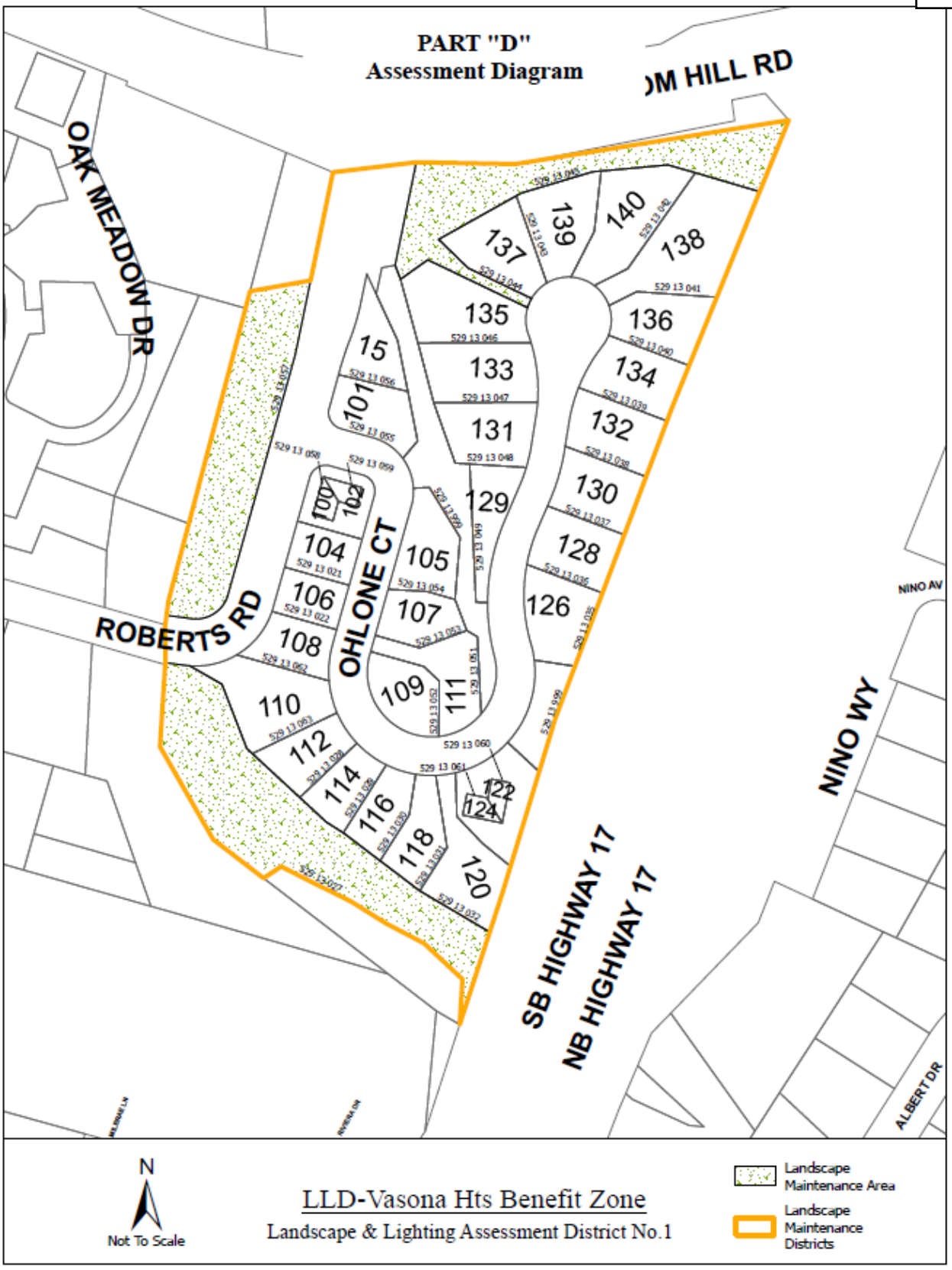
52913060
52913061
52913062
52913063


PART "D"
Assessment Diagram
OM HILL RD
OAK MEADOW DR
ROBERTS RD
OHLONE CT
NINO AV
NINO WY
SB HIGHWAY 17
NB HIGHWAY 17
ALBERT DR
15
101
102
104
106
108
110
112
114
116
118
120
122
124
105
107
109
111
129
131
133
135
137
139
140
138
136
134
132
130
128
126
529 13 060
529 13 061
N
Not To Scale
LLD-Vasona Hts Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

Landscape and Lighting Assessment District No. 1

HILLBROOK BENEFIT ZONE

Fiscal Year 2026/27

ENGINEER'S REPORT

ENGINEER'S REPORT
FISCAL YEAR 2026/27

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1
(Pursuant to the Landscaping and Lighting Act of 1972)

HILLBROOK BENEFIT ZONE

Gary Heap, Town Engineer for Landscape and Lighting Assessment District No. 1--Hillbrook Benefit Zone, Town of Los Gatos, Santa Clara County, California, makes this report, as directed by the Town Council, pursuant to Section 22566, et seq. of the Streets and Highways Code (Landscaping and Lighting Act of 1972).

The improvements that are the subject of this report are briefly described as follows:

The maintenance of trees, landscaping, irrigation systems, hardscape, and fences currently exist on APN: 523-11-028, located at the southeast corner of Blossom Hill Road and Hillbrook Drive, Los Gatos, California.

This report consists of four parts, as follows:

PART A: Diagram of Existing Improvements.

PART B: An estimate of the cost of the improvements.

PART C: An assessment of the estimated cost of the improvements on each benefited parcel within the assessment district, the method by which the Engineer of Work has determined the amount proposed to be assessed against each parcel, and a list of the owners of real property within this assessment district, as shown on the last equalized assessment roll for taxes, or as known to the Town Clerk.

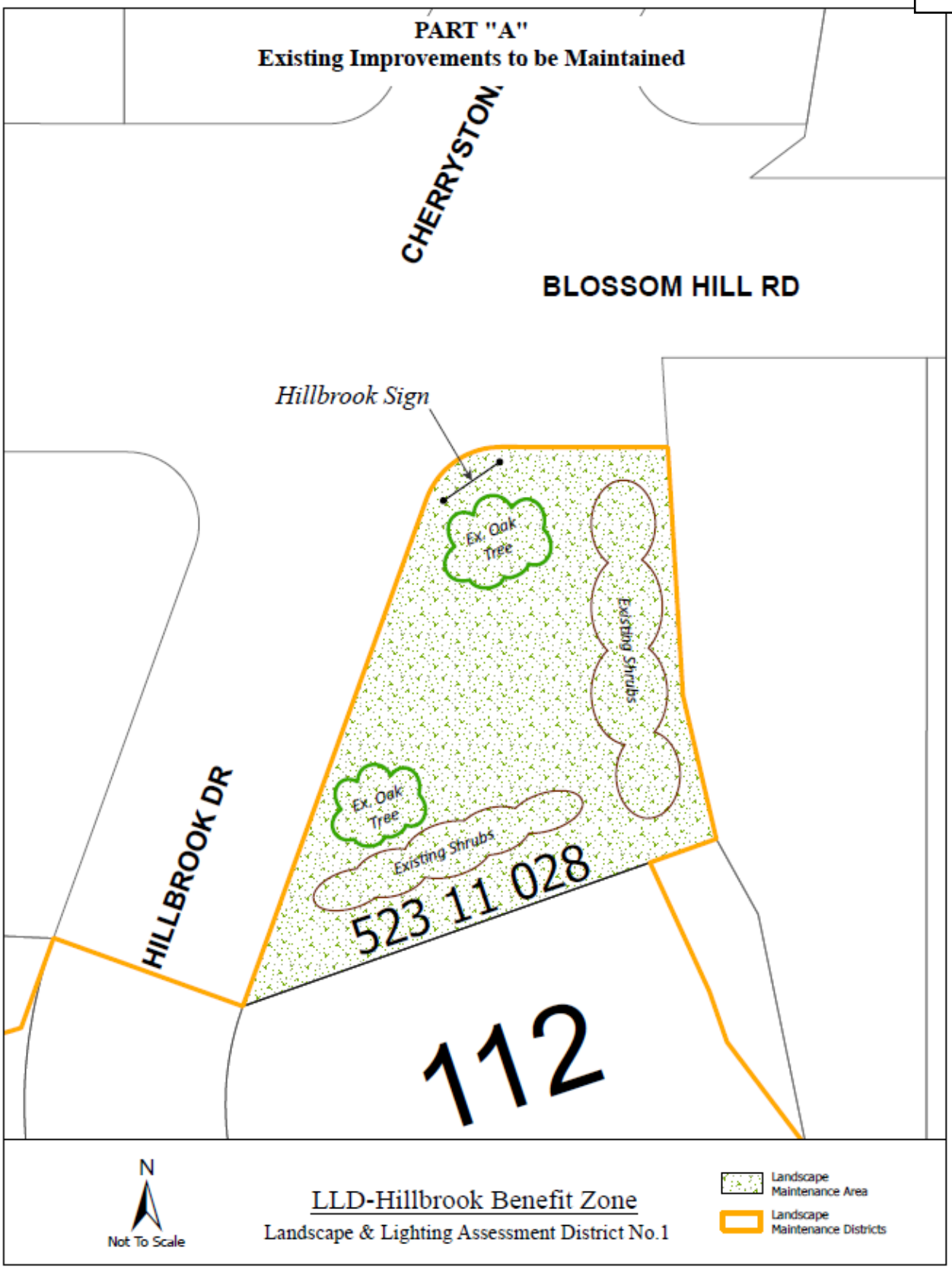
PART D: A diagram showing all of the parcels of real property within this assessment district. The diagram is keyed to Part C by assessment number.

Respectfully submitted,

Gary Heap

Gary Heap
Town Engineer

April 30, 2026
DATE


PART "A"
Existing Improvements to be Maintained
CHERRYSTON
BLOSSOM HILL RD
Hillbrook Sign
Ex. Oak Tree
Existing Shrubs
Ex. Oak Tree
Existing Shrubs
HILLBROOK DR
523 11 028
112
N
Not To Scale
LLD-Hillbrook Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

PART B		
ESTIMATE OF THE COST OF IMPROVEMENTS		
FOR FISCAL YEAR 2026-27		
HILLBROOK DRIVE BENEFIT ZONE		
Fiscal Year 2024-25 Resources		
Fund Balance 6/30/24	$	28,749
Assessment		5,915
Delinquent Assessment		0
Penalties/Late Fees		0
Interest		1,238
Total Resources Available for FY 2024-25	$	**35,902**
Fiscal Year 2024-25 Expenses		
Santa Clara County Collection Fee	$	60
Publication & Notification Charges		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		3,176
Landscape Contractor		1,680
Town Administrative Charges		250
Total Expenses for FY 2024-25	$	**5,166**
Ending Fund Balance for FY 2024-25	$	**30,736**
Fiscal Year 2025-26 Estimated Resources		
Fund Balance 6/30/25	$	30,736
Assessment		5,950
Interest		90
Total Estimated Resources Available for FY 2025-26	$	**36,776**
Fiscal Year 2025-26 Estimated Expenses		
Santa Clara County Collection Fee	$	60
Publication & Notification Charges		487
Tree Services		0
Weed Abatement		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		4,000
Landscape Contractor		1,739
District Capital Improvements		0
Town Administrative Charges		250
Total Estimated Expenses for FY 2025-26	$	**6,536**
Estimated Ending Fund Balance for FY 2025-26	$	**30,240**

PART C
ASSESSMENT ROLL
FISCAL YEAR 2026/27

HILLBROOK BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$175.00	523-11-027
Lot 2	$175.00	523-11-026
Lot 3	$175.00	523-11-025
Lot 4	$175.00	523-11-024
Lot 5	$175.00	523-11-023
Lot 6	$175.00	523-11-022
Lot 7	$175.00	523-11-021
Lot 8	$175.00	523-11-020
Lot 9	$175.00	523-11-019
Lot 10	$175.00	523-11-018
Lot 11	$175.00	523-07-030
Lot 12	$175.00	523-07-029
Lot 13	$175.00	523-07-028
Lot 14	$175.00	523-07-027
Lot 15	$175.00	523-07-026
Lot 16	$175.00	523-07-025
Lot 17	$175.00	523-07-024
Lot 18	$175.00	523-07-023
Lot 19	$175.00	523-07-022
Lot 20	$175.00	523-07-021
Lot 21	$175.00	523-07-020
Lot 22	$175.00	523-07-019
Lot 23	$175.00	523-07-018
Lot 24	$175.00	523-07-017
Lot 25	$175.00	523-07-016
Lot 26	$175.00	523-07-015
Lot 27	$175.00	523-07-014
Lot 28	$175.00	523-07-013
Lot 29	$175.00	523-07-012
Lot 30	$175.00	523-07-011
Lot 31	$175.00	523-07-010
Lot 32	$175.00	523-07-009
Lot 33	$175.00	523-07-008
Lot 34	$175.00	523-07-007
Total Assessment:	**$5,950**	

ASSESSMENT ROLL
FISCAL YEAR 2026/27

HILLBROOK BENEFIT ZONE

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

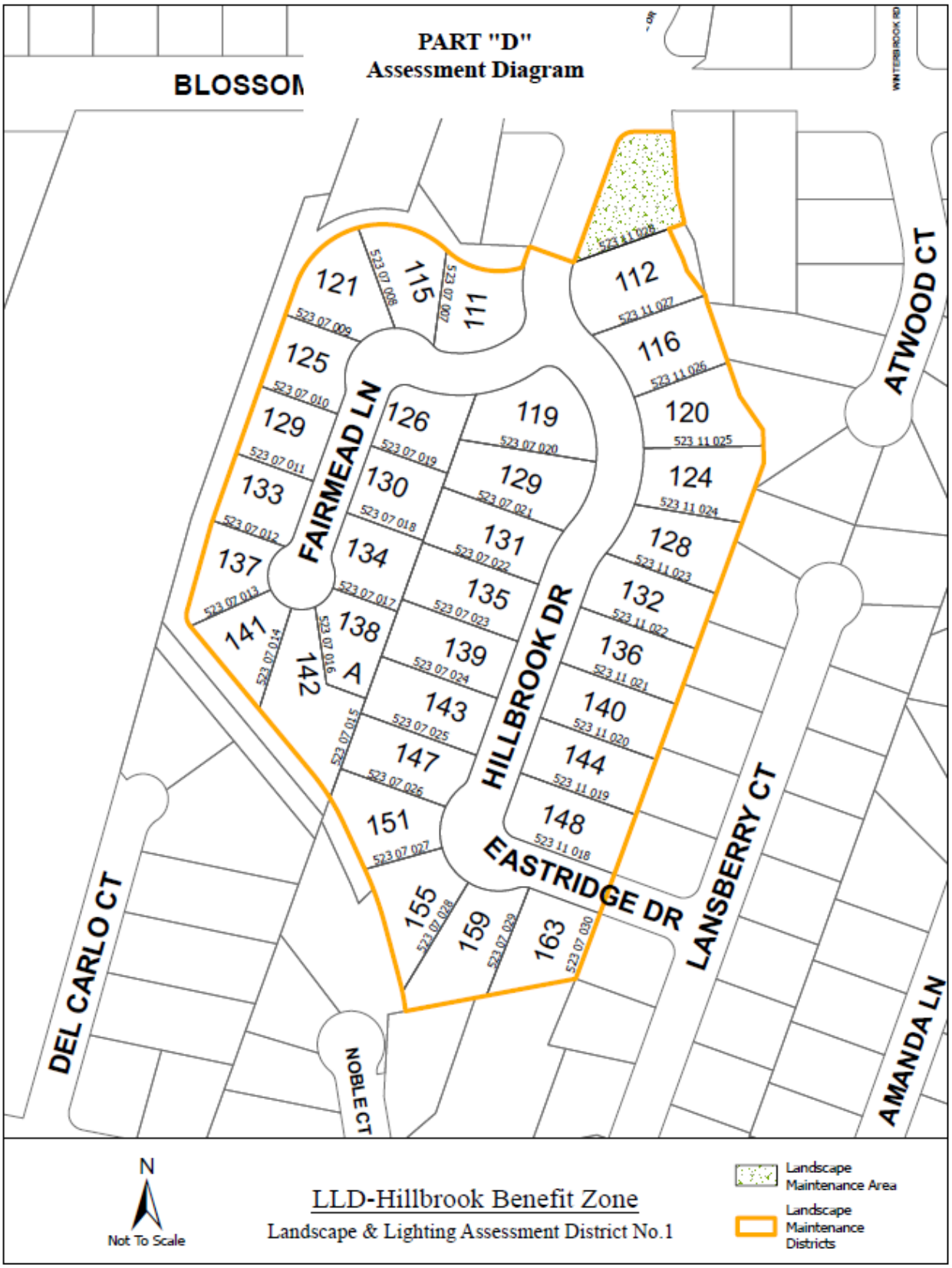
METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within Landscape and Lighting Assessment District No. 1--Hillbrook Benefit Zone.

HILLBROOK BENEFIT ZONE

PROPERTY OWNERS LIST

APN
52307007
52307008
52307009
52307010
52307011
52307012
52307013
52307014
52307015
52307016
52307017
52307018
52307019
52307020
52307021
52307022
52307023
52307024
52307025
52307026
52307027
52307028
52307029
52307030
52311018
52311019
52311020
52311021
52311022
52311023
52311024
52311025
52311026
52311027


PART "D"
Assessment Diagram
BLOSSOM
WINTERBROOK RD
ATWOOD CT
FAIRMEAD LN
HILLBROOK DR
EASTRIDGE DR
LANSBERRY CT
DEL CARLO CT
NOBLE CT
AMANDA LN
121
523 07 009
115
523 07 008
111
523 07 007
125
523 07 010
129
523 07 011
133
523 07 012
137
523 07 013
141
523 07 014
142
523 07 016
A
523 07 015
126
523 07 019
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523 07 018
134
523 07 017
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139
523 07 024
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523 07 025
147
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523 07 021
131
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135
523 07 023
523 11 028
112
523 11 027
116
523 11 026
120
523 11 025
124
523 11 024
128
523 11 023
132
523 11 022
136
523 11 021
140
523 11 020
144
523 11 019
148
523 11 018
N
Not To Scale
LLD-Hillbrook Benefit Zone
Landscape & Lighting Assessment District No.1
Landscape Maintenance Area
Landscape Maintenance Districts

Landscape and Lighting
Assessment District No. 2

GEMINI COURT
BENEFIT ZONE

Fiscal Year
2026/27

ENGINEER'S REPORT

ENGINEER'S REPORT
FISCAL YEAR 2026/27

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 2
(Pursuant to the Landscaping and Lighting Act of 1972)

GEMINI COURT BENEFIT ZONE

Gary Heap, Town Engineer for Landscape and Lighting Assessment District No. 2--Gemini Court Benefit Zone, Town of Los Gatos, Santa Clara County, California, makes this report, as directed by the Town Council, pursuant to Section 22566, et seq. of the Streets and Highways Code (Landscaping and Lighting Act of 1972).

The improvements that are the subject of this report are briefly described as follows:

The maintenance of trees, landscaping, irrigation systems, lighting, sound wall and fences as shown on the approved improvement and landscape plans for Tract No. 8439, Los Gatos, California.

This report consists of four parts, as follows:

PART A: Plans and specifications for the improvements are filed in the Clerk Department. Although separately bound, the plans and specifications are a part of this report and are included in it by reference.

PART B: An estimate of the cost of the improvements.

PART C: An assessment of the estimated cost of the improvements on each benefited parcel within the assessment district, the method by which the Engineer of Work has determined the proposed assessment against each parcel, and a list of the owners of real property within this assessment district, as shown on the last equalized assessment roll for taxes, or as known to the Clerk Administrator.

PART D: A diagram showing all of the parcels of real property within this assessment district. The diagram is keyed to Part C by assessment number.

Respectfully submitted,

Gary Heap

Gary Heap
Town Engineer

April 30, 2026
DATE

PART A

FISCAL YEAR 2026/27

PLANS, SPECIFICATIONS AND REPORTS

GEMINI COURT BENEFIT ZONE

Plans and specifications for the improvements are those prepared by Greg G. Ing, and Associates, dated September 14, 1990, their job number 9031. These plans and specifications have been filed separately in the Clerk Department of the Town of Los Gatos and are incorporated in the Report by reference.

PART B		
ESTIMATE OF THE COST OF IMPROVEMENTS		
FOR FISCAL YEAR 2026-27		
GEMINI COURT BENEFIT ZONE		
Fiscal Year 2024-25 Resources		
Fund Balance 6/30/24	$	44,206
Assessment		4,623
Delinquent Assessment		0
Penalties/Late Fees		0
Interest		1,980
Total Resources Available for FY 2024-25	$	**50,809**
Fiscal Year 2024-25 Expenses		
Santa Clara County Collection Fee	$	46
Publication & Notification Charges		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		0
Landscape Contractor		552
Town Administrative Charges		610
Total Expenses for FY 2024-25		**1,208**
Ending Fund Balance for FY 2024-25	$	**49,601**
Fiscal Year 2025-26 Estimated Resources		
Fund Balance 6/30/25	$	49,601
Assessment		4,600
Interest		150
Total Estimated Resources Available for FY 2025-26	$	**54,351**
Fiscal Year 2025-26 Estimated Expenses		
Santa Clara County Collection Fee	$	46
Publication & Notification Charges		515
Tree Services		0
Weed Abatement		0
Light Pole Maintenance		0
Electric Utility		0
San Jose Water		0
Landscape Contractor		571
District Capital Improvement		0
Town Administrative Charges		610
Total Estimated Expenses for FY 2025-26	$	**1,742**
Estimated Ending Fund Balance for FY 2025-26	$	**52,609**

PART C

ASSESSMENT ROLL
FISCAL YEAR 2026/27

GEMINI COURT BENEFIT ZONE

Special Assessment No.	Amount of Assessment	Property Description
Lot 1	$230.00	567-64-051
Lot 2	$230.00	567-64-050
Lot 3	$230.00	567-64-049
Lot 4	$230.00	567-64-048
Lot 5	$230.00	567-64-047
Lot 6	$230.00	567-64-046
Lot 7	$230.00	567-64-045
Lot 8	$230.00	567-64-044
Lot 9	$230.00	567-64-054
Lot 10	$230.00	567-64-053
Lot 11	$230.00	567-64-052
Lot 12	$230.00	567-64-042
Lot 13	$230.00	567-64-041
Lot 14	$230.00	567-64-040
Lot 15	$230.00	567-64-039
Lot 16	$230.00	567-64-038
Lot 17	$230.00	567-64-037
Lot 18	$230.00	567-64-036
Lot 19	$230.00	567-64-035
Lot 20	$230.00	567-64-034
Total Assessment:	**$4,600.00**	

The lines and dimensions of each parcel are those shown on the maps of the County Assessor of the County of Santa Clara and the County assessment roll.

METHOD OF APPORTIONMENT OF ASSESSMENT

The total amount of the assessment was apportioned equally to all the lots within the Gemini Court Benefit Zone of Landscape and Lighting Assessment District No. 2.

GEMINI COURT BENEFIT ZONE

PROPERTY OWNERS LIST

APN
56764034
56764035
56764036
56764037
56764038
56764039
56764040
56764041
56764042
56764044
56764045
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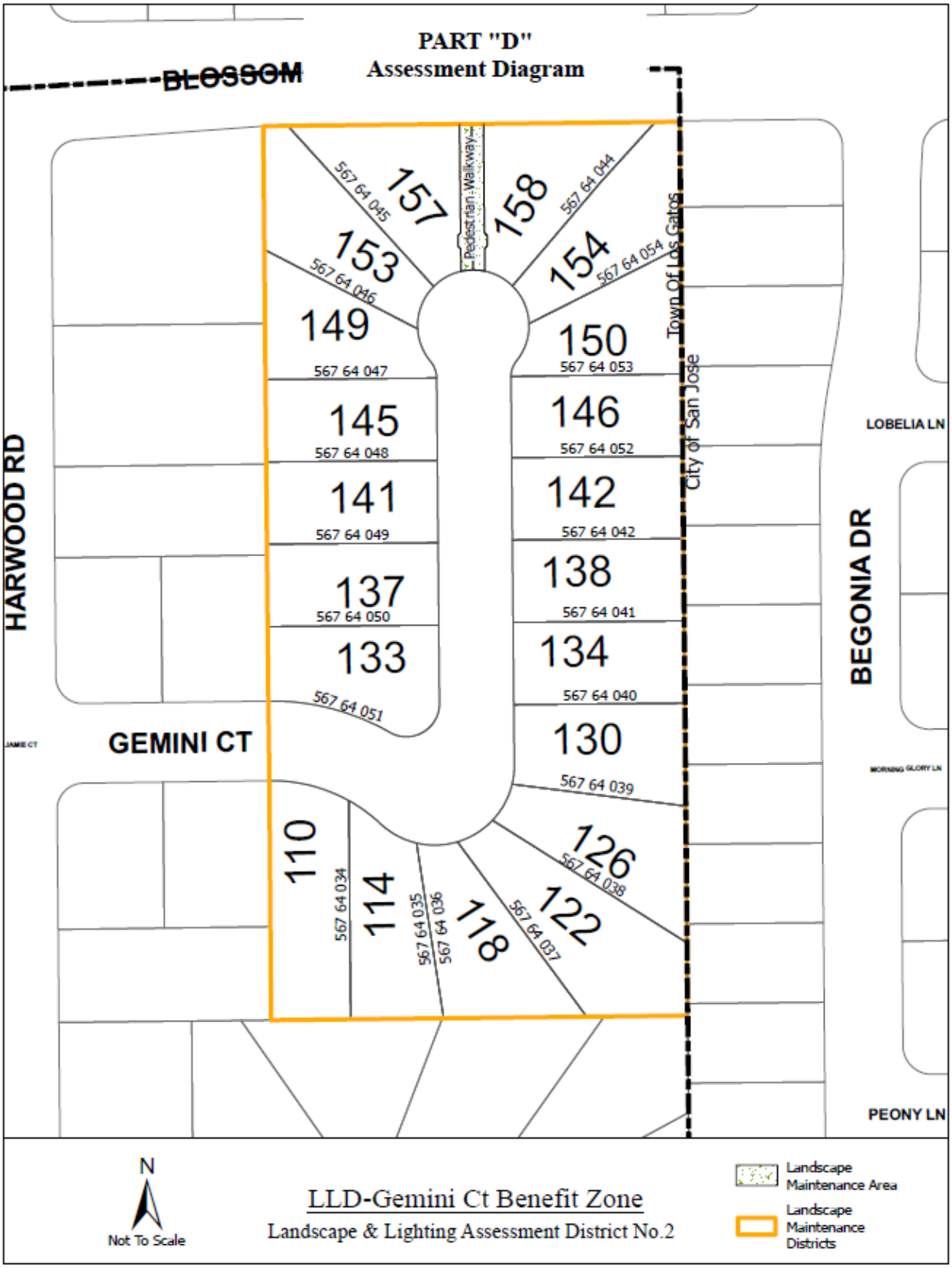
PART "D"
Assessment Diagram
BLOSSOM
Pedestrian Walkway
Town Of Los Gatos
City of San Jose
HARWOOD RD
GEMINI CT
JAMIE CT
LOBELIA LN
BEGONIA DR
MORNING GLORY LN
PEONY LN
157
158
153
154
149
150
145
146
141
142
137
138
133
134
130
126
122
118
114
110
567 64 045
567 64 044
567 64 046
567 64 054
567 64 047
567 64 053
567 64 048
567 64 052
567 64 049
567 64 042
567 64 050
567 64 041
567 64 051
567 64 040
567 64 039
567 64 038
567 64 037
567 64 036
567 64 035
567 64 034
N
Not To Scale
LLD-Gemini Ct Benefit Zone
Landscape & Lighting Assessment District No.2
Landscape Maintenance Area
Landscape Maintenance Districts

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 22

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution Approving the Proposed Fee Schedule for the Adopt-a-Bench Program for Fiscal Year 2026-27**

RECOMMENDATION: Adopt a resolution establishing a fee for the Adopt-a-Bench Program in the amount of $9,865.00 for the initial 10-year term and $5,911.00 for each subsequent 10-year renewal term, or in such other amounts as determined by the Town Council.

FISCAL IMPACT:

The recommended action will ensure fees provide for the recovery of costs associated with Town services in accordance with the Town's financial policies, to the extent authorized by the Town Council. The fee of $9,865.00 for an initial 10-year period is intended to achieve full cost recovery for the Adopt-a-Bench Program and reflects the estimated costs associated with bench procurement, installation, administrative coordination, and long-term maintenance over the ten-year adoption period. Adoption of the proposed fee would reduce or eliminate reliance on the General Fund subsidy for the program.

If approved, staff will incorporate the authorized recommendation into the Town's FY 2026–27 Comprehensive Fee Schedule. If the Town Council elects to establish a fee below full cost recovery, the remaining program costs would be subsidized through existing Parks and Public Works operating resources.

STRATEGIC PRIORITY:

This item aligns with the Town's Strategic Priority to develop a structure to ensure accountability of how funding resources move forward the Town's core goals and priorities and

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

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

aligns with the core goal of Fiscal Stability. The item ensures that the Adopt-A-Bench Program does not create a financial burden to the Department or rely on a subsidy from the General Fund. Without this adjustment, the program would continue to shift costs associated with private memorialization of benches to the broader community.

BACKGROUND:

On February 3, 2026, the Town Council unanimously approved a Council Policy entitled "Adoption of Assets on Town-Owned Property" with minor amendments to the language related to messages that may be included on dedication plaques. At that time, staff indicated that the immediate interest was in defining the Adopt-a-Bench Program and that fees for the program would be proposed with the Fiscal Year 2026-27 Comprehensive Fee Schedule.

On April 7, 2026, the Town Council adopted the Comprehensive Fee Schedule for Fiscal Year 2026-27. The motion included the following language "*to pull the Adopt-a-Bench fee until [Council] receive(s) further information from staff on two things: historical pricing practices for the program; and evaluation of potential lower-cost alternatives."*

Notice of this hearing was posted on May 29, 2026, and June 5, 2026, consistent with the legal requirements associated with the development and implementation of municipal fees and charges. A copy of the fee calculation (Attachment 2) was made available for review at the Town Clerk's office on June 5, 2026 fulfilling the requirement for public posting 10 days in advance of the hearing.

DISCUSSION:

Historical Context
Historically, bench adoption fees were based on underestimated cost assumptions. Previous pricing was approximately $3,500 for the bench, $150 for installation, and $150 to cover 10 years of maintenance. This pricing structure did not accurately account for staff labor, material costs, administrative oversight, or long-term upkeep. No formal cost analysis had previously been completed, and the fees had not been formally adopted as part of the Town's Comprehensive Fee Schedule.

Basis for Proposed Fee
Attachment 2 provides a current detailed cost breakdown, including installation labor and materials, administrative time, bench and plaque costs, and a 10-year maintenance projection. The bench and plaque pricing reflects supplier quotes as of March 2026.

The proposed fee of $9,865 represents the full, all-inclusive costs:

- Bench procurement and plaque fabrication;
- Installation labor and materials;

- Administrative coordination and program management; and
- Estimated maintenance and repair costs over the ten-year adoption period.

Two standard bench types are used in the Town's public spaces: steel and recycled material. The cost of the steel bench manufactured by Dumor is $4,870, and the recylced bench is $2,093. The steel benches are used in the downtown area, while the recycled material benches are used in all other public spaces. While lower-cost bench products may be available, use of standardized bench types reduces long-term maintenance complexity, improves replacement consistency, and provides the durability required in high-use public spaces.

In establishing the proposed fee, staff blended the cost of the two benches to provide one fee for the program. If an adopter selects a bench location that is not in need of replacement, then the actual cost of the bench will be deducted from the fee charged, as noted in the Comprehensive Fee Schedule considered on April 7, 2026. Renewal fees reflect ongoing maintenance, administrative coordination, and refurbishment costs because the initial bench procurement cost has already been incurred.

Maintenance needs are based on an estimated average of two staff hours per bench per year, covering routine cleaning, graffiti and vandalism repair, minor fixes, and periodic repainting for cast-iron style. Actual maintenance may vary based on location (for example, under trees producing sap) or by adoptee request, which does occur with existing adopted benches.

Lower Cost Alternatives

The Town has bench standards for public spaces that were established based on durability and functionality. The standard benches are well suited for the heavy use and wear and tear of public spaces. Using standard bench styles provides aesthetic consistency, and allows bulk purchase of benches and of the maintenance and repair materials, generating long term cost savings.

Benches and other furniture that is used in public spaces must balance affordability with durability. Residential style benches that may be purchased at retail establishments, while almost certainly of lower cost, are not constructed to withstand the wear and tear of use in a public space. Using lower quality benches would increase risk to the Town. Lower quality assets will require additional staff time for maintenance or, failing adequate staff time, increase liability to the Town if a bench were to fail during use.

In terms of alternatives, the City of San José uses pre-cast concrete benches from Outdoor Creations (www.outdoorcreations.com) as a park standard. These benches are approximately $2,500 per bench which is more costly than the recycled benches the Town uses in parks. Outdoor Creations provides a one-year warranty on materials and workmanship for their pre-cast concrete items.

Other jurisdictions evaluated by staff generally use some type of Dumor bench, which is the same manufacturer used by the Town for the downtown area. Dumor products are considered among the best quality for public use. Dumor backs their product with a 20-year warranty on steel benches and a ten-year warranty on recycled plastic products.

Specifically, Saratoga uses an aluminum and recycled plastic Dumor bench. The current pricing on these ranges from $1,750 to $2,970 (plus shipping and taxes); less costly than the all metal standard used by the Town of Los Gatos, but similar in price to benches used outside of downtown.

Other jurisdictions use the same or similar Dumor steel bench as the one used by Los Gatos, suggesting the cost of bench purchase in the other jurisdictions is similar to that of Los Gatos.

Attachment 2 demonstrates that the cost of the Town standard benches represents 20% to 50% of the proposed total fee. The remaining fee represents the staff costs to manage the adoption program, coordinate language on the plaques, ordering of the benches and plaques, installing the benches, and maintaining the benches over the 10-year life of adoption.

CONCLUSION:

This updated fee structure is designed to support full cost recovery for Parks and Public Works, ensuring that the Adopt-A-Bench Program does not create a financial burden to the Department or rely on a subsidy from the General Fund. Without this adjustment, the program would continue to shift costs associated with private memorialization of benches to the broader community.

ALTERNATIVES:

The Town Council may choose to establish a fee below full cost recovery as a policy decision. In that case, a portion of program costs would continue to be supported through Town operational resources. Table 1 provides a comparison of adopt-a-bench fees charged by nearby agencies and jurisdictions.

Table 1. Comparison of Adopt-a-Bench Fees for Nearby Jurisdictions

Jurisdiction Name	Current Fee (as of May 1, 2026)
Santa Clara County	$3,050
Midpenninsula Regional Open Space District	$5,000
Saratoga	$7,500

Dublin	$2,500
East Bay Regional Parks	$5,000
San José Parks Foundation	$5,000
Campbell	Cost of Bench

Town Council may establish the Adopt-a-Bench fee for the initial ten-year term and for each subsequent ten-year renewal in amounts other than those presented by staff. If this alternative is selected the Town Council can direct staff and the Town Attorney to finalize the resolution with the Council recommended amounts.

One alternative proposal would be to define the fees for this program as follows:

- Bench: At cost
- Initial 10-Year Adoption: (As determined by Town Council)
- Renewal after Initial 10-year Period: (As determined by Town Council)

This alternative would ensure that the Town is not subsidizing the bench cost and would allow for more targeted subsidy of staff time. This would also allow transparency for Town Council with respect to the specific amount of staff subsidy being provided.

COORDINATION:

This report was coordinated with the Town Clerk, Town Attorney, and Administrative Services Director.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Resolution for Adopt-a-Bench Fee – Staff Proposal
2. Adopt-a-Bench Fee Calculation

RESOLUTION 2026-xx

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ADOPTING THE FEES IN SUPPORT OF THE TOWN'S ADOPT A BENCH PROGRAM FOR INCLUSION IN THE COMPREHENSIVE FEE SCHEDULE EFFECTIVE JULY 1, 2026, THROUGH JUNE 30, 2027

WHEREAS, on April 7, 2026 Town Council adopted Resolution 2026-016 "Town of Los Gatos Comprehensive Fee Schedule" ("Fee Schedule");

WHEREAS, the motion of adoption of said resolution excluded adoption of a fee for the Adopt a Bench Program pending additional information from staff;

WHEREAS, after receiving the additional information and recognizing that the fees for service are imposed by the Town to support government services the proposed fees are hereby determined to be reasonable in that they do not exceed the estimated reasonable costs of providing the public services proposed to be rendered;

WHEREAS, in adopting the fees and this Resolution, the Town is exercising its power under Article XI, Section 7, and Article XIIIC of the California Constitution, Section 50076 of the California Government Code, its Town Code, and other applicable laws;

WHEREAS, since this fee is new, relevant information regarding the fees was made available for public review and comment for ten (10) days prior to the public hearing at which this resolution was considered and adopted;

WHEREAS, on June 16, 2026, the Town Council held a public hearing on the fees and charges set forth in the revised fee schedule;

WHEREAS, on May 29 and June 5, 2026, timely notice of the public hearing was published in a newspaper of general circulation in the manner set forth in Government Code Sections 6062a and 66018; and

WHEREAS, notice of the public hearing was mailed to all persons requesting such notice pursuant to Government Code Section 66016.

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby declare, determine, and order as follows:

1. That the Town Council hereby finds that the above Recitals are true and correct by this reference makes them a part thereof.
2. Adoption of Fees. The fees for an initial bench installation and a ten-year renewal are set at $9,865.00 and $5,911.00, respectively.

3. Staff is directed to amend the Town's "Comprehensive Fee Schedule" Accordingly.
4. Effect of Fees Prior to effective Date of Resolution. This Resolution shall not be construed so as to affect any fee or charge payable or paid under any applicable fee schedule operative prior to the effective date of this Resolution.
5. Effective Date. The fees set forth in the "Comprehensive Fee Schedule" shall be effective July 1, 2026.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on June 16, 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

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

ATTEST:

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

ADOPT A BENCH FEE CALCULATION

INSTALLATION LABOR - lifetime of bench

	Rate based on 1800 hrs/year	hours	Steel/Cast Iron	hours	Poly Lumber
Park Services Officer	$ 124.49	0.25	$ 31	0.25	$ 31
Maintenance Lead	$ 147.63	1.5	$ 221	3	$ 443
Maintenance Worker	$ 122.91	1.5	$ 184	6	$ 737
Administrative Assistant	$ 109.03	0.25	$ 27	0.25	$ 27
Superintendent	$ 216.07	0.25	$ 54	0.25	$ 54
Director	$ 270.70	0.25	$ 68	0.25	$ 68
			$ 586		$ 1,360

INSTALLATION SUPPLIES - lifetime of bench

		Steel/Cast Iron	Poly Lumber
Steel and Cast Iron Bench w/ Back and Arms	All about play quote	$ 4,419	
plaque for above	All about play quote	$ 450	
6' Bench, Poly Lumber, Cedar PL, Bronze, embedment	Ross Rec quote 49361		$ 1,691
Custom Plaque, 2" X 10" Zinc Etched plaque Installed in Wood/Plastic Bench - provide wording	Ross Rec quote 49361		$ 402
		$ 4,870	$ 2,093

MAINTENANCE LABOR - lifetime of bench

		hours	Steel/Cast Iron	hours	Poly Lumber
Park Services Officer	124.49		$ -		
Maintenance Lead	147.63	20.0	$ 2,953	20.0	$ 2,953
Maintenance Worker	122.91	20.0	$ 2,458	20.0	$ 2,458
Administrative Assistant	109.03		$ -		
Superintendent	216.07		$ -		
Director	270.7		$ -		
			$ 5,411		$ 5,411

MAINTENANCE SUPPLIES - lifetime of bench

	Steel/Cast Iron	Poly Lumber
	$ -	0
	$ 10,866	$ 8,864
		AVERAGE IS
	$ 9,865	NEW FEE

ATTACHMENT 2

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 23

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Approve the Annual Agreement for Services with the Los Gatos Chamber of Commerce to Manage the Town's Destination Marketing Services, Visit Los Gatos, and the Town's Visitors Information Center, for a Total Amount of $88,000**

RECOMMENDATION: Approve the Annual Agreement for Services with the Los Gatos Chamber of Commerce to manage the Town's Destination Marketing Services, Visit Los Gatos, and the Town's Visitors Information Center, for a total amount of $88,000.

FISCAL IMPACT:

The funds for this agreement, in an amount not to exceed $88,000, have been included in the Town's Operating Budget for FY 2026-27.

STRATEGIC PRIORITY:

The services provided by the Chamber of Commerce related to Visit Los Gatos and the Town's Visitors Information Center support the Town's Community Character and Civic Engagement strategic priorities by fostering the economic vitality of businesses and ensuring that residents and visitors feel welcome in Los Gatos.

BACKGROUND:

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

PREPARED BY: Monica Renn
Economic Vitality Manager

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

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

Beginning in 2019, with extensive discussion and collaboration with the Chamber of Commerce, this agreement for services became focused on promoting Los Gatos as a destination through online and social media platforms. As a response to the COVID-19 Pandemic, and with the assistance of funding through the American Recovery Plan Act (ARPA), the Town was able to provide additional financial resources outside of the annual agreement to the Chamber to strengthen these efforts by creating a branded and dynamic Visit Los Gatos website, and dedicate resources to grow the online and social media presence, maintaining the ultimate goal of engaging and welcoming locals and visitors alike to enjoy the vibrant shops, restaurants, hotels, community events, open space and other vibrant experiences Los Gatos offers; and the agreement maintains the requirement that funds used as a part of this agreement benefit Los Gatos businesses equally, regardless of their membership status with the Chamber of Commerce.

In Fiscal Year 2023-24, the agreement for services was increased from $55,000 to $88,000 to support the expanded destination marketing and social media efforts of the Chamber of Commerce. This increase allowed the Chamber to have more staff hours dedicated to destination marketing through a variety of in-person and online channels. It was noted at the time by the Town Council that this amount may not be sustainable in years to come, as the increase was funded through the one-time ARPA dollars.

In 2024, the Town Council discussed various levels of financial support for the FY 2024-25 annual agreement for services with the Chamber of Commerce, then voted unanimously to approve the continued increase of $88,000 for FY 2024-25, using money from the General Fund, given that all ARPA funding had been allocated. In June of 2025, the Town Council again approved a contract amount of $88,000 for FY 2025-26, funded by the General Fund.

DISCUSSION:

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

On June 3, 2026, the Chamber of Commerce provided a year-end report (Attachment 1) accounting for the services rendered throughout FY 2025-26 under the agreement for services and requesting an increase in funding for FY 2026-27 from $88,000 to $108,000. Staff had conversations with the Chamber of Commerce during the budget process, and at that time, the Chamber of Commerce agreed to sustaining the partnership at a status quo for the scope of services and compensation, in the amount of $88,000 for Visit Los Gatos Destination Marketing and Town Visitors Information Center services for FY 2026-27, reflected in the Agreement for Services with Exhibit A – Scope of Services attached to this report (Attachment 2).

Following this discussion and staff building the proposed budget, in late April, the Chamber of Commerce verbally requested additional funding for FY 2026-27 in direct compensation, a reduction in event related fees, particularly related to the road closure for the Chamber's annual Taste of Los Gatos event, or a combination of these. Staff recommends that FY 2026-27 remain status quo, as budgeted, and that discussions commence with the Chamber of Commerce earlier in the budgeting cycle to refine the Scope of Services and proposed compensation for future years, if necessary.

CONCLUSION:

Staff recommends that the Town Council approve the Annual Agreement for Services with Exhibit A – Scope of Services with the Los Gatos Chamber of Commerce to manage the Town's Destination Marketing Services, Visit Los Gatos, and the Town's Visitors Information Center, for a total of $88,000 for FY 2026-27.

Alternatively, the Town Council could consider increasing the compensation for FY 2026-27 with the Chamber of Commerce, with or without modifying the scope of services outlined in the agreement, and identify how the additional cost will be funded from the Town's budget, as $88,000 is the amount built into the proposed budget for FY 2026-27. This option would require a budget adjustment.

COORDINATION:

This report was coordinated by Economic Vitality staff and the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Annual Report from the Los Gatos Chamber of Commerce Received June 3, 2026.
2. Draft Agreement for Services including Exhibit A - Scope of Services with the Los Gatos Chamber of Commerce to manage the Town's Destination Marketing Services, Visit Los Gatos, and the Town's Visitors Information Center.

Memo To: Town of Los Gatos Staff and Town Council

From: Jennifer Lin, Chief Executive Officer, LGCC
David Lambert, President LGCC Board of Directors

Subject: FY 2025-2026 Year-End Town Contract Report

Visit Los Gatos Visitor Services, Destination Marketing & Economic Vitality Program

Date: May 29, 2026

Introduction

The Los Gatos Chamber of Commerce is an independent contractor that is paid a fee for service by the Town of Los Gatos. This memo details the ways in which the Chamber has fulfilled the scope of services outlined in the Town's Agreement with the Los Gatos Visitor and Information Center.

Our Mission

The Los Gatos Chamber serves the community first and foremost by being a catalyst for business growth and success; a convener of leaders and influencers to get things done; and a champion for a thriving community.

Our Vision

The Los Gatos Chamber of Commerce aims to be the strong, unified voice of the spirited Los Gatos business community and a catalyst for business support and advocacy. The Chamber acts as a convener of leaders and influencers for dialogue and problem-solving while serving as a champion for preserving the cherished quality of life in our Town by listening to the concerns of all segments of the community.

The Town has an agreement with the Chamber to manage the Town's Visitor and Information Center. This agreement has been in place off and on for 25 years.

Contract

The Town has maintained an agreement with the Los Gatos Chamber of Commerce to manage visitor information and destination marketing services for much of the past 25 years.

In 2001, the Town Council approved just over $100,000 for services provided by the Chamber. Over time, that funding level declined significantly even as the Chamber's scope of services, destination marketing responsibilities, and operational costs continued to expand.

From 2019 through June 2023, the Chamber received approximately $55,000 annually. Separately, the Chamber received one-time ARPA funding to support COVID-19 pandemic recovery and community vitality initiatives; these funds were outside the annual contract and were not intended as ongoing operational support. In FY 2023–2024, FY 2024–2025, and FY 2025–2026, the Town provided annual funding of $88,000.

As part of the Visit Los Gatos program, the Chamber subsidizes and provides the Town's Visitor Information Center facilities, public restroom access, visitor services staffing, social media management, destination marketing support, and flexible meeting space regularly used for community and civic purposes.

For FY 2025–2026, the Chamber's actual Visit Los Gatos program delivery costs totaled approximately $154,494. The Town's $88,000 contract represented approximately 57% of those costs, with the Chamber absorbing the remaining balance in support of visitor services and destination marketing efforts that benefit the broader community and local economy.

For FY 2026–2027, the Chamber has requested a contract renewal at $108,000, which would represent 70% cost recovery of current program delivery expenses, consistent with the proportional support level provided in FY 2025–2026. Despite continued upward pressure on occupancy, insurance, staffing, and operational costs, the Chamber remains committed to sustaining a strong visitor and destination marketing program that supports local businesses, regional visitation, and economic vitality.

Rather than approaching the Visit Los Gatos program as a fixed scope of services tied solely to the annual contract amount, the Chamber continually evaluates emerging opportunities, visitor trends, and community needs to develop initiatives that strengthen

economic vitality, support local businesses, increase regional visitation, and enhance Los Gatos' long-term destination appeal.

The Los Gatos Chamber of Commerce is pleased to present this year-end report detailing the ways in which the Chamber fulfilled and expanded upon the Scope of Services outlined in its agreement with the Town of Los Gatos.

Visitor Experience and Information Services

Visitor Information Center Operations

Strategically located in downtown Los Gatos, the Visitor Information Center provides year-round visitor services Tuesday through Friday from 10 AM to 4 PM, with additional coverage on most days.

The Chamber team provides personalized visitor guidance related to dining, shopping, accommodations, outdoor recreation, local events, and community resources.

The Chamber also maintains the only permanent public restroom facility in the downtown area, serving visitors and residents while supporting overall downtown accessibility and activity.

The Visitor Information Center also serves as an important connection point for Town departments, nonprofits, cultural organizations, and community groups by distributing informational materials and helping residents, visitors, prospective businesses, and relocating families access local resources and services.

In addition, the Chamber's conference room regularly provides meeting space for local nonprofits, business groups, civic discussions, Town-related meetings, mayoral initiatives, retreats, public forums, and community collaborations, helping address the ongoing shortage of public community meeting space within Los Gatos.

Digital Destination Marketing and Visitor Engagement

VisitLosGatosCA.com serves as the community's primary digital destination marketing and visitor planning platform, highlighting Los Gatos' dining, shopping, hospitality, arts, wellness, and recreational experiences. During FY 2025–2026, website enhancements focused on improving navigation, visual storytelling, itineraries, and visitor usability. These efforts helped maintain strong search visibility while increasing visitor engagement.

The Chamber expanded the reach of its @VisitLosGatos social media channels as a core destination marketing tool. Over the past year, @VisitLosGatos gained more than 1,250 followers, with Instagram surpassing 9,000 followers in January 2026. Standard posts now average approximately 5,000 views, with roughly 45% of reach coming from new audiences outside the existing follower base. Collaborative posts with businesses and creators generated even broader visibility, with several posts exceeding 20,000 views.

The Chamber partnered with @discover_california_, a leading California travel and culinary content creator, to produce destination-focused content highlighting Los Gatos' dining, shopping, hospitality, and lifestyle experiences ahead of major regional tourism opportunities associated with the 2026 Super Bowl and FIFA World Cup. The collaboration generated strong regional visibility, with three featured Instagram reels collectively generating more than 186,000 views and reaching more than 90,000 accounts, including one reel exceeding 111,000 views. The campaign also helped expand the audience and visibility of the @VisitLosGatos platform through additional follower growth and engagement.

To support destination-focused storytelling and trip planning, the Chamber recently contracted with local travel content creators Katy & Ryan Roam to assist with content development, photography, and itinerary creation. Forthcoming itineraries include themes such as "Sip, Stroll & Stay Awhile" and "Self-Care in Los Gatos," designed to encourage overnight stays and broader exploration of the community.

Throughout FY 2025–2026, the Chamber collaborated with regional hospitality, travel, and lifestyle partners to increase visibility of Los Gatos among dining, leisure, and event-focused audiences. Seasonal campaigns, particularly during the holiday season, generated strong regional engagement and helped reinforce Los Gatos' reputation as a family-friendly destination community.

Destination Marketing: Tools and Content Strategy

Los Gatos Destination Guide and Visitor Maps

During FY 2025–2026, the Chamber expanded and promoted the Los Gatos Destination Guide as the community's primary visitor and relocation resource. Professionally designed and editorially driven, the guide highlights Los Gatos' dining, boutique shopping, wine tasting, outdoor recreation, arts and culture, wellness experiences, and local history while helping present the town as a polished and distinctive destination community. The

guide has received consistently strong feedback from visitors, businesses, and community stakeholders for both its visual presentation and the strength of its content and visitor resources.

The Chamber distributed approximately 6,000 printed guides annually through San Jose International Airport, local hotels, businesses, regional visitor locations, and the Visitor Information Center. Nearly 400 printed guides are picked up monthly from San Jose International Airport and the Visitor Center combined, reflecting consistent visitor demand.

The mobile-friendly digital edition generated more than 166,000 impressions over the past year, significantly expanding regional visibility for Los Gatos businesses and visitor experiences.

To further strengthen regional awareness ahead of major tourism opportunities associated with the Super Bowl and FIFA World Cup, the Chamber secured prominent Visit Los Gatos placement in the inaugural Silicon Valley & South Bay Visitor Fun Map, distributed through six California Welcome Centers and multiple airports including San Jose International Airport and Oakland International Airport. Visit Los Gatos is also prominently featured in the Los Gatos Sounds of Summer Music & Entertainment Guide, with 6,000 copies distributed throughout the West Valley.

Additional Visitor Resources

The Chamber supported visitor discovery and wayfinding through resources including the LOST Gatos Historical Walking Tour, the illustrated Downtown Map, and a regularly updated online community-wide calendar featuring major local events and activities.

Economic Vitality and Business Promotion

During FY 2025–2026, the Chamber expanded digital tools and promotional initiatives designed to support local business visibility, visitor engagement, and community spending. These initiatives were developed as community-wide economic support tools intended to benefit the broader Los Gatos business community and local sales tax activity rather than serve as revenue generators for the Chamber. Participation is open to Chamber members and non-members alike at no cost.

The Chamber launched the **Los Gatos Perks Pass** at the end of October 2025 as a mobile-based visitor discovery platform encouraging residents and visitors to explore local restaurants, wineries, retailers, wellness businesses, and experiences. **More than 1,050 people have added the Perks Pass to their mobile devices.** The platform also

supports rotating promotions, destination discovery, and themed visitor experiences designed to encourage broader exploration of Los Gatos businesses and districts.

In May 2026, the Chamber also launched the **Los Gatos Gift Card**, a community-wide digital gift card program designed to encourage local spending while providing a flexible gifting option for residents, employers, visitors, and organizations. Participating businesses are also connected through the broader "Buy the Bay Card" initiative, a regional gift card collaboration involving approximately 30 cities and more than 1,500 merchants throughout the Bay Area. The initiative is being explored in connection with the 2026 FIFA World Cup as a potential tool to help encourage visitor spending at participating Los Gatos businesses during the event period.

Destination Marketing: Signature Events and Economic Activation

The Chamber's signature events and community activations continue serving as important economic drivers for Los Gatos, attracting substantial regional visitation while supporting restaurants, retailers, wineries, hotels, and small businesses throughout the year.

Attendance data from major Chamber events, including the Los Gatos Wine Walk and Taste of Los Gatos, indicate that **approximately 87% to 91% of attendees are non-residents.** Visitors regularly travel from throughout Silicon Valley and the broader Bay Area, with San Jose consistently representing the largest attendee market, followed by Mountain View, San Francisco, Oakland, and a broad range of additional Bay Area communities. Additional attendees also travel from well beyond the region, ranging from Napa and Truckee to Salinas, along with organized out-of-town visitor groups, reinforcing Los Gatos' growing visibility and regional draw. Attendance patterns and business feedback also indicate that visitors attending Chamber-produced events frequently return to Los Gatos throughout the year to dine, shop, and explore the community.

In addition to large-scale signature events, the Chamber expanded smaller events designed to increase foot traffic and support year-round economic activity. These included the Valentine's themed Sweetheart Stroll, GOLD Thursdays (First Thursdays vitality initiative), the Window Wonderland holiday decorating contest, Halloween Kid & Pet PAWlooza, and support for business-driven campaigns including Pink Friday and International Women's Day.

Taste of Los Gatos Street Festival

Taste of Los Gatos 2025 drew an estimated 3,750 attendees and further established the event as a Bay Area culinary and wine festival with strong family participation. Compared to the inaugural year, the event attracted more multi-generational families and fewer heavy-drinking attendees, supporting the Chamber's goal of positioning the festival as a balanced food and wine experience reflective of Los Gatos' character and community identity.

The festival demonstrated strong regional draw, attracting visitors from throughout Silicon Valley, the broader Bay Area, Oregon, and other regional markets. As with other Chamber-produced events, the majority of attendees were non-residents, generating meaningful visibility and spending for restaurants, retailers, wineries, and hospitality businesses.

A major enhancement in 2025 was the introduction of the "Bites & Libations" tasting experience, which added wine tasting to the culinary program. Other additions included the new Golden Spoon Distinction honoring local culinary excellence, improved live music programming with a mainstage, improved wayfinding, a family games area, and new sponsor activations.

Feedback from merchants, wineries, and restaurants was overwhelmingly positive, with businesses reporting stronger customer engagement, increased shopping and dining activity, and more visitors exploring downtown throughout the day.

Magical Memories Holiday

Year two of the Magical Memories Holiday Program exceeded expectations, welcoming approximately 900 families and 1,400 children over five event days. The free community program featured trolley rides, Santa visits in Old Town, Gourmet Hot Chocolate Sips, and a Sweet Surprises activation that helped increase downtown foot traffic during the critical holiday shopping season.

The program generated strong community participation and social media engagement, helping reinforce Los Gatos' reputation as a holiday destination for regional families. The Chamber also incorporated a charitable component benefiting a local charity.

GOLD Thursdays

For 2026, the Chamber expanded GOLD Thursdays as Los Gatos' monthly First Thursdays vitality initiative running from May through October. Designed to encourage strolling, shopping, dining, and community connection, GOLD Thursdays combines business promotions, live entertainment, and family-friendly programming to build on already

energetic Thursday evenings, helping drive local commerce and offset softer weekend downtown activity patterns associated with seasonal beach cut-through traffic.

The 2026 season launched May 7 with the inaugural activation of the Town's new **Downtown Entertainment Zone** ordinance. During GOLD Thursdays, adults 21 and over may purchase alcoholic beverages from participating businesses and responsibly enjoy them within the designated downtown boundaries. GOLD Thursdays served as the Town's first operational test case for the ordinance, demonstrating how managed outdoor social activity can support economic vitality and encourage visitors to explore multiple downtown businesses.

Eleven restaurants participated in the May season launch alongside nine additional businesses offering promotions and activations. Live music was featured in seven locations throughout downtown, and participating businesses reported strong foot traffic and sales activity. One retailer reported a notably strong sales lift, with approximately $16,000 in sales during the May GOLD Thursday activation.

Los Gatos Wine Walk

The 2026 Los Gatos Wine Walk demonstrated strong regional appeal and economic impact for Los Gatos, attracting visitors from throughout Silicon Valley, the Bay Area, and beyond. The event also attracted visitor groups traveling from Phoenix, Seattle, and Los Angeles, further reinforcing Los Gatos' growing visibility as a regional destination experience.

The event was highly rated by attendees, wineries, and downtown merchants, who consistently reported strong business activity and meaningful exposure to new customers. Businesses noted that the event not only generated immediate sales, but also introduced many first-time visitors to Los Gatos and encouraged additional exploration of downtown shops, restaurants, and hospitality businesses.

Expanding Regional Visibility and Economic Impact

The Chamber continues advancing a multi-phase destination marketing strategy designed to position Los Gatos not only as a desirable day-trip destination, but increasingly as a destination for culinary experiences, shopping, wellness, celebrations, and overnight stays.

Phase I: Awareness and Destination Identity

The foundational awareness phase is now well established through the Los Gatos Destination Guide, regional advertising placements, expanded digital content, and broader regional distribution efforts. Together, these initiatives have significantly expanded visibility for Los Gatos throughout Silicon Valley and the broader Bay Area while strengthening awareness of the town's dining, shopping, hospitality, and cultural experiences.

Phase II: Visitor Engagement and Discovery

During FY 2025–2026, the Chamber expanded visitor engagement efforts through itineraries, influencer collaborations, destination-focused social media, and interactive visitor tools designed to encourage exploration of local businesses and experiences.

Building on the prior year's identification of Bandwango as a robust visitor engagement platform, the Chamber successfully launched the Los Gatos Perks Pass, designed to encourage discovery of local restaurants, retailers, wineries, wellness businesses, and experiences throughout the community. The Chamber is underwriting the platform and related program costs as part of its broader investment in community-wide destination marketing and local business visibility.

The Chamber is also developing a collection of **new, free self-guided itineraries** on the platform designed to encourage visitors and residents to explore Los Gatos through themed experiences and discovery routes. In May 2026, the Chamber launched an "Outdoor Art of Los Gatos" itinerary highlighting murals, sculpture, and other public outdoor art throughout town. Additional forthcoming itineraries include "Sports Lovers," "Teen Favorites," and "Pet-Friendly Los Gatos" experiences, with local Los Gatos High School interns playing an instrumental role in itinerary research and content creation.

Phase III: Conversion and Long-Term Economic Impact

The Chamber is advancing efforts focused on increasing repeat visitation and encouraging visitors to spend more time exploring Los Gatos' restaurants, retailers, wineries, hotels, and community experiences. Signature events are increasingly functioning as regional destination drivers that encourage repeat visitation throughout the year.

To support longer stays and higher-value visitation, the Chamber also strengthened Los Gatos' positioning as a destination for celebrations, hospitality, and lifestyle experiences. This included collaborating with and helping promote Los Gatos' premier event venues, including Nestldown and the new Lexington Hills Estate & Winery, while working with

venue marketing firm Distinct Locations to increase Los Gatos' visibility for celebrations and experiences that support hotel, dining, and retail activity.

Additional efforts included collaboration with Lavish: An Experience Company, which develops customized lifestyle and hospitality experiences centered around dining, shopping, wellness, and celebration-oriented activities. Originally launched in Los Gatos, the company's thoughtfully designed itineraries and experiences help elevate our town's profile as a sophisticated and hospitality-oriented destination community. The Chamber also supported outreach to regional travel, lifestyle, and food journalists to help increase broader awareness of Los Gatos among regional visitor audiences.

In Conclusion

The Chamber is proud to have fulfilled and expanded upon the terms of its FY 2025–2026 agreement while continuing to expand Los Gatos' regional visibility, visitor engagement, and economic activity through destination marketing, visitor services, and community activation initiatives.

From attracting high levels of nonresident visitation through signature events, to expanding digital reach, supporting local businesses, piloting the Town's new Entertainment Zone, and strengthening Los Gatos' positioning as a regional destination, the Chamber has continued working to maximize the impact of the Town's investment while supporting long-term economic vitality.

As the scope and impact of the Visit Los Gatos program continue to grow, the Chamber remains committed to sustaining these services and partnerships in a fiscally responsible manner that supports local businesses, regional visitation, and community vitality.

The Chamber remains committed to leveraging the Town's investment through community-wide initiatives that support local commerce, regional visitation, civic engagement, and long-term economic vitality.

We are grateful for the Town's continued partnership and the opportunity to help strengthen Los Gatos as a thriving place to visit, shop, dine, stay, and gather.

AGREEMENT FOR SERVICES BY AND BETWEEN THE TOWN OF LOS GATOS AND THE LOS GATOS CHAMBER OF COMMERCE FISCAL YEAR 2026/2027

THIS AGREEMENT is made and entered into on June 16, 2026, by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and LOS GATOS CHAMBER OF COMMERCE, ("Chamber"), whose address is 10 Station Way, Los Gatos, California. This Agreement is made with reference to the following facts.

WHEREAS, Town appropriated funds in its Fiscal Year 2026/2027 Budget for this agreement for service, and;

WHEREAS, Town desires to engage Chamber to provide services as identified in this agreement, and Town has appropriated funds for this purpose, to be utilized during the time period between July 1, 2026, and June 30, 2027, and;

WHEREAS, Chamber represents and warrants the truth of all statements contained in "Scope of Services" attached as Exhibit A and incorporated herein by reference.

WHEREAS, Town and Chamber have executed an Agreement since Fiscal Year 2001, and;

WHEREAS, Town desires to engage the Chamber to manage the Town's Visit Los Gatos Destination Marketing Platform and provide Town Visitors Information Center services on behalf of the Town of Los Gatos to attract visitors and encourage economic vitality in Los Gatos.

WHEREAS, the Chamber represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

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

NOW. THEREFORE, the parties agree as follows:

1. Scope of Services. Chamber shall provide services as described in Exhibit A Chamber of Commerce Scope of Services, which is hereby incorporated by reference and attached as Exhibit A.

2 Term and Time of Performance. This contract will remain in effect from July 1, 2026, to June 30, 2027. Chamber shall perform the services described in Exhibit A – Scope of Services to manage the Town's Visit Los Gatos Destination Marketing Platform and provide Town Visitors Information Center services on behalf of the Town of Los Gatos to attract visitors and encourage economic vitality in Los Gatos.

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

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

5. Information/Report Handling. All documents furnished to Chamber by the Town and all reports and supportive data prepared by the Chamber under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Chamber's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Chamber in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Chamber shall not make any of these documents or information available to any individual or organization not employed by the Chamber or the Town without the written consent of the Town before such release.

6. Compensation. Compensation for Chamber's professional services **shall not exceed $88,000** for the management of the Visit Los Gatos, the Town's Destination Marketing Platform and the Town's Visitors Information Center, inclusive of all costs.

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 as described in Exhibit A.

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

   Invoices:
   Email to: AP@losgatosca.gov
   Or, Mail to: Town of Los Gatos
   Attn: Accounts Payable
   P.O. Box 655
   Los Gatos, CA 95031-0655

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

9. Annual Report. Chamber shall provide an annual report to the Economic Vitality Manager no later than May 1 2027, that contains metrics accounting for data that supports the work of this agreement at no less than three time points in time, at least three months apart (i.e. September, December, March) supporting the work throughout the agreement period and accounting for the services rendered by the Chamber for Destination Marketing and

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Visitors Information Center services; and, including direct expenditures for any products purchased, allocation of staff hours, documentation of any approved subcontractors or third party vendors used to provide services under this contract including agreements, invoices and proof of payment, and other related documentation, and analytics and data reflective of in person, online, social media, and other efforts to support the services outlined in Exhibit A- Scope of Services.

10. Use of Town of Los Gatos Branding and Logo. The Town has provided branding for the Visit Los Gatos Website including a logo and color palette. This shall continue to be used for the maintenance of the website and social media platforms displaying the Visit Los Gatos name and brand. The provided branding is the property of the Town and shall only be used by the Chamber for business of and marketing collateral that is executed as a part of the Visitors Information Center or Visit Los Gatos Destination Marketing efforts. Use of the logo in social media, print, email, or other form that is not directly related to the Visitors Information Center or Visit Los Gatos website requires explicit written permission by the Town.

11. Assignability and Subcontracting. The services to be performed under this Agreement are unique and specific to the Chamber. Any portion of these services that the Chamber elects to assign or subcontract to another vendor/consultant requires written consent of the Town, and copies of all related agreements, invoices, and other documentation must be included in the bi-annual reports as noted in this Agreement.

12. Independent Contractor. It is understood that the Chamber, 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, the Chamber shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Chamber 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. Chamber agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Chamber 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 Chamber or is based on allegations of Chamber's negligent performance or wrongdoing.

13. Conflict of Interest. Chamber understands that the professional responsibilities of the Town Information Center are solely to the Town. The Chamber shall not obtain any holding or interest within the Town of Los Gatos. Chamber 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, Chamber 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. Chamber 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, Chamber discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Chamber shall promptly notify Town of

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this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

14. Use of Funds. The Chamber shall not use any monies received under this agreement for the endorsement, opposition, or participation in any political lobbying activity involved in the support or opposition to any candidate for public office, proposed ballot measure or item pending Town Council action.

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

16. Minimum Scope of Insurance.

i. Supplier agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

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

17. General Liability.

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

ii. The Supplier's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and agents. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Supplier'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 agents.

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

19. Workers' Compensation. In addition to these policies, Supplier 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, Supplier shall ensure that all subcontractors employed by Supplier provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

20. Indemnification. The Supplier shall indemnify the Town, its elected and appointed officials, employees and agents from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any act or omissions of the Supplier, or any of the Supplier's officers, employees, or agents or any subcontractor. Supplier shall defend the Town against any such claims.

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

22. 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.

23. Termination of Agreement. The Town and the Chamber shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Chamber shall deliver to the Town all plans, files, documents, reports, performed to date by the Chamber. In the event of such termination, Town shall pay Chamber 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.

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

25. 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.

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26. 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

LOS GATOS CHAMBER OF COMMERCE
Attn: Jennifer Lin, Chief Executive Officer
10 Station Way
Los Gatos, CA 95030

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

27. 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.

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

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

Recommended by:

Monica Renn, Economic Vitality Manager

Town of Los Gatos by:

Chris Constantin, Town Manager

Approved as to Form:

Gabrielle Whelan, Town Attorney

Los Gatos Chamber of Commerce by:

Chief Executive Officer, Signature

Chief Executive Officer, Printed Name

EXHIBIT A - SCOPE OF SERVICES
AGREEMENT FOR SERVICES WITH THE CHAMBER OF COMMERCE
2026/2027

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

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

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

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

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

3. Offer in-person Los Gatos Visitor Information Center services at the Chamber of Commerce offices.

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

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

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 24

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution to Sell the 4 Tait Avenue Property (APN: 510-44-054); Approve and Authorize the Town Manager to Sign the Historic Covenant; and Authorize the Town Manager to Negotiate and Execute All Other Required Documents for the Sale, Including a Sale Agreement Accepting an Offer of $3,800,000 for the Property in Substantially the Form Presented**

RECOMMENDATION: Adopt a resolution to sell the 4 Tait Avenue Property (APN: 510-44-054); approve and authorize the Town Manager to sign the Historic Covenant; and authorize the Town Manager to negotiate and execute all required documents for the sale, including a Sale Agreement accepting an offer of $3,800,000 for the property in substantially the form presented.

FISCAL IMPACT:

If the Town were to sell the 4 Tait Avenue property (APN: 510-44-054) ("4 Tait") for $3,800,000 according to the draft agreement in Attachment 2, the Town would receive an estimated $3,600,000 in revenue after closing costs are paid.

STRATEGIC PRIORITY:

This item supports the Town's strategic priority of prudent fiscal management by leveraging an unused resource for revenue. This item also supports the strategic priority related to historic neighborhoods by requiring execution of a historic covenant that will be recorded against the property and run with the land, such that the historic nature of the exterior of the historic firehouse building must be maintained.

PREPARED BY: Katy Nomura
Assistant Town Manager

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

BACKGROUND:

The Town owns real property located at 4 Tait Avenue (Assessor's Parcel No. 510-44-054), which is improved with a building of approximately 2,525 square feet and an ancillary outbuilding originally constructed as a fire station and later used as a museum. The museum use was discontinued several years ago. The building and outbuilding are currently unoccupied. Since then, the Town has explored the disposition of the property by either lease or sale. The Town marketed the property for lease for commercial purposes for a number of years, but was unsuccessful. As a result, the Town Council directed staff to pursue a sale of the property so long as the historic structure could be maintained.

The state Surplus Land Act, which is codified at Government Code Sections 54220-54234, applies to dispositions of public property. Unless property is "exempt surplus land," before selling or leasing land for more than 15 years, agencies must declare real property "surplus" and follow state-mandated notification and negotiations processes. (Gov. Code Section 54220.) Land must be declared either "surplus land" or "exempt surplus land" prior to disposition. (Gov. Code Section 54221(b).) "Exempt surplus land" includes "surplus land that is less than one-half acre in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes." (Gov. Code Section 54221(f)(1)(B).)

On January 21, 2025, pursuant to Government Code Section 54221(b), the Town Council adopted a resolution declaring 4 Tait to be "exempt surplus land" and stating its intention to sell the property. On August 28, 2025, the Town received HCD's approval of the resolution declaring the property "exempt surplus land."

On October 7, 2025, the Town Council authorized the Town Manager to enter into a brokerage agreement with Kosmont to handle the sale of the property. Prior to listing the property, with the support of Kosmont, Town staff and the Town Attorney's Office conducted several pre-disposition due diligence advisory activities. This included requesting appraisals, developing the historic covenant documentation, preparing the offering memorandum and marketing material, reviewing preliminary title report and property address check, and conducting additional property due diligence activities.

On January 20, 2026, the Town Council approved rezoning 4 Tait from commercial C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to residential R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay).

On February 26, 2026, 4 Tait was listed on the public real estate market with a listing price of $3,500,000. The listing included a historic covenant (Attachment 3) that the Town would require to be signed and recorded against the property. The historic covenant requires that the building be maintained according to historic preservation laws, as well as requiring Town

approval for alterations to the street-facing sides of the building. After opening the listing, the Town received several inquiries and six offers, which were evaluated based on the best interests of the Town.

On June 10, 2026, the Planning Commission determined that the sale of the 4 Tait property conforms with the General Plan.

DISCUSSION:

Branislav Vajdic (buyer) made an offer to purchase the 4 Tait property as-is for $3,800,000 in cash with a 21-day due diligence period and a subsequent 21-days to close escrow. In addition, the buyer, an individual investor, indicated their intentions to renovate and live on the property as their residence. Staff recommends that the Town Council accept this offer.

Since the property has remained vacant despite attempts to lease through a master lessor, and because it requires renovations and resources the Town does not readily have available to invest in the property, it is recommended to sell the property to a buyer that is willing to accept the recordation of an historic covenant and renovate the property while following the Town's historic preservation laws. The sale of the property would allow the Town to generate one-time revenue from the sale, increase property tax revenue once the property converts to private ownership, and eliminate the Town's maintenance and capital investment needs for this property.

Historic Preservation

A condition of the sale is agreement to a historic preservation covenant, which will be recorded with the County Recorder against the property and will run with the land and bind future owners. The proposed historic preservation covenant requires that:

1) The property owner must comply with all applicable historic preservation laws.
2) Any Town approval required pursuant to the Town Code must be obtained prior to any maintenance of the property.
3) The property owner must repair (if possible) rather than replace any character-defining feature of the improvements and use historical materials when performing any maintenance.
4) No alteration, addition, or demolition may occur to the facades along Main Street and Tait Avenue without Town approval.
5) Any element of the improvements on the property that is significant to the property's historical and architectural value, and any character-defining features, must be preserved.
6) The covenant requires preservation even if the property is not listed on the National Register of Historic Places or the California Register of Historic Places.

Because the property is located in the Broadway Historic District, the following Town Code Sections apply:

Town Code Section 29.80.255: "Construction, alteration, demolition, or removal works for which a Town permit is required is prohibited on a designated landmark site or in a designated historic district unless approval by the deciding body has been granted as provided in Sections 29.80.260 through 29.80.300, or unless the work conforms with the provisions of Sections 29.80.310.

Town Code Section 29.80.260: No person shall do any of the work listed below without first obtaining the required planning approval:

(1) Exterior alteration to a designated landmark, property in an historic district or pre-1941 structure consisting of any construction, addition, demolition, restoration or rehabilitation.
(2) Interior alterations that would affect the exterior of a designated landmark, a structure in an historic district or a pre-1941 structure.
(3) Construction of any type on a landmark site or within a historic district unless excepted by the designating ordinance, or of a type which does not affect the exterior appearance of the site, district or any structure on the site or in the district.

Town Code Section 29.80.265: Prior to issuance of a building permit, a Notice to Contractor form must be signed by the contractor and posted at the job site stating that the property is on the Historic Resources Inventory and no deviations from the approved plans are allowed without prior review and approval. This information shall be affixed to the approved building plans.

Next Steps

If the Town Council approves the purchase documents, the Town Manager will work with the buyer to execute them, and a request to open escrow will be made. The buyer will also submit their initial good-faith deposit of $114,000 into escrow. The buyer will begin the 21-day due diligence period, and if the buyer elects to move forward after this period, the final 21-day escrow period will begin. The Escrow Officer will issue the Town's and the buyer's closing documents for review and execution. The buyer will then deposit the remaining purchase funds. Once these funds are verified, the Escrow Officer will submit documents to the County Recorder for recording. Once the recording is confirmed, escrow will disburse purchase proceeds to pay the escrow costs and recording fees identified in the Final Closing Statement. The Town will then receive the net proceeds after these costs are paid.

CONCLUSION:

For the reasons indicated, staff recommends that the Town Council adopt a resolution for the sale of 4 Tait; approve and authorize the Town Manager to sign the Historic Covenant; and

authorize the Town Manager to negotiate and execute all other documents required for the sale.

COORDINATION:

This report was coordinated with the Town Attorney's Office and the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

The sale of this real property is categorically exempt from the California Environmental Quality Act in accordance with CEQA Guidelines Section 15312, "Surplus Government Property Sales." In addition, the sale of this property does not constitute a "project" subject to the California Environmental Quality Act in that it can be seen with certainty that the sale of this property will not have a significant effect on the environment. (CEQA Guidelines Section 15061 (b)(3)).

Attachments:
1. Resolution
2. Draft Agreement
3. Historic Covenant

RESOLUTION 2026-xx

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AUTHORIZING THE SALE OF 4 TAIT AVENUE

WHEREAS, the Town of Los Gatos (the "Town") is a municipal corporation exercising governmental functions and powers, organized and existing under the laws of the State of California; and

WHEREAS, the Town owns property, which is commonly known as 4 Tait Avenue (Assessor's Parcel No 510-44-054) (the "Property"); and

WHEREAS, the Property is "exempt surplus land" not subject to the requirements of the state Surplus Lands Act because it is less than one-half acre in area in size and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes (Gov. Code Section 54221 (f)(1)(B)); and

WHEREAS, in accordance with Government Code Section 54221 (f)(1)(P)(iv), the Town provided the Department of Housing and Community Development a written notification of its declaration and findings that 4 Tait is "exempt surplus land;" and

WHEREAS, the Department of Housing and Community Development approved the Town's proposed declaration; and

WHEREAS, on January 21, 2025, the Town Council adopted a resolution declaring 4 Tait to be exempt Surplus Land; and

WHEREAS, after obtaining an appraisal, the Town marketed the real property and considered offers; and

WHEREAS, the purchase and sale agreement requires recordation of a historic preservation covenant; and

WHEREAS, as authorized by California Government Code Section 37350 et seq., the Town Council is disposing of property for the common benefit in that a historic structure will be preserved and the proceeds from the sale will be used for a future project that will benefit the community; and

WHEREAS, pursuant to Section 65402 of the California Government Code, the Town Council finds and determines that the location, purpose and extent of the proposed disposition of the Property, have been considered and reported on by the Planning Commission and that

the proposed disposition of the Property conforms to the Town's adopted general plan and zoning; and

WHEREAS, this Town Council, as the "lead agency" under the California Environmental Quality Act ("CEQA"), finds and determines that the sale of the Property is categorically exempt from the provisions of CEQA under Section 15312 of the State CEQA Guidelines relating to the sale of surplus government property; and

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby declare, determine, and order as follows:

1. The foregoing recitals are true and correct and are incorporated as findings.

2. The Town Council finds and determines that the sale of the Property is categorically exempt from the provisions of CEQA under Section 15312 of the State CEQA Guidelines and, accordingly, hereby authorizes and directs Town staff to file a Notice of Exemption with the Santa Clara County Clerk. In addition, the sale of this property does not constitute a "project" subject to the California Environmental Quality Act in that it can be seen with certainty that the sale of this property will not have a significant impact on the environment. (CEQA Guidelines Section 15061(b)(3).)

3. The Town Council hereby finds and determines that:

    a. The Property is not needed for the purpose for which it was acquired or for any other public purposes.
    b. The Property's sale is for the common benefit, because it will be sold for fair market value, a historic structure will be preserved, the use will be consistent with the General Plan and zoning, and the transfer will generate property tax revenue.
    c. The Property is exempt surplus real property.
    d. The Town Council authorizes the Town Manager to negotiate and execute the purchase and sale agreement and addendum, the grant deed, the historic covenant, and any other documents required for closing, in substantially the form presented.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 16th of June, 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

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

ATTEST:

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

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CALIFORNIA ASSOCIATION OF REALTORS®

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(As required by the Civil Code)
(C.A.R. Form AD, Revised 12/24)

ITEM NO. 24.

☐ (If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code §§ 2079.13(j), (k), and (l).

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
(b) A duty of honest and fair dealing and good faith.
(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A Buyer's agent can, with a Buyer's consent, agree to act as agent for the Buyer only. This includes a Buyer's agent under a buyer-broker representation agreement with the Buyer. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
(b) A duty of honest and fair dealing and good faith.
(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more salespersons and broker associates, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

(a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
(b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered.

SELLER AND BUYER RESPONSIBILITIES

Either the purchase agreement or a separate document will contain a confirmation of which agent is representing you and whether that agent is representing you exclusively in the transaction or acting as a dual agent. Please pay attention to that confirmation to make sure it accurately reflects your understanding of your agent's role.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

If you are a Buyer, you have the duty to exercise reasonable care to protect yourself, including as to those facts about the property which are known to you or within your diligent attention and observation.

Both Sellers and Buyers should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of §§ 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully.**

Note: Real estate broker commissions are not set by law and are fully negotiable.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE SECOND PAGE.

DocuSigned by:

☒ Buyer ☐ Seller ☐ Landlord ☐ Tenant Branislav Vajdic Date 05/26/2026
D7BDD31621AE407...

☐ Buyer ☐ Seller ☐ Landlord ☐ Tenant _____ Date _____

Agent DocuSigned by: Montalvo Realty DRE Lic. # 01918597
Real Estate Broker (Firm)

By Alexander Lunginovic Alex D. Lunginovic DRE Lic. # 01136628 Date 05/26/2026
4CD43DD43E9A434... (Salesperson or Broker-Associate, if any)

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ATTACHMENT 2

2079.13. As used in this section and §§ 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings: **(a)** "Agent" means a person acting under provisions of Title 9 (commencing with § 2295) in a real property transaction, and includes a licensed as a real estate broker under Chapter 3 (commencing with § 10130) of Part 1 of Division 4 of the Business and Professions C whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. **(b)** "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes a vendee or lessee of real property. **(c)** "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with § 1940) of Title 5, (3) a mobilehome, as defined in § 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in § 799.29. **(d)** "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. **(e)** "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. **(f)** "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. **(g)** "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. **(h)** "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. **(i)** "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. **(j)** "Real property" means any estate specified by subdivision (1) or (2) of § 761 in property, and includes (1) single-family residential property, (2) multiunit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in § 18007 of the Health and Safety Code, or a mobilehome as defined in § 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in § 10131.6 of the Business and Professions Code. **(k)** "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. **(l)** "Single-family residential property" or "single-family residential real property" means any of the following: (1) Real property improved with one to four dwelling units, including a leasehold exceeding one year's duration. (2) A unit in a residential stock cooperative, condominium, or planned unit development. (3) A mobilehome or manufactured home when offered for sale or sold through a real estate broker pursuant to § 10131.6 of the Business and Professions Code. **(m)** "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of § 2985, and transactions for the creation of a leasehold exceeding one year's duration. **(n)** "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. **(o)** "Buyer's agent" means an agent who represents a buyer in a real property transaction. **(p)** "Buyer-broker representation agreement" means a written contract between a buyer of real property and a buyer's agent by which the buyer's agent has been authorized by the buyer to provide services set forth in subdivision (a) of § 10131 of the Business and Professions Code for or on behalf of the buyer for which a real estate license is required pursuant to the terms of the contract.

2079.14. (a) A copy of the disclosure form specified in § 2079.16 shall be provided in a real property transaction as follows: (1) The seller's agent, if any, shall provide the disclosure form to the seller before entering into a listing agreement. (2) The buyer's agent shall provide the disclosure to the buyer as soon as practicable before the execution of a buyer-broker representation agreement and execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer. **(b)** The agent providing the disclosure form specified in § 2079.16 shall obtain a signed acknowledgement of receipt from the buyer or seller except as provided in § 2079.15.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to § 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17(a) As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. **(b)** As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller. **(c)** The confirmation required by subdivisions (a) and (b) shall be in the following form:

Seller's Brokerage Firm DO NOT COMPLETE. SAMPLE ONLY License Number

Is the broker of (check one): ☐ the seller; or ☐ both the buyer and seller. (dual agent)

Seller's Agent DO NOT COMPLETE. SAMPLE ONLY License Number

Is (check one): ☐ the Seller's Agent. (salesperson or broker associate) ☐ both the Buyer's and Seller's Agent. (dual agent)

Buyer's Brokerage Firm DO NOT COMPLETE. SAMPLE ONLY License Number

Is the broker of (check one): ☐ the buyer; or ☐ both the buyer and seller. (dual agent)

Buyer's Agent DO NOT COMPLETE. SAMPLE ONLY License Number

Is (check one): ☐ the Buyer's Agent. (salesperson or broker associate) ☐ both the Buyer's and Seller's Agent. (dual agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by § 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

2079.18 (Repealed pursuant to AB-1289)

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of § 2079.14 and § 2079.17 are complied with.

2079.21 (a) A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller. **(b)** A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. **(c)** "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. **(d)** This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23 (a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship. **(b)** A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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CALIFORNIA ASSOCIATION OF REALTORS®

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(C.A.R. FORM RPA, Revised 12/25)

ITEM NO. 24.

Date Prepared: May 19, 2026

1. **OFFER:**
   - A. **THIS IS AN OFFER FROM** Branislav Vajdic ("Buyer").
   - B. **THE PROPERTY** to be acquired is 4 Tait Avenue, situated in Los Gatos (City), Santa Clara County (County), California, 95030 (Zip Code), Assessor's Parcel No(s). 510-44-054 ("Property").
     (Postal/Mailing address may be different from city jurisdiction. Buyer is advised to investigate.)
   - C. **THE TERMS OF THE PURCHASE ARE SPECIFIED BELOW AND ON THE FOLLOWING PAGES.**
   - D. Buyer and Seller are referred to herein as the "Parties." Brokers and Agents are **not** Parties to this Agreement.
2. **AGENCY:**
   - A. **DISCLOSURE:** The Parties each acknowledge receipt of a "Disclosure Regarding Real Estate Agency Relationship" (C.A.R. Form AD) if represented by a real estate licensee. Buyer's Agent is not legally required to give to Seller's Agent the AD form Signed by Buyer. Seller's Agent is not legally obligated to give to Buyer's Agent the AD form Signed by Seller.
   - B. **CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction.
     Seller's Brokerage Firm Kosmont Real Estate Services dba Kosmont Realty License Number 02058445
     Is the broker of (check one): [X] the Seller; or [ ] both the Buyer and Seller (Dual Agent).
     Seller's Agent Larry J. Kosmont License Number 01182660
     Is (check one): [X] the Seller's Agent. (Salesperson or broker associate); or [ ] both the Buyer's and Seller's Agent (Dual Agent).
     Buyer's Brokerage Firm Montalvo Realty License Number 01918597
     Is the broker of (check one): [X] the Buyer; or [ ] both the Buyer and Seller (Dual Agent).
     Buyer's Agent Alex D. Lunginovic License Number 01136628
     Is (check one): [X] the Buyer's Agent (Salesperson or broker associate); or [ ] both the Buyer's and Seller's Agent (Dual Agent).
   - C. [ ] More than one Brokerage represents [ ] Seller, [ ] Buyer. See, Additional Broker Acknowledgement (C.A.R. Form ABA).
   - D. **POTENTIALLY COMPETING BUYERS AND SELLERS:** The Parties each acknowledge receipt of a [X] "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).
3. **TERMS OF PURCHASE AND ALLOCATION OF COSTS:** The items in this paragraph are contractual terms of the Agreement. Referenced paragraphs provide further explanation. This form is 17 pages. The Parties are advised to read all 17 pages.

	Para #	Paragraph Title or Contract Term	Terms and Conditions	Additional Terms
A	5, 5B (cash)	**Purchase Price**	$ 3,800,000.00	[X] All Cash
B		**Close Of Escrow (COE)**	[ ] _____ Days after Acceptance OR on [X] See Addendum (date)	
C	32A	**Expiration of Offer**	3 calendar days after all Buyer Signature(s) or June 9, 2026 (date), at 5PM or _____ [ ] AM/[ ] PM	
D(1)	5A(1)	**Initial Deposit Amount**	$ 114,000.00 (3.00 % of purchase price) (% number above is for calculation purposes and is not a contractual term)	within 3 (or _____) business days after Acceptance by wire transfer OR [ ] _____
D(2)	5A(2)	[ ] **Increased Deposit**	See attached Increased Deposit Addendum (C.A.R. Form IDA)	
E(1)	5C(1)	**Loan Amount(s):** First Interest Rate Points If FHA or VA checked, Deliver list of lender required repairs	$ _____ (_____% of purchase price) Fixed rate or [ ] Initial adjustable rate • not to exceed _____% • Buyer to pay up to _____ points to obtain the rate above 17 (or _____) Days after Acceptance	Conventional or, if checked, [ ] FHA (Forms FVAC/HID attached) [ ] VA (Form FVAC attached) [ ] Seller Financing [ ] Other: _____
E(2)	5C(2)	Additional Financed Amount Interest Rate Points	$ _____ (_____% of purchase price) Fixed rate or [ ] Initial adjustable rate • not to exceed _____% • Buyer to pay up to _____ points to obtain rate above	Conventional or, if checked, [ ] Seller Financing [ ] Other: _____
E(3)	7A	**Occupancy Type**	Primary, or if checked, [ ] Secondary [ ] Investment	
F	5D	**Balance of Down Payment**	$ 3,686,000.00	
		PURCHASE PRICE TOTAL	$ 3,800,000.00	

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ITEM NO. 24.

G	**SELLER PAYMENT TO COVER BUYER EXPENSES AND COSTS**			
G(1)	5E	☐ **Seller Credit to Buyer**	$ _____	For closing costs
G(2)		**ADDITIONAL SELLER CREDIT TERMS (does not include buyer broker compensation):** _____		
G(3)	18A	☐ **Seller Payment to Compensate Buyer's Broker**	**Seller agrees to pay Buyer's Broker,** out of transaction proceeds, _____% of the final purchase price AND, if applicable $ _____ OR, if checked ☐ $_____ .	
H(1)	5B	**Verification of All Cash** (sufficient funds)	Attached to the offer or ☐ 3 (or _____) Days after Acceptance	
H(2)	6A	**Verification of Down Payment and Closing Costs**	Attached to the offer or ☐ 3 (or _____) Days after Acceptance	
H(3)	6B	**Verification of Loan Application**	Attached to the offer or ☐ 3 (or *NA*) Days after Acceptance	☐ Prequalification ☐ Preapproval ☐ Fully underwritten preapproval
I	**Intentionally Left Blank**			
J	16	**Final Verification of Condition**	5 (or _____) Days prior to COE	
K	23	**Assignment Request**	17 (or *NA*) Days after Acceptance	
L		**CONTINGENCIES**	**TIME TO REMOVE CONTINGENCIES**	**CONTINGENCY REMOVED**
L(1)	8A	**Loan(s)**	17 (or _____) Days after Acceptance	☒ No loan contingency
L(2)	8B	**Appraisal:** Appraisal contingency based upon appraised value at a minimum of purchase price or ☐ $ _____	17 (or _____) Days after Acceptance	☒ No appraisal contingency Removal of appraisal contingency does not eliminate appraisal cancellation rights in FVAC.
L(3)	8C, 12	**Investigation of Property**	17 (or *21*) Days after Acceptance	REMOVAL OR WAIVER OF CONTINGENCY: Any contingency in L(1)-L(8) may be removed or waived by checking the applicable box above or attaching a Contingency Removal (C.A.R. Form CR-B) and checking the applicable box therein. Removal or Waiver at time of offer is against Agent advice. See **paragraph 8I.** ☐ **CR-B attached**
		Informational Access to Property Buyer's right to access the Property for informational purposes is **NOT** a contingency, does **NOT** create cancellation rights, and applies even if contingencies are removed.	17 (or _____) Days after Acceptance	
L(4)	8D	**Insurance**	17 (or *21*) Days after Acceptance	
L(5)	8E, 14A	**Review of Seller Documents**	17 (or *21*) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(6)	8F, 13A	**Preliminary ("Title") Report**	17 (or *21*) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(7)	8G, 11M	**Common Interest Disclosures** Per Civil Code § 4525 or Agreement	17 (or _____) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(8)	8H, 9B(6)	**Review of leased or liened items** (E.g. solar panels or propane tanks)	17 (or *21*) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(9)	8K	**Sale of Buyer's Property** Sale of Buyer's property is not a contingency, UNLESS checked here: ☐ **C.A.R. Form COP attached**		
M		**Possession**	**Time for Performance**	**Additional Terms**
M(1)		**Time of Possession**	Upon notice of recordation, OR ☐ 6 PM or _____ ☐ AM/ ☐ PM on date specified, as applicable, in 3M(2) or attached TOPA.	
M(2)	7D	**Seller Occupied or Vacant units**	COE date or, if checked below, ☐ _____ days after COE (29 or fewer days) ☐ _____ days after COE (30 or more days)	C.A.R. Form SIP attached if 29 or fewer days. C.A.R. Form RLAS attached if 30 or more days.
M(3)	4A, 7A	**Occupied units by tenants or anyone other than the Seller**	Subject to tenant rights, unless primary or secondary residence in **3E(3)**, or Otherwise Agreed (TOPA may be used)	See **7A** if TOPA is not attached. ☐ Tenant Occupied Property Addendum (C.A.R. Form TOPA) attached.
N		**Documents/Fees/Compliance**	**Time for Performance**	
N(1)	14A	Seller Delivery of Documents	7 (or *10*) Days after Acceptance	
N(2)	19B	Sign and return Escrow Holder Provisions and Instructions	5 (or *10*) Days after Delivery	
N(3)	11M(2)	Time to pay fees for ordering HOA Documents	3 (or _____) Days after Acceptance	
N(4)	10B(1)	Install smoke alarm(s), CO detector(s), water heater bracing	7 (or *10*) Days after Acceptance	
N(5)	24	Evidence of representative authority	3 Days after Acceptance	
O	**Intentionally Left Blank**			

ITEM NO. 24.

P	Items Included and Excluded			
P(1)	9	**Items Included - All items specified in Paragraph 9B are included and the following, if checked:**		
		☐ Stove(s), oven(s), stove/oven combo(s); ☐ Refrigerator(s); ☐ Wine Refrigerator(s); ☐ Washer(s); ☐ Dryer(s); ☐ Dishwasher(s); ☐ Microwave(s); **Additional Items Included:** ☐ _____.	☐ Video doorbell(s); ☐ Security camera equipment; ☐ Security system(s)/alarm(s), other than separate video doorbell and camera equipment; ☐ Smart home control devices; ☐ Wall mounted brackets for video or audio equipment; ☐ _____. ☐ _____.	☐ Above-ground pool(s) / ☐ spa(s); ☒ Bathroom mirrors, unless excluded below; ☐ Electric car charging systems and stations; ☐ Potted trees/shrubs; ☐ _____. ☐ _____.
P(2)		**Excluded Items:** ☒ *See Text Overflow Addendum* ;	☐ _____;	☐ _____;

Q	Allocation of Costs			
	Para #	**Item Description**	**Who Pays** (if Both is checked, cost to be split equally unless Otherwise Agreed)	**Additional Terms**
Q(1)	10A, 11A	Natural Hazard Zone Disclosure Report, including tax information	☐ Buyer ☒ Seller ☐ Both _____ ☒ Provided by: *Best Efforts To Use "MyNHD"*	☐ Environmental ☐ Other _____
Q(2)		Optional Wildfire Disclosure Report *Click here for Additional Report*	☐ Buyer ☐ Seller ☐ Both _____ Provided by: *Click here to select Wildfire Service Provider*	
Q(3)		(A) _____ Report (B) _____ Report	☐ Buyer ☐ Seller ☐ Both _____ ☐ Buyer ☐ Seller ☐ Both _____	
Q(4)	10B(1)	Smoke alarms, CO detectors, water heater bracing	☐ Buyer ☒ Seller ☐ Both _____	
Q(5)	10A 10B(2)	Government Required Point of Sale **inspections, reports**	☒ Buyer ☐ Seller ☐ Both _____	
Q(6)	10B(2)	Government Required Point of Sale **corrective/remedial actions**	☒ Buyer ☐ Seller ☐ Both _____	
Q(7)	19B	Escrow Fee	☐ Buyer ☐ Seller ☐ Both _____ Escrow Holder: *Chicago Title Company*	☒ Each to pay their own fees
Q(8)	13	Owner's title insurance policy	☐ Buyer ☒ Seller ☐ Both _____ Title Co. (If different from Escrow Holder): *Chicago Title Company*	
Q(9)		Buyer's Lender title insurance policy	Buyer	Unless Otherwise Agreed, Buyer shall purchase any title insurance policy insuring Buyer's lender.
Q(10)		County transfer tax, fees	☐ Buyer ☒ Seller ☐ Both _____	
Q(11)		City transfer tax, fees	☐ Buyer ☒ Seller ☐ Both _____	
Q(12)	11M(2)	HOA fee for preparing disclosures	Seller	
Q(13)		HOA certification fee	Buyer	
Q(14)		HOA transfer fees	☐ Buyer ☐ Seller ☐ Both _____	Unless Otherwise Agreed, Seller shall pay for separate HOA move-out fee and Buyer shall pay for separate move-in fee. Applies if separately billed or itemized with cost in transfer fee.
Q(15)		Private transfer fees	Seller, or if checked, ☐ Buyer ☐ Both _____	
Q(16)		_____ fees or costs	☐ Buyer ☐ Seller ☐ Both _____	
Q(17)		_____ fees or costs	☐ Buyer ☐ Seller ☐ Both _____	
Q(18)	10C	Home warranty plan chosen by Buyer. Coverage includes, but is not limited to: _____ _____	☐ Buyer ☐ Seller ☐ Both _____ Issued by: _____ ☒ Buyer waives home warranty plan	If Seller or Both checked, Seller's cost not to exceed $ _____.

R	
R	**OTHER TERMS:** *There will be an Addendum Agreement, with an Historic Declaration of Covenants and Restrictions Exhibit attached thereto, to the California Residential Purchase Agreement and Joint Escrow Instructions. The Addendum Agreement will be the controlling agreement to the PSA. Please refer to the Addendum for the Close of Escrow timeframe. Per 3 G (3), the Seller will not make a payment to compensate the Buyer's Broker ($0).*

Property Address: 4 Tait Avenue, Los Gatos, CA 95030 Date: May 19, 2026

ITEM NO. 24.

4. **PROPERTY ADDENDA AND ADVISORIES:** (check all that apply)

A. **PROPERTY TYPE ADDENDA:** This Agreement is subject to the terms contained in the Addenda checked below

- ☐ Tenant Occupied Property Addendum (C.A.R. Form TOPA) (Should be checked whether current tenants will remain or not.)
- ☐ Probate Agreement Purchase Addendum (C.A.R. Form PA-PA)
- ☐ Manufactured Home Purchase Addendum (C.A.R. Form MH-PA)
- ☐ Tenancy in Common Purchase Addendum (C.A.R. Form TIC-PA)
- ☐ Stock Cooperative Purchase Addendum (C.A.R. Form COOP-PA)
- ☐ Mixed Use Purchase Addendum (C.A.R. Form MU-PA) ☐ Other _____

B. **OTHER ADDENDA:** This Agreement is subject to the terms contained in the Addenda checked below:

- ☐ Addendum # _____ (C.A.R. Form ADM)
- ☐ Back Up Offer Addendum (C.A.R. Form BUO)
- ☐ Septic, Well, Property Monument and Propane Addendum (C.A.R. Form SWPI)
- ☐ Buyer Intent to Exchange Addendum (C.A.R. Form BXA)
- ☒ Other *See Text Overflow Addendum (C.A.R. Form*
- ☐ Short Sale Addendum (C.A.R. Form SSA)
- ☐ Court Confirmation Addendum (C.A.R. Form CCA)
- ☐ Seller Intent to Exchange Addendum (C.A.R. Form SXA)
- ☒ Other *See Text Overflow Addendum (C.A.R. Form TOA)*

C. **BUYER AND SELLER ADVISORIES: (Note: All Advisories below are provided for reference purposes only and are not intended to be incorporated into this Agreement.)**

- ☒ Buyer's Investigation Advisory (C.A.R. Form BIA)
- ☒ Wire Fraud Advisory (C.A.R. Form WFA)
- ☐ Wildfire Disaster Advisory (C.A.R. Form WFDA)
- ☐ Trust Advisory (C.A.R. Form TA)
- ☐ REO Advisory (C.A.R. Form REO)
- ☒ Other *Statewide Buyer and Seller Advisory*
- ☒ Fair Housing and Discrimination Advisory (C.A.R. Form FHDA)
- ☒ Cal. Consumer Privacy Act Advisory (C.A.R. Form CCPA) (Parties may also receive a privacy disclosure from their own Agent.)
- ☐ Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
- ☐ Probate Advisory (C.A.R. Form PA)
- ☒ Other *Buyer's Homeowner's Insurance Advisory*
- ☐ Other _____

5. **ADDITIONAL TERMS AFFECTING PURCHASE PRICE:** Buyer represents that funds will be good when deposited with Escrow Holder.

A. **DEPOSIT:**

(1) **INITIAL DEPOSIT:** Buyer shall deliver deposit directly to Escrow Holder. If a method other than wire transfer is specified in **paragraph 3D(1)** and such method is unacceptable to Escrow Holder, then upon notice from Escrow Holder, delivery shall be by wire transfer.

(2) **RETENTION OF DEPOSIT: Paragraph 29, if initialed by all Parties or otherwise incorporated into this Agreement, specifies a remedy for Buyer's default. Buyer and Seller are advised to consult with a qualified California real estate attorney: (i) Before adding any other clause specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase. Any such clause shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code; and (ii) Regarding possible liability and remedies if Buyer fails to deliver the deposit.**

B. **ALL CASH OFFER:** If an all cash offer is specified in **paragraph 3A**, no loan is needed to purchase the Property. This Agreement is NOT contingent on Buyer obtaining a loan. Buyer shall, within the time specified in **paragraph 3H(1)**, Deliver written verification of funds sufficient for the purchase price and closing costs.

C. **LOAN(S):**

(1) **FIRST LOAN:** This loan will provide for conventional financing **UNLESS** FHA, VA, Seller Financing (C.A.R. Form SFA), or Other is checked in **paragraph 3E(1)**.

(2) **ADDITIONAL FINANCED AMOUNT:** If an additional financed amount is specified in **paragraph 3E(2)**, that amount will provide for conventional financing **UNLESS** Seller Financing (C.A.R. Form SFA), or Other is checked in **paragraph 3E(2)**.

(3) **BUYER'S LOAN STATUS:** Buyer authorizes Seller and Seller's Authorized Agent to contact Buyer's lender(s) to determine the status of any Buyer's loan specified in **paragraph 3E**, or any alternate loan Buyer pursues, whether or not a contingency of this Agreement. If the contact information for Buyer's lender(s) is different from that provided under the terms of **paragraph 6B**, Buyer shall Deliver the updated contact information within 1 Day of Seller's request.

(4) **FHA/VA: If FHA or VA is checked in paragraph 3E(1),** a FHA/VA amendatory clause (C.A.R. Form FVAC) shall be incorporated and Signed by all Parties. Buyer shall, within the time specified in **paragraph 3E(1),** Deliver to Seller written notice (C.A.R. Form RR or AEA) **(i)** of any lender requirements that Buyer requests Seller to pay for or otherwise correct or **(ii)** that there are no lender requirements. Notwithstanding Seller's agreement that Buyer may obtain FHA or VA financing, Seller has no obligation to pay or satisfy any or all lender requirements unless agreed in writing.

D. **BALANCE OF PURCHASE PRICE (DOWN PAYMENT, paragraph 3F) (including all-cash funds)** to be deposited with Escrow Holder pursuant to Escrow Holder instructions.

E. **LIMITS ON CREDITS TO BUYER:** Any credit to Buyer as specified in **paragraph 3G(1)** or Otherwise Agreed, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender, if any, and made at Close Of Escrow. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then **(i)** the Contractual Credit from Seller shall be reduced to the Lender Allowable Credit, and **(ii)** in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.

6. **ADDITIONAL FINANCING TERMS:**

A. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Written verification of Buyer's down payment and closing costs, within the time specified in **paragraph 3H(2)** may be made by Buyer or Buyer's lender or loan broker pursuant to **paragraph 6B**.

B. **VERIFICATION OF LOAN APPLICATIONS:** Buyer shall Deliver to Seller, within the time specified in **paragraph 3H(3)** a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in **paragraph 3E**. If any loan specified in **paragraph 3E** is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate.

C. **BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including, but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price, and to sell to Buyer in reliance on Buyer's specified financing. Buyer shall pursue the financing specified in this Agreement, even if Buyer also elects to pursue an alternative form of financing. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in this Agreement but shall not interfere with closing at the purchase price on the COE date (**paragraph 3B**) even if based upon alternate financing. Buyer's inability to obtain alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

ITEM NO. 24.

7. CLOSING AND POSSESSION:

A. OCCUPANCY: If Buyer intends to occupy as a primary or secondary residence (see **paragraph 3E(3)**), and unl Agreed, such as in C.A.R. Form TOPA: **(i)** the unit Buyer intends to occupy shall be vacant at the time possession is delivered to Buyer, and **(ii)** if the Property contains more than one unit, within **3 Days** after Acceptance Buyer shall give Seller written notice of which unit Buyer intends to occupy. Occupancy may impact available financing. **Seller shall disclose to Buyer if occupied by tenants or persons other than Seller, and attach C.A.R. Form TOPA in a counter offer if not part of Buyer's offer.**

B. CONDITION OF PROPERTY ON CLOSING:
Unless Otherwise Agreed: **(i)** the Property shall be delivered "**As-Is**" in its PRESENT physical condition as of the date of Acceptance; **(ii)** the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; **(iii)** Except as specified in **paragraph 9C**, Seller is not responsible to repair any holes left after the removal of any wall hangings (such as pictures and mirrors), brackets, nails or other fastening devices; and **(iv)** all debris and personal property not included in the sale shall be removed by Close Of Escrow or at the time possession is delivered to Buyer, if not on the same date. If items are not removed when possession is delivered to Buyer, all items shall be deemed abandoned. Buyer, after first Delivering to Seller written notice to remove the items within **3 Days**, may pay to have such items removed or disposed of and may bring Legal Action, as per this Agreement, to receive reasonable costs from Seller.

C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller and Agents may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had all required permits issued and/or finalized.

D. SELLER REMAINING IN POSSESSION AFTER CLOSE OF ESCROW: If Seller has the right to remain in possession after Close Of Escrow pursuant to **paragraph 3M(2)** or as Otherwise Agreed: The Parties are advised to **(i)** consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and **(ii)** consult with a qualified California real estate attorney where the Property is located to determine the ongoing rights and responsibilities of both Buyer and Seller with regard to each other, including possible tenant rights, and what type of written agreement to use to document the relationship between the Parties. Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.

E. At Close Of Escrow: (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale; and **(ii)** Seller shall Deliver to Buyer available Copies of any such warranties. Agents cannot and will not determine the assignability of any warranties.

F. Seller shall, on Close Of Escrow unless Otherwise Agreed and even if Seller remains in possession, provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems, intranet and Internet-connected devices included in the purchase price, garage door openers, and all items included in either **paragraph 3P** or **paragraph 9**. If the Property is a condominium or located in a common interest development, Seller shall be responsible for securing or providing any such items for Association amenities, facilities, and access. Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

8. CONTINGENCIES AND REMOVAL OF CONTINGENCIES:

A. LOAN(S):

(1) This Agreement is, **unless otherwise specified in paragraph 3L(1) or an attached CR-B form**, contingent upon Buyer obtaining the loan(s) specified. If contingent, Buyer shall act diligently and in good faith to obtain the designated loan(s). **If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan and Buyer is able to satisfy lender's non-appraisal conditions for closing the loan.**

(2) Buyer is advised to investigate the insurability of the Property as early as possible, as this may be a requirement for lending. Buyer's ability to obtain insurance for the Property, including fire insurance, is part of Buyer's Insurance contingency. Failure of Buyer to obtain insurance may justify cancellation based on the Insurance contingency but not the loan contingency.

(3) Buyer's contractual obligations regarding deposit, balance of down payment and closing costs **are not contingencies** of this Agreement, unless Otherwise Agreed.

(4) If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.

(5) **NO LOAN CONTINGENCY:** If "No loan contingency" is checked in **paragraph 3L(1)**, obtaining any loan specified is NOT a contingency of this Agreement. If Buyer does not obtain the loan specified, and as a result is unable to purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.

B. APPRAISAL:

(1) This Agreement is, **unless otherwise specified in paragraph 3L(2) or an attached CR-B form**, contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the amount specified in **paragraph 3L(2)**, without requiring repairs or improvements to the Property. Appraisals are often a reliable source to verify square footage of the subject Property. However, the ability to cancel based on the measurements provided in an appraisal falls within the Investigation of Property contingency. The appraisal contingency is solely limited to the value determined by the appraisal. For any cancellation based upon this appraisal contingency, Buyer shall Deliver a Copy of the written appraisal to Seller, upon request by Seller.

(2) **NO APPRAISAL CONTINGENCY:** If "No appraisal contingency" is checked in **paragraph 3L(2)**, then Buyer may not use the loan contingency specified in **paragraph 3L(1)** to cancel this Agreement if the sole reason for not obtaining the loan is that the appraisal relied upon by Buyer's lender values the property at an amount less than that specified in **paragraph 3L(2)**. If Buyer is unable to obtain the loan specified solely for this reason, Seller may be entitled to Buyer's deposit or other legal remedies.

(3) **FAIR APPRAISAL ACT NOTICE:**

(A) Any appraisal of the property is required to be unbiased, objective, and not influenced by improper or illegal considerations, including, but not limited to, any of the following: race, color, religion (including religious dress, grooming practices, or both), gender (including, but not limited to, pregnancy, childbirth, breastfeeding, and related conditions, and gender identity and gender expression), sexual orientation, marital status, medical condition, military or veteran status, national origin (including language use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law), source of income, ancestry, disability (mental and physical, including, but not limited to, HIV/AIDS status, cancer diagnosis, and genetic characteristics), genetic information, or age.

(B) If a buyer or seller believes that the appraisal has been influenced by any of the above factors, the seller or buyer can report this information to the lender or mortgage broker that retained the appraiser and may also file a complaint with the Bureau of Real Estate Appraisers at https://www2.brea.ca.gov/complaint/ or call (916) 552-9000 for further information on how to file a complaint.

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C. **INVESTIGATION OF PROPERTY:** This Agreement is, as specified in **paragraph 3L(3)**, contingent upon Buyer's ... the condition of, and any other matter affecting, the Property. See **paragraph 12.**

D. **INSURANCE:** This Agreement is, as specified in **paragraph 3L(4)**, contingent upon Buyer's assessment of the availability and approval of the cost for any insurance policy desired under this Agreement.

E. **REVIEW OF SELLER DOCUMENTS:** This Agreement is, as specified in **paragraph 3L(5)**, contingent upon Buyer's review and approval of Seller's documents required in **paragraph 14A**.

F. **TITLE:**
(1) This Agreement is, as specified in **paragraph 3L(6)**, contingent upon Buyer's ability to obtain the title policy provided for in **paragraph 13G** and on Buyer's review of a current Preliminary Report and items that are disclosed or observable even if not on record or not specified in the Preliminary Report, and satisfying Buyer regarding the current status of title. Buyer is advised to review all underlying documents and other matters affecting title, including, but not limited to, any documents or deeds referenced in the Preliminary Report and any plotted easements.
(2) Buyer has **5 Days** after receipt to review a revised Preliminary Report, if any, furnished by the Title Company and cancel the transaction if the revised Preliminary Report reveals material or substantial deviations from a previously provided Preliminary Report.

G. **CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES (IF APPLICABLE):** This Agreement is, as specified in **paragraph 3L(7)**, contingent upon Buyer's review and approval of Common Interest Disclosures required by Civil Code § 4525 and under **paragraph 11M** ("CI Disclosures").

H. **BUYER REVIEW OF LEASED OR LIENED ITEMS CONTINGENCY (IF APPLICABLE):** Buyer's review of and ability and willingness to assume any lease, maintenance agreement or other ongoing financial obligation, or to accept the Property subject to any lien, disclosed pursuant to **paragraph 9B(6)**, is, as specified in **paragraph 3L(8)**, a contingency of this Agreement. Any assumption of the lease shall not require any financial obligation or contribution by Seller. Seller, after first Delivering a Notice to Buyer to Perform, may cancel this Agreement if Buyer, by the time specified in **paragraph 3L(8)**, refuses or is unable to enter into any necessary written agreements to accept responsibility for all obligations of Seller-disclosed leased or liened items.

I. **REMOVAL OR WAIVER OF CONTINGENCIES WITH OFFER: Buyer shall have no obligation to remove a contractual contingency unless Seller has provided all required documents, reports, disclosures, and information pertaining to that contingency.** If Buyer does remove a contingency without first receiving all required information from Seller, Buyer is relinquishing any contractual rights that apply to that contingency. **If Buyer removes or waives any contingencies without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Agent.**

J. **REMOVAL OF CONTINGENCY OR CANCELLATION:**
(1) **For any contingency specified in paragraph 3L, 8, or elsewhere, Buyer shall, within the applicable period specified, remove the contingency or cancel this Agreement.**
(2) For the contingencies for review of Seller Documents, Preliminary Report, and Condominium/Planned Development Disclosures, Buyer shall, within the time specified in **paragraph 3L** or **5 Days** after Delivery of Seller Documents or CI Disclosures, whichever occurs later, remove the applicable contingency in writing or cancel this Agreement.
(3) If Buyer does not remove a contingency within the time specified, Seller, after first giving Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), shall have the right to cancel this Agreement.

K. **SALE OF BUYER'S PROPERTY:** This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer unless the Sale of Buyer's Property (C.A.R. Form COP) is checked as a contingency of this Agreement in **paragraph 3L(9)**.

9. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:

A. **NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the Multiple Listing Service (MLS), flyers, marketing materials, or disclosures are NOT included in the purchase price or excluded from the sale unless specified in this paragraph or **paragraph 3P** or as Otherwise Agreed. Any items included herein are components of the home and are not intended to affect the price. All items are transferred without Seller warranty.

B. **ITEMS INCLUDED IN SALE:**
(1) All EXISTING fixtures and fittings that are attached to the Property;
(2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances and appliances for which special openings or encasements have been made (whether or not checked in **paragraph 3P**), window and door screens, awnings, shutters, window coverings (which includes blinds, curtains, drapery, shutters or any other materials that cover any portion of the window) and any associated hardware and rods, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment (including, but not limited to, any cleaning equipment such as motorized/automatic pool cleaners, pool heaters, pool nets, pool covers), garage door openers/remote controls, mailbox, in-ground landscaping, water features and fountains, water softeners, water purifiers, light bulbs (including smart bulbs) and all items specified as included in **paragraph 3P, if currently existing at the time of Acceptance.**
Note: If Seller does not intend to include any item specified as being included above because it is not owned by Seller, whether placed on the Property by Agent, stager or other third party, the item should be listed as being excluded in **paragraph 3P(2)** or excluded by Seller in a counter offer.
(3) Security System includes any devices, hardware, software, or control units used to monitor and secure the Property, including but not limited to, any motion detectors, door or window alarms, and any other equipment utilized for such purpose. If checked in **paragraph 3P**, all such items are included in the sale, whether hard wired or not.
(4) Home Automation (Smart Home Features) includes any electronic devices and features including, but not limited to, thermostat controls, kitchen appliances not otherwise excluded, and lighting systems, that are connected (hard wired or wirelessly) to a control unit, computer, tablet, phone, or other "smart" device. Any Smart Home devices and features that are physically affixed to the real property, and also existing light bulbs, are included in the sale. Buyer is advised to use **paragraph 3P(1)** or an addendum to address more directly specific items to be included. Seller is advised to use a counter offer to address more directly any items to be excluded.
(5) Non-Dedicated Devices: If checked in **paragraph 3P**, all smart home and security system control devices are included in the sale, except for any non-dedicated personal computer, tablet, or phone used to control such features. Buyer acknowledges that a separate device and access to wifi or Internet may be required to operate some smart home features and Buyer may have to obtain such device after Close Of Escrow. Seller shall de-list any devices from any personal accounts and shall cooperate with any transfer of services to Buyer. Buyer is advised to change all passwords and ensure the security of any smart home features.

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(6) **LEASED OR LIENED ITEMS AND SYSTEMS:** Seller, within the time specified in **paragraph 3N(1)**, shall Buyer if any item or system specified in **paragraph 3P** or **9B** or otherwise included in the sale is leased, or not ow or is subject to any maintenance or other ongoing financial obligation, or specifically subject to a lien or other encumbrance or loan, and (ii) Deliver to Buyer all written materials (such as lease, warranty, financing, etc.) concerning any such item.

(7) Seller represents that all items included in the purchase price, unless Otherwise Agreed, **(i)** are owned by Seller and shall be transferred free and clear of liens and encumbrances, except the items and systems identified pursuant to **paragraph 9B(6)**, and **(ii)** are transferred without Seller warranty regardless of value. Seller shall cooperate with the identification of any software or applications and Buyer's efforts to transfer any services needed to operate any Smart Home Features or other items included in this Agreement, including, but not limited to, utilities or security systems.

C. ITEMS EXCLUDED FROM SALE: Unless Otherwise Agreed, the following items are excluded from sale: **(i)** All items specified in **paragraph 3P(2); (ii)** audio and video components (such as flat screen TVs, speakers and other items) if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component or item is attached to the Property; **(iii)** furniture and other items secured to the Property for earthquake or safety purposes. **Unless otherwise specified in paragraph 3P(1), brackets attached to walls, floors or ceilings for any such component, furniture or item will be removed and holes or other damage shall be repaired, but not painted.**

10. ALLOCATION OF COSTS:

A. INSPECTIONS, REPORTS, TESTS AND CERTIFICATES: Paragraphs 3Q(1), (2), (3), and (5) only determine who is to pay for the inspection, report, test, certificate, or service mentioned; **it does not determine who is to pay for any work recommended or identified in any such document. Agreements for payment of required work should be specified elsewhere in paragraph 3Q, or 3R, or in a separate agreement (such as C.A.R. Forms RR, RRRR, ADM or AEA).** Any reports in these paragraphs shall be Delivered in the time specified in **paragraph 3N(1).**

B. GOVERNMENT REQUIREMENTS AND CORRECTIVE OR REMEDIAL ACTIONS:

(1) **LEGALLY REQUIRED INSTALLATIONS AND PROPERTY IMPROVEMENTS:** Any required installation of smoke alarm or carbon monoxide device(s) or securing of water heater shall be completed within the time specified in **paragraph 3N(4)** and paid by the Party specified in **paragraph 3Q(4)**. If Buyer is to pay for these items, Buyer, as instructed by Escrow Holder, shall deposit funds into escrow or directly to the vendor completing the repair or installation. Prior to Close Of Escrow, Seller shall Deliver to Buyer written statement(s) of compliance in accordance with any Law, unless Seller is exempt. If Seller is to pay for these items and does not fulfill Seller's obligation in the time specified, and Buyer incurs costs to comply with lender requirements concerning those items, Seller shall be responsible for Buyer's costs.

(2) **POINT OF SALE REQUIREMENTS:**

(A) Point of sale inspections, reports and repairs refer to any such actions required to be completed before or after Close Of Escrow that are required in order to close under any Law and paid by the Party specified in **paragraphs 3Q(5) and 3Q(6)** and any such repair, shall be completed prior to final verification of Property, unless Otherwise Agreed. Defensible space compliance shall be determined as agreed in C.A.R. Form FHDS. If Buyer agrees to pay for any portion of such repair, Buyer, shall **(i)** directly pay to the vendor completing the repair or **(ii)** provide an invoice to Escrow Holder, deposit funds into escrow sufficient to pay for Buyer's portion of such repair and request Escrow Holder pay the vendor completing the repair.

(B) Buyer shall be provided, within the time specified in **paragraph 3N(1)**, unless Parties Otherwise Agree to another time period, a Copy of any required government-conducted or point-of-sale inspection report prepared pursuant to this Agreement or in anticipation of this sale of the Property.

(3) **REINSPECTION FEES:** If any repair in **paragraph 10B(1)** is not completed within the time specified and the lender requires an additional inspection to be made, Seller shall be responsible for any corresponding reinspection fee. If Buyer incurs costs to comply with lender requirements concerning those items, Seller shall be responsible for those costs.

(4) **INFORMATION AND ADVICE ON REQUIREMENTS:** Buyer and Seller are advised to seek information from a knowledgeable source regarding local and State mandates and whether they are point of sale requirements or requirements of ownership. Agents do not have expertise in this area and cannot ascertain all of the requirements or costs of compliance.

C. HOME WARRANTY:

(1) Buyer shall choose the home warranty plan and any optional coverages. Buyer shall pay any cost of that plan, chosen by Buyer, that exceeds the amount allocated to Seller in **paragraph 3Q(18)**. Buyer is informed that home warranty plans have many optional coverages, including but not limited to, coverages for Air Conditioner and Pool/Spa. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer and their cost.

(2) **If Buyer waives the purchase of a home warranty plan in paragraph 3Q(18), Buyer may still purchase a home warranty plan, at Buyer's expense, prior to Close Of Escrow.**

11. STATUTORY AND OTHER DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

A. TDS, NHD, AND OTHER STATUTORY AND SUPPLEMENTAL DISCLOSURES:

(1) Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer: unless exempt, fully completed disclosures or notices required by §§ 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement (C.A.R. Form TDS), Natural Hazard Disclosure Statement ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act of 1982 and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordnance location (C.A.R. Form SPQ or ESD), and, if the Property is in a high or very high fire hazard severity area, the information, notices, documentation, and agreements required by §§ 1102.6(f) and 1102.19 of the Civil Code (C.A.R. Form FHDS).

(2) The Real Estate Transfer Disclosure Statement required by this paragraph is considered fully completed if Seller has completed the section titled Coordination with Other Disclosure Forms by checking a box (Section I), and Seller has completed and answered all questions and Signed the Seller's Information section (Section II) and the Seller's Agent, if any, has completed and Signed the Seller's Agent's section (Section III), or, if applicable, an Agent Visual Inspection Disclosure (C.A.R. Form AVID). Section V acknowledgment of receipt of a Copy of the TDS shall be Signed after all previous sections, if applicable, have been completed. Nothing stated herein relieves a Buyer's Agent, if any, from the obligation to **(i)** conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose, on Section IV of the TDS, or an AVID, material facts affecting the value or desirability of the Property that were or should have been revealed by such an inspection or **(ii)** complete any sections on all disclosures required to be completed by Buyer's Agent.

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(3) Seller shall, within the time specified in **paragraph 3N(1)**, provide "Supplemental Disclosures" as follows: **(i)** u from the obligation to provide a TDS, complete a Seller Property Questionnaire (C.A.R. Form SPQ) by answerin and Signing and Delivering a Copy to Buyer; or **(ii)** if exempt from the obligation to provide a TDS, complete either an Exempt Seller Disclosure (C.A.R. Form ESD) or Seller Property Questionnaire (C.A.R. Form SPQ) by answering all questions and Signing and Delivering a Copy to Buyer.

(4) In the event Seller or Seller's Agent, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer under this paragraph, Seller shall, in writing, promptly provide a subsequent or amended TDS, Seller Property Questionnaire or other document, in writing, covering those items. Any such document shall be deemed an amendment to the TDS or SPQ. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are discovered by Buyer or disclosed in reports or documents provided to or ordered and paid for by Buyer.**

B. LEAD DISCLOSURES:

(1) Seller shall, within the time specified in **paragraph 3N(1)**, for any residential property built before January 1, 1978, unless exempted by Law, Deliver to Buyer a fully completed Federal Lead-Based Paint Disclosures (C.A.R. Form LPD) and pamphlet ("Lead Disclosures").

(2) Buyer shall, within the time specified in **paragraph 3L(3)**, have the opportunity to conduct a risk assessment or to inspect for the presence of lead-based paint hazards.

C. HOME FIRE HARDENING DISCLOSURE AND ADVISORY: For any transaction where a TDS is required, the property is located in a high or very high fire hazard severity zone, and the home was constructed before January 1, 2010 , Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer: **(i)** a home hardening disclosure required by law; and **(ii)** a statement of features on the Property of which Seller is aware that may make the home vulnerable to wildfire and flying embers; **(iii)** a list of possible low cost fire hardening retrofits identifying which ones Seller has completed; and **(iv)** a final inspection report regarding compliance with home fire hardening if one was prepared pursuant to Government Code § 51182 (C.A.R. Form FHDS).

D. DEFENSIBLE SPACE DISCLOSURE AND ADDENDUM: For any transaction in which a TDS is required and the property is located in a high or very high fire hazard severity zone, Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer **(i)** a disclosure of whether the Property is in compliance with any applicable defensible space laws designed to protect a structure on the Property from fire; and **(ii)** an addendum allocating responsibility for compliance with any such defensible space law (C.A.R. Form FHDS).

E. ELECTRICAL SYSTEM INSPECTION ADVICE DISCLOSURE: For any transaction in which a TDS is required, Seller advises the Buyer as follows: "In a purchase of real property, it may be advisable to obtain an inspection by a qualified professional of the electrical system(s) of any buildings, including, but not limited to, the main service panel, the subpanel(s), and wiring. Substandard, recalled, or faulty wiring may cause a fire risk and may make it difficult to obtain property insurance. Limited electrical capacity may make it difficult to support future electrical additions to the building(s), such as solar generation, electric space heating, electric water heating, or electric vehicle charging equipment."

F. WAIVER PROHIBITED: Waiver of Statutory, Lead, and other Disclosures in **paragraphs 11A(1)**, **11B**, **11C**, **11D** and **11E** are prohibited by Law.

G. RETURN OF SIGNED COPIES: Buyer shall, within the time specified in **paragraph 3L(5)** OR **5 Days** after Delivery of any disclosures specified in paragraphs **11A**, **B**, **C**, or **D**, and defensible space addendum in **paragraph 11D**, whichever is later, return Signed Copies of the disclosures, and if applicable, addendum, to Seller.

H. TERMINATION RIGHTS:

(1) **Statutory and Other Disclosures:** If any disclosure specified in paragraphs **11A**, **B**, **C**, **D**, or **E**, or subsequent or amended disclosure to those just specified, is Delivered to Buyer after the offer is Signed, Buyer shall have the right to terminate this Agreement within **3 Days** after Delivery in person, or **5 Days** after Delivery by deposit in the mail, or by an electronic record or email satisfying the Uniform Electronic Transactions Act (UETA), by giving written notice of rescission to Seller or Seller's Authorized Agent. If Buyer does not rescind within this time period, Buyer has been deemed to have approved the disclosure and shall not have the right to cancel.

(2) **Defensible Space Compliance:** If, by the time specified in **paragraph 11G**, Buyer does not agree to the terms regarding defensible space compliance Delivered by Seller, as indicated by mutual signatures on the FHDS, then Seller, after first Delivering a Notice to Buyer to Perform, may cancel this Agreement.

I. WITHHOLDING TAXES: Buyer and Seller hereby instruct Escrow Holder to withhold the applicable required amounts to comply with federal and California withholding Laws and forward such amounts to the Internal Revenue Service and Franchise Tax Board, respectively. However, no federal withholding is required if, prior to Close Of Escrow, Seller Delivers **(i)** to Buyer and Escrow Holder a fully completed affidavit (C.A.R. Form AS) sufficient to avoid withholding pursuant to federal withholding Law (FIRPTA); **OR (ii)** to a qualified substitute (usually a title company or an independent escrow company) a fully completed affidavit (C.A.R. Form AS) sufficient to avoid withholding pursuant to federal withholding Law AND the qualified substitute Delivers to Buyer and Escrow Holder an affidavit signed under penalty of perjury (C.A.R. Form QS) that the qualified substitute has received the fully completed Seller's affidavit and the Seller states that no federal withholding is required; **OR (iii)** to Buyer other documentation satisfying the requirements under Internal Revenue Code § 1445 (FIRPTA). No withholding is required under California Law if, prior to Close Of Escrow, Escrow Holder has received sufficient documentation from Seller that no withholding is required, and Buyer has been informed by Escrow Holder.

J. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to § 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at **www.meganslaw.ca.gov**. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Agent are required to check this website. If Buyer wants further information, Agent recommends that Buyer obtain information from this website during Buyer's investigation contingency period. Agents do not have expertise in this area.)

K. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES: This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at **http://www.npms.phmsa.dot.gov/**. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Website. (Neither Seller nor Agent are required to check this website. If Buyer wants further information, Agent recommends that Buyer obtain information from this website during Buyer's investigation contingency period. Agents do not have expertise in this area.)

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L. **NATURAL AND ENVIRONMENTAL HAZARDS:** Seller shall, within the time specified in **paragraph 3N(1)**, if requi Deliver to Buyer the earthquake guide and environmental hazards booklet, and for all residential property with 1-4 manufactured or mobile home built before January 1, 1960, fully complete and Deliver the Residential Earthquake Risk Disclosure Statement; and **(ii)** even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and **(iii)** disclose any other zone as required by Law and provide any other information required for those zones.

M. **CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**
(1) Seller shall, within the time specified in **paragraph 3N(1)**, disclose to Buyer whether the Property is a condominium or is located in a planned development, other common interest development, or otherwise subject to covenants, conditions, and restrictions (C.A.R. Form SPQ or ESD).
(2) If the Property is a condominium or is located in a planned development or other common interest development with a HOA, Seller shall, within the time specified in **paragraph 3N(3)**, order from, and pay any required fee as specified in **paragraph 3Q(12)** for the following items to the HOA (C.A.R. Form HOA-IR), unless Seller has otherwise Delivered to Buyer the most current version of any such document: **(i)** Copies of any documents required by Law (C.A.R. Form HOA-RS); **(ii)** disclosure of any pending or anticipated claim or litigation by or against the HOA; **(iii)** a statement containing the location and number of designated parking and storage spaces; **(iv)** Copies of the most recent 12 months of HOA minutes for regular and special meetings; **(v)** the names and contact information of all HOAs governing the Property; **(vi)** pet restrictions; and **(vii)** smoking restrictions ("CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Seller shall, as directed by Escrow Holder, deposit funds into escrow or direct to HOA or management company to pay for any of the above.

N. **SOLAR POWER SYSTEMS:** For properties with any solar panels or solar power systems, Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer all known information about the solar panels or solar power system. Seller shall use the Solar Advisory and Questionnaire (C.A.R. Form SOLAR).

O. **BALCONIES, EXTERIOR STAIRWAYS AND OTHER ELEVATED ELEMENTS:** For properties with any building containing 3 or more dwelling units with elevated balconies, stairways or other elements, Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer the Wooden Balcony and Stairs Addendum (C.A.R. Form WBSA) and comply with its terms.

P. **KNOWN MATERIAL FACTS:** Seller shall, within the time specified in **paragraph 3N(1)**, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including, but not limited to, known insurance claims within the past five years, or provide Buyer with permission to contact insurer to get such information (C.A.R. Form ARC), and make any and all other disclosures required by Law.

12. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

A. Buyer shall, within the time specified in **paragraph 3L(3)**, have the right, at Buyer's expense unless Otherwise Agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations").

B. Buyer Investigations include, but are not limited to:
(1) Inspections regarding any physical attributes of the Property or items connected to the Property, such as:
(A) A general home inspection.
(B) An inspection for lead-based paint and other lead-based paint hazards.
(C) An inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2).
(D) Any other specific inspections of the physical condition of the land and improvements.
(2) Investigation of any other matter affecting the Property, other than those that are specified as separate contingencies. Buyer Investigations do not include, among other things, an assessment of the availability and cost of general homeowner's insurance, flood insurance, and fire insurance. See, Buyer's Investigation Advisory (C.A.R. Form BIA) for more.

C. Without Seller's prior written consent, Buyer shall neither make nor cause to be made: **(i)** invasive or destructive Buyer Investigations, except for minimally invasive testing required to prepare a Pest Control Report, which shall not include any holes or drilling through stucco or similar material; or **(ii)** inspections by any governmental building or zoning inspector or government employee, unless required by Law.

D. Seller shall make the Property available for all Buyer Investigations. Seller is not obligated to move any existing personal property. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is delivered to Buyer. Buyer shall, **(i)** by the time specified in **paragraph 3L(3)**, complete Buyer Investigations and satisfy themselves as to the condition of the Property, and either remove the contingency or cancel this Agreement, and **(ii)** by the time specified in **paragraph 3L(3)** or **3 Days** after receipt of any Investigation report, whichever is later, give Seller at no cost, complete Copies of all such reports obtained by Buyer, which obligation shall survive the termination of this Agreement. This Delivery of Investigation reports shall not include any appraisal, except an appraisal received in connection with an FHA or VA loan.

E. **Buyer indemnity and Seller protection for entry upon the Property:** Buyer shall: **(i)** keep the Property free and clear of liens; **(ii)** repair all damage arising from Buyer Investigations; and **(iii)** indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

13. TITLE AND VESTING:

A. **PRELIMINARY REPORT:** Buyer shall, within the time specified in **paragraph 3N(1)**, be provided a current Preliminary Report by the person responsible for paying for the title report in **paragraph 3Q(8)**. If Buyer is responsible for paying, Buyer shall act diligently and in good faith to obtain such Preliminary Report within the time specified. The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities.

B. **CONDITION OF TITLE:** Title is taken in its present condition subject to all encumbrances, easements, covenants, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: **(i)** monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and **(ii)** those matters which Seller has agreed to remove in writing. For any lien or matter not being transferred upon sale, Seller will take necessary action to deliver title free and clear of such lien or matter.

C. **DISCLOSURE TO BUYER:** Seller shall, within the time specified in **paragraph 3N(1)**, disclose to Buyer all matters known to Seller affecting title, whether of record or not.

D. **FEDERAL REPORTING REQUIREMENT - GEOGRAPHIC TARGETING ORDER:** If Buyer is a legal entity and the Property purchase price is at least $300,000 and the purchase price is made without a bank loan or similar form of external financing, a Geographic Targeting Order (GTO) issued by the Financial Crimes Enforcement Network, U.S. Department of the Treasury, requires title companies to collect and report certain information about the Buyer, depending on where the Property is located. Buyer agrees to cooperate with the title company's effort to comply with the GTO.

E. **SELLER DELIVERY OF INFORMATION:** Seller shall, within **7 Days** after request, give Escrow Holder necessary information to clear title.

F. **DEED AND VESTING:** Buyer shall, after Close Of Escrow, receive a recorded grant deed or any other conveyance document required to convey title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's vesting instructions. The recording document shall contain Buyer's post-closing mailing address to enable Buyer's receipt of the recorded conveyance document from the County Recorder. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

G. **TITLE INSURANCE POLICY:** Buyer shall receive an "ALTA Homeowner's Policy of Title Insurance" or equivalent policy of title insurance, if applicable to the type of property and buyer. Escrow Holder shall request this policy. If a ALTA Homeowner's Policy of Title Insurance is not offered, Buyer shall receive a CLTA Standard Coverage policy unless Buyer has chosen another policy and instructed Escrow Holder in writing of the policy chosen and agreed to pay any increase in cost. Buyer should consult with the Title Company about the availability, and difference in coverage, and cost, if any, between an ALTA Homeowner's Policy and a CLTA Standard Coverage policy and other title policies and endorsements. Buyer should receive notice from the Title Company on its Preliminary (Title) Report of the type of coverage offered. If Buyer is not notified on the Preliminary (Title) Report or is not satisfied with the policy offered, and Buyer nonetheless removes the contingency for Review of the Preliminary Report, Buyer will receive the policy as specified in this paragraph.

14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR-B, CR-S or CC).

A. **SELLER DELIVERY OF DOCUMENTS:** Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer all reports, disclosures and information ("Reports") for which Seller is responsible to provide to Buyer as specified in **paragraphs 7A, 9B(6), 10, 11A, 11B, 11C, 11D, 11I, 11L, 11M, 11N, 11O, 11P, 13A, 13C, 24, and, if applicable, C.A.R. Form SWPI.**

B. **BUYER REVIEW OF DOCUMENTS; REPAIR REQUEST; CONTINGENCY REMOVAL OR CANCELLATION**

(1) Buyer has the time specified in **paragraph 3** to: **(i)** perform Buyer Investigations; review all disclosures, Reports, lease documents to be assumed by Buyer pursuant to **paragraph 9B(6)**, and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and **(ii)** Deliver to Seller Signed Copies of Statutory and Other Disclosures Delivered by Seller in accordance with **paragraph 11**.

(2) Buyer may, within the time specified in **paragraph 3L(3)**, request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests (C.A.R. Form RR or RRRR). If Seller does not agree or does not respond, Buyer is not contractually entitled to have the repairs or other requests made and may only cancel based on contingencies in this Agreement.

(3) Buyer shall, by the end of the times specified in **paragraph 3L** (or as Otherwise Agreed), Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement (C.A.R. Form CR-B or CC). Buyer is advised not to remove contingencies related to review of documents until after the documents have been Delivered. If Delivery of any Report occurs after a contractual contingency pertaining to that Report has already been waived or removed, the Delivery of the Report does not revive the contingency but there may be a right to terminate for a subsequent or amended disclosure under **paragraph 11H**.

(4) **Continuation of Contingency:** Even after the end of the time specified in **paragraph 3L** and before Seller cancels, if at all, pursuant to **paragraph 14C**, Buyer retains the right, in writing, to either **(i)** remove remaining contingencies, or **(ii)** cancel this Agreement based on a remaining contingency. Once Buyer's written removal of contingency is Delivered to Seller before Seller cancels, Seller may not cancel this Agreement based on that contingency pursuant to **paragraph 14C(1)**.

C. **SELLER RIGHT TO CANCEL:**

(1) **SELLER RIGHT TO CANCEL; BUYER CONTINGENCIES:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

(2) **SELLER RIGHT TO CANCEL; BUYER CONTRACT OBLIGATIONS:** Seller, after first Delivering to Buyer a Notice to Buyer to Perform, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): **(i)** Deposit funds as required by **paragraph 3D(1)** or **3D(2)** or if the funds deposited pursuant to **paragraph 3D(1)** or **3D(2)** are not good when deposited; **(ii)** Deliver updated contact information for Buyer's lender(s) as required by **paragraph 5C(3)**; **(iii)** Deliver a notice of FHA or VA costs or terms, if any, as specified by **paragraph 5C(4)** (C.A.R. Form RR); **(iv)** Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by **paragraph 5B** or **6A**; **(v)** Deliver a letter as required by **paragraph 6B**; **(vi)** In writing assume or accept leases or liens specified in **paragraph 8H**; **(vii)** Return Statutory and Other Disclosures as required by **paragraph 11G**; **(viii)** Cooperate with the title company's effort to comply with the GTO as required by **paragraph 13D**; **(ix)** Provide evidence of authority to Sign in a representative capacity as specified in **paragraph 24**; **(x)** Sign or initial a separate liquidated damages form for an increased deposit as required by **paragraph 29**; or **(xi)** Perform any additional Buyer contractual obligation(s) included in this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer and other expenses already paid by Escrow Holder pursuant to this Agreement prior to Seller's cancellation.

(3) **SELLER RIGHT TO CANCEL; SELLER CONTINGENCIES:** Seller may cancel this Agreement by good faith exercise of any Seller contingency included in this Agreement, or Otherwise Agreed, so long as that contingency has not already been removed or waived in writing.

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D. **BUYER RIGHT TO CANCEL:**
(1) **BUYER RIGHT TO CANCEL; SELLER CONTINGENCIES:** If, by the time specified in this Agreement, S... Deliver to Buyer a removal of the applicable contingency or cancellation of this Agreement, then Buyer, after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer and other expenses already paid by Escrow Holder pursuant to this Agreement prior to Buyer's cancellation.
(2) **BUYER RIGHT TO CANCEL; SELLER CONTRACT OBLIGATIONS:** If, by the time specified, Seller has not Delivered any item specified in **paragraph 3N(1)** or Seller has not performed any Seller contractual obligation included in this Agreement by the time specified, Buyer, after first Delivering to Seller a Notice to Seller to Perform, may cancel this Agreement.
(3) **BUYER RIGHT TO CANCEL; BUYER CONTINGENCIES:** Buyer may cancel this Agreement by good faith exercise of any Buyer contingency included in **paragraph 8**, or Otherwise Agreed, so long as that contingency has not already been removed in writing.

E. **NOTICE TO BUYER OR SELLER TO PERFORM:** The Notice to Buyer to Perform or Notice to Seller to Perform shall: **(i)** be in writing; **(ii)** be Signed by the applicable Buyer or Seller; and (iii) give the other Party at least **2 Days** after Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A Notice to Buyer to Perform or Notice to Seller to Perform may not be Delivered any earlier than **2 Days** prior to the Scheduled Performance Day to remove a contingency or cancel this Agreement or meet an obligation specified in **paragraph 14**, except for Close of Escrow which shall be Delivered under the terms of **paragraph 14G**, whether or not the Scheduled Performance Day falls on a Saturday, Sunday or legal holiday. If a Notice to Buyer to Perform or Notice to Seller to Perform is incorrectly Delivered or specifies a time less than the agreed time, the notice shall be deemed invalid and void. However, if the notice is for multiple items, the notice shall be valid for all contingencies and contractual actions for which the Delivery of the notice is within the time permitted in the Agreement and void as to the others. Seller or Buyer shall be required to Deliver a new Notice to Buyer to Perform or Notice to Seller to Perform with the specified timeframe.

F. **EFFECT OF REMOVAL OF CONTINGENCIES:**
(1) **REMOVAL OF BUYER CONTINGENCIES:** If Buyer removes any contingency or cancellation rights, unless Otherwise Agreed, Buyer shall conclusively be deemed to have: **(i)** completed all Buyer Investigations, and review of Reports and other applicable information and disclosures pertaining to that contingency or cancellation right; **(ii)** elected to proceed with the transaction; and **(iii)** assumed all liability, responsibility and expense for the non-delivery of any Reports, disclosures or information outside of Seller's control and for any Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
(2) **REMOVAL OF SELLER CONTINGENCIES:** If Seller removes any contingency or cancellation rights, unless Otherwise Agreed, Seller shall conclusively be deemed to have: **(i)** satisfied themselves regarding such contingency, **(ii)** elected to proceed with the transaction; and **(iii)** given up any right to cancel this Agreement based on such contingency.

G. **DEMAND TO CLOSE ESCROW:** Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a Demand to Close Escrow (C.A.R. Form DCE). The DCE shall: **(i)** be Signed by the applicable Buyer or Seller; and **(ii)** give the other Party at least **3 Days** after Delivery to close escrow. A DCE may not be Delivered any earlier than **3 Days** prior to the Scheduled Performance Day for the Close Of Escrow. If a DCE is incorrectly Delivered or specifies a time less than the above timeframe, the DCE shall be deemed invalid and void, and Seller or Buyer shall be required to Deliver a new DCE.

H. **EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign and Deliver mutual instructions to cancel the sale and escrow and release deposits, if any, to the Party entitled to the funds, less **(i)** fees and costs paid by Escrow Holder on behalf of that Party, if required by this Agreement; and **(ii)** any escrow fee charged to that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. **A release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. A Party may be subject to a civil penalty of up to $1,000 for refusal to Sign cancellation instructions if no good faith dispute exists as to which Party is entitled to the deposited funds (Civil Code § 1057.3). Note: Neither Agents nor Escrow Holder are qualified to provide any opinion on whether either Party has acted in good faith or which Party is entitled to the deposited funds. Buyer and Seller are advised to seek the advice of a qualified California real estate attorney regarding this matter.**

15. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless Otherwise Agreed. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. Buyer acknowledges that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: **(i)** obtain invoices and paid receipts for Repairs performed by others; **(ii)** prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and **(iii)** provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
16. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property condition within the time specified in **paragraph 3J**, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: **(i)** the Property is maintained pursuant to **paragraph 7B**; **(ii)** Repairs have been completed as agreed; and **(iii)** Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
17. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless Otherwise Agreed, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, Seller rental payments to third parties, HOA regular assessments due prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. Seller shall pay any HOA special or emergency assessments due prior to Close Of Escrow. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special or emergency assessments that are due after Close Of Escrow. Property will be reassessed upon change of ownership. Any supplemental tax bills delivered to Escrow Holder prior to closing shall be prorated and paid as follows: **(i)** for periods after Close Of Escrow, by Buyer; and **(ii)** for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). Seller agrees all service fees, maintenance costs and utility bills will be paid current up and through the date of Close Of Escrow. TAX BILLS AND UTILITY BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.

18. BROKERS AND AGENTS:

A. COMPENSATION:

(1) **Broker Compensation:** Seller or Buyer, or both, as applicable, agree to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. The amount of compensation, if a percentage, will be based on the final purchase price. Buyer is advised that Buyer's Broker should not receive compensation from any source in excess of the amount in the buyer representation agreement. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.

(2) **Third party beneficiary:** Seller acknowledges and agrees that Buyer's Broker is a third-party beneficiary of this Agreement and may pursue Seller for failure to pay the amount specified in this Agreement.

B. SCOPE OF DUTY: Buyer and Seller acknowledge and agree that Agent: **(i)** Does not decide what price Buyer should pay or Seller should accept; **(ii)** Does not guarantee the condition of the Property; **(iii)** Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; **(iv)** Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; **(v)** Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Agent; **(vi)** Shall not be responsible for inspecting public records or permits concerning the title or use of Property; **(vii)** Shall not be responsible for identifying the location of boundary lines or other items affecting title; **(viii)** Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; **(ix)** Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; **(x)** Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and **(xi)** Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

19. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:

A. ESCROW INSTRUCTION PARAGRAPHS: The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: **paragraphs 1, 3A, 3B, 3D-G, 3N(2), 3Q, 3R, 4A, 4B, 5A(1-2) 5D, 5E, 10B(2)(A), 10B(3), 10C, 11I, 11M(2), 13 (except 13C), 14H, 17, 18A, 19, 23, 24, 25, 28, 32,** and **33.** The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned.

B. ESCROW HOLDER GENERAL PROVISIONS: Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller shall Sign and return Escrow Holder's general provisions or supplemental instructions within the time specified in **paragraph 3N(2)**. Buyer and Seller shall execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within **3 Days**, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by **paragraphs 3**, **8**, **10**, **11**, or elsewhere in this Agreement.

C. COPIES; STATEMENT OF INFORMATION; TAX WITHHOLDING INSTRUCTIONS: A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within **3 Days** after **Acceptance**. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title Company when received from Seller, if a separate company is providing title insurance. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under **paragraph 11I**, Escrow Holder shall deliver to Buyer, Buyer's Agent, and Seller's Agent a Qualified Substitute statement that complies with federal Law. If Escrow Holder's Qualified Substitute statement does not comply with federal law, the Parties instruct escrow to withhold all applicable required amounts under **paragraph 11I**.

D. BROKER COMPENSATION:

(1) **PAYMENT:** Agents are not a party to the escrow, except for Brokers for the sole purpose of compensation pursuant to **paragraph 18A**. If a Copy of the separate compensation agreement(s), including if applicable **paragraph 3G(3)** of this Agreement, is deposited with Escrow Holder by Agent, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). Buyer's obligation to pay Buyer's Broker shall be offset by any amount that Seller pays Buyer's Broker. Buyer and Seller irrevocably assign to Brokers compensation specified in **paragraph 18A**, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.

(2) **COMPENSATION DISCLOSURE:** Escrow Holder shall provide to Buyer a closing statement or other written documentation disclosing the amount of compensation paid to Buyer's Broker. Escrow Holder shall provide to Seller a closing statement or other written documentation disclosing: **(i)** the amount of compensation paid to Seller's Broker; and **(ii)** if applicable pursuant to **paragraph 3G(3)** or other mutual instruction of the parties, the amount paid by Seller for Buyer's Broker compensation. Escrow Holder's obligation pursuant to **paragraph 19D**, is not intended to alter any preexisting practice of Escrow Holder to issue, as applicable, joint or separate closing statements. Escrow Holder's obligation pursuant to **paragraph 19D** is independent of, but may be satisfied by, any closing statement mandated by Buyer's lender.

E. INVOICES: Buyer and Seller acknowledge that Escrow Holder may require invoices for expenses under this Agreement. Buyer and Seller, upon request by Escrow Holder, within **3 Days** or within a sufficient time to close escrow, whichever is sooner, shall provide any such invoices to Escrow Holder.

F. VERIFICATION OF DEPOSIT: Upon receipt, Escrow Holder shall provide Buyer, Seller, and each Agent verification of Buyer's deposit of funds pursuant to **paragraph 5A(1) and** C.A.R. Form IDA. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify each Agent: **(i)** if Buyer's initial or any additional deposit or down payment is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or **(ii)** if Buyer and Seller instruct Escrow Holder to cancel escrow.

G. DELIVERY OF AMENDMENTS: A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within **3 Days** after mutual execution of the amendment.

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20. **SELECTION OF SERVICE PROVIDERS:** Agents do not guarantee the performance of any vendors, service or prod ("Providers"), whether referred by Agent or selected by Buyer, Seller or other person. Buyer and Seller may select AN their own choosing.
21. **MULTIPLE LISTING SERVICE ("MLS"):** Agents are authorized to report to the MLS that an offer has been accepted and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS. Buyer acknowledges that: **(i)** any pictures, videos, floor plans (collectively, "Images") or other information about the Property that has been or will be input into the MLS or internet portals, or both, at the instruction of Seller or in compliance with MLS rules, will not be removed after Close Of Escrow; **(ii)** California Civil Code § 1088(c) requires the MLS to maintain such Images and information for at least three years and as a result they may be displayed or circulated on the Internet, which cannot be controlled or removed by Seller or Agents; and **(iii)** Seller, Seller's Agent, Buyer's Agent, and MLS have no obligation or ability to remove such Images or information from the Internet.
22. **ATTORNEY FEES AND COSTS:** In any Legal Action between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in **paragraph 30A.**
23. **ASSIGNMENT/NOMINATION:** Buyer shall have the right to assign all of Buyer's interest in this Agreement to Buyer's wholly-owned entity or trust that exists at the time of such assignment. Otherwise, Buyer shall not assign all or any part of Buyer's interest in this Agreement without first obtaining Seller's separate written consent to a specified assignee (C.A.R. Form AOAA). Buyer shall, within the time specified in **paragraph 3K**, Deliver to Seller any request to assign this Agreement. Seller shall not unreasonably withhold such consent. Prior to any assignment, Buyer shall disclose to Seller the name of the assignee and the amount of any monetary consideration between Buyer and assignee. Seller's withholding of consent shall be deemed reasonable if: **(i)** Buyer is to receive any monetary or other consideration for the assignment; **(ii)** Buyer makes any misrepresentation(s) to Seller about any aspect of the assignment; or **(iii)** Buyer Delivers an assignment request to Seller after the time specified in **paragraph 3K**. Buyer shall provide assignee with all documents related to this Agreement including, but not limited to, the Agreement and any disclosures. If assignee is Buyer's wholly-owned entity or trust, that assignee does not need to re-sign or initial all documents provided. Whether or not an assignment requires seller's consent, at the time of assignment, assignee shall deliver a letter from assignee's lender stating assignee is preapproved or prequalified as specified in **paragraph 6B**. Should assignee fail to deliver such letter, Seller, after first giving assignee a Notice to Buyer to Perform, may terminate the assignment. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless Otherwise Agreed by Seller. Parties shall provide any assignment agreement to Escrow Holder within **1 Day** after the assignment. Any nomination by Buyer shall be subject to the same procedures, requirements, and terms as an assignment, as specified in this paragraph.
24. **LEGALLY AUTHORIZED SIGNER:** Wherever the signature or initials of the Legally Authorized Signer identified in **paragraphs 32** or **33** appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Legally Authorized Signer **(i)** represents that the entity for which that person is acting already exists and is in good standing to do business in California; and **(ii)** shall Deliver to the other Party and Escrow Holder, within **3 Days** after Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code § 18100.5)), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
25. **DEFINITIONS and INSTRUCTIONS:** The following words are defined terms in this Agreement, shall be indicated by initial capital letters throughout this Agreement, and have the following meaning whenever used:
    - **A. "Acceptance"** means the time the offer or final counter offer is fully executed, in writing, by the recipient Party and is Delivered to the offering Party or that Party's Authorized Agent.
    - **B. "Agent"** means the Broker, salesperson, broker-associate or any other real estate licensee licensed under the brokerage firm identified in **paragraph 2B**.
    - **C. "Agreement"** means this document and any counter offers and any incorporated addenda or amendments, collectively forming the binding agreement between the Parties. Addenda and amendments are incorporated only when Signed and Delivered by all Parties.
    - **D. "As-Is"** condition: Seller shall disclose known material facts and defects as specified in this Agreement. Buyer has the right to inspect the Property and, within the time specified, request that Seller make repairs or take other corrective action, or exercise any contingency cancellation rights in this Agreement. Seller is only required to make repairs specified in this Agreement or as Otherwise Agreed.
    - **E. "Authorized Agent"** means an individual real estate licensee specified in the Real Estate Broker Section.
    - **F. "C.A.R. Form"** means the most current version of the specific form referenced or another comparable form agreed to by the Parties.
    - **G. "Close Of Escrow"**, including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded for any real property, or the date of Delivery of a document evidencing the transfer of title for any non-real property transaction.
    - **H. "Copy"** means copy by any means including photocopy, facsimile and electronic.
    - **I. Counting Days** is done as follows unless Otherwise Agreed: (1) The first Day after an event is the first full calendar date following the event, and ending at 11:59 pm. For example, if a Notice to Buyer to Perform (C.A.R. form NBP) is Delivered at 3 pm on the 7th calendar day of the month, or Acceptance of a counter offer is personally received at 12 noon on the 7th calendar day of the month, then the 7th is Day "0" for purposes of counting days to respond to the NBP or calculating the Close Of Escrow date or contingency removal dates and the 8th of the month is Day 1 for those same purposes. (2) All calendar days are counted in establishing the first Day after an event. (3) All calendar days are counted in determining the date upon which performance must be completed, ending at 11:59 pm on the last day for performance ("Scheduled Performance Day"). (4) Consistent with California Civil Code § 11, after Acceptance, if the Scheduled Performance Day for any act required by this Agreement, including Close Of Escrow, lands on a Saturday, Sunday, or Legal Holiday, the performing party shall be allowed to perform on the next day that is not a Saturday, Sunday or Legal Holiday ("Allowable Performance Day"), and ending at 11:59 pm. "Legal Holiday" shall mean any holiday or optional bank holiday under Civil Code §§ 7 and 7.1, any holiday under Government Code § 6700. (5) For the purposes of COE, any day that the Recorder's office in the County where the Property is located is closed or any day that the lender or Escrow Holder under this Agreement is closed, the COE shall occur on the next day the Recorder's office in that County, the lender, and the Escrow Holder is open. (6) COE is considered Day 0 for purposes of counting days Seller is allowed to remain in possession, if permitted by this Agreement.
    - **J. "Day"** or **"Days"** means calendar day or days. However, delivery of deposit to escrow is based on business days.

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K. **"Deliver", "Delivered" or "Delivery"** of documents, unless Otherwise Agreed, means and shall be effective u receipt of the document by Buyer or Seller or their Authorized Agent. Personal receipt means **(i)** a Copy of the do applicable, link to the document, is in the possession of the Party or Authorized Agent, regardless of the Delivery method used (i.e. e-mail, text, other). A document, or as applicable link to a document, shall be deemed to be "in possession" if it is located in the in-box for the applicable Party or Authorized Agent; or **(ii)** an Electronic Copy of the document, or as applicable, link to the document, has been sent to the designated electronic delivery address specified in the Real Estate Broker Section, unless Otherwise Agreed in C.A.R. Form DEDA. After Acceptance, Agent may change the designated electronic delivery address for that Agent by, in writing, Delivering notice of the change in designated electronic delivery address to the other Party (C.A.R. Form DEDA). Links could be, for example, to DropBox or Google Drive or other functionally equivalent program. If the recipient of a link is unable or unwilling to open the link or download the documents or otherwise prefers Delivery of the documents directly, Recipient of a link shall notify the sender in writing, within **3 Days** after Delivery of the link (C.A.R. Form RFR). In such case, Delivery shall be effective upon Delivery of the documents and not the link. Failure to notify sender within the time specified above shall be deemed consent to receive, and recipient opening, the document by link.

L. **"Electronic Copy" or "Electronic Signature"** means, as applicable, an electronic copy or signature complying with California Law. Unless Otherwise Agreed, Buyer and Seller agree to the use of Electronic Signatures. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.

M. **"Law"** means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.

N. **"Legal Action"** means a lawsuit or legal proceeding in arbitration or court.

O. **"Legally Authorized Signer"** means an individual who has authority to Sign for the principal as specified in **paragraph 32** or **paragraph 33.**

P. **"Otherwise Agreed"** means an agreement in writing, signed by both Parties and Delivered to each.

Q. **"Repairs"** means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.

R. **"Sign" or "Signed"** means either a handwritten or Electronic Signature on an original document, Copy or any counterpart.

26. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.

27. **TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the terms and conditions herein. The individual Liquidated Damages and Arbitration of Disputes paragraphs are incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. **If at least one but not all Parties initial, a counter offer is required until agreement is reached.** Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to Acceptance and to market the Property for backup offers after Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing. By Signing this offer or any document in the transaction, the Party Signing the document is deemed to have read the document in its entirety.

28. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as Otherwise Agreed, this Agreement shall be interpreted, and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**

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ITEM NO. 24.

29. **LIQUIDATED DAMAGES** (By initialing in the space below, you are agreeing to Liquidated Damages):
If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM DID).

Buyer's Initials DS BV / _____ **Seller's Initials** _____ / _____

30. **MEDIATION:**
A. The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. The mediation shall be conducted through the C.A.R. Dispute Resolution Center for Real Estate **(www.consumermediation.org)** or through any other mediation provider or service mutually agreed to by the Parties. The Parties **also agree to mediate any disputes or claims with Agents(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Agent.** Mediation fees, if any, shall be divided equally among the Parties involved, and shall be recoverable under the prevailing party attorney fees clause. If, for any dispute or claim to which this paragraph applies, any Party **(i)** commences Legal Action without first attempting to resolve the matter through mediation, or **(ii)** before commencement of Legal Action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.
B. **ADDITIONAL MEDIATION TERMS: (i) Exclusions from this mediation agreement are specified in paragraph 31B; (ii) The obligation to mediate does not preclude the right of either Party to seek a preservation of rights under paragraph 31C; and (iii) Agent's rights and obligations are further specified in paragraph 31D. These terms apply even if the Arbitration of Disputes paragraph is not initialed.**

31. **ARBITRATION OF DISPUTES:**
A. **The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Agents(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Agent. The arbitration shall be conducted through any arbitration provider or service mutually agreed to by the Parties. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the Parties mutually agree to a different arbitrator. Enforcement of, and any motion to compel arbitration pursuant to, this agreement to arbitrate shall be governed by the procedural rules of the Federal Arbitration Act, and not the California Arbitration Act, notwithstanding any language seemingly to the contrary in this Agreement. The Parties shall have the right to discovery in accordance with Code of Civil Procedure § 1283.05. The arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction.**
B. **EXCLUSIONS: The following matters are excluded from mediation and arbitration: (i) Any matter that is within the jurisdiction of a probate, small claims or bankruptcy court; (ii) an unlawful detainer action; and (iii) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code § 2985.**
C. **PRESERVATION OF ACTIONS: The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, provided the filing party concurrent with, or immediately after such filing makes a request to the court for a stay of litigation pending any applicable mediation or arbitration proceeding; or (iii) the filing of a mechanic's lien.**
D. **AGENTS: Agents shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Agents(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.**
E. **"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."**

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials _____ / _____ **Seller's Initials** _____ / _____

Property Address: 4 Tait Avenue, Los Gatos , CA 95030 Date: May 19, 2026

ITEM NO. 24.

32. OFFER

A. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is Delivered to Buyer or Buyer's Authorized Agent, **Seller has no obligation to respond to an offer made.**

B. ☐ **ENTITY BUYERS: (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)**

(1) **Non-Individual (entity) Buyers:** One or more Buyers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.

(2) **Full entity name:** The following is the full name of the entity (if a trust, enter the complete trust name; if under probate, enter full name of the estate, including case #): _____

_____.

(3) **Contractual Identity of Buyer:** For purposes of this Agreement, when the name described below is used, it shall be deemed to be the full entity name.

(A) If a trust: The trustee(s) of the trust or a simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust);

(B) If Property is sold under the jurisdiction of a probate court: The name of the executor or administrator, or a simplified probate name (John Doe, executor, or Estate (or Conservatorship) of John Doe).

(4) **Legally Authorized Signer:**

(A) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not for him/herself as an individual. See **paragraph 24** for additional terms.

(B) The name(s) of the Legally Authorized Signer(s) is/are: _____, _____.

C. The RPA has 17 pages. Buyer acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.

D. BUYER SIGNATURE(S):

(Signature) By, DocuSigned by: _____ **Date:** 05/26/2026

Printed name of BUYER: Branislav Vajdic

☐ Printed Name of Legally Authorized Signer: _____ Title, if applicable, _____

(Signature) By, _____ **Date:** _____

Printed name of BUYER: _____

☐ Printed Name of Legally Authorized Signer: _____ Title, if applicable, _____

☐ IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).

33. ACCEPTANCE

A. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property or has the authority to execute this Agreement. Seller accepts the above offer and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement and authorizes Agent to Deliver a Signed Copy to Buyer.
Seller's acceptance is subject to the attached Counter Offer or Back-Up Offer Addendum, or both, checked below.
Seller shall return and include the entire agreement with any response.

☐ **Seller Counter Offer** (C.A.R. Form SCO or SMCO)

☐ **Back-Up Offer Addendum** (C.A.R. Form BUO)

B. ☒ **ENTITY SELLERS: (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure form (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)**

(1) **Non-Individual (entity) Sellers:** One or more Sellers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.

(2) **Full entity name:** The following is the full name of the entity (if a trust, enter the complete trust name; if under probate, enter full name of the estate, including case #): Town of Los Gatos

_____.

(3) **Contractual Identity of Seller:** For purposes of this Agreement, when the name described below is used, it shall be deemed to be the full entity name.

(A) If a trust: The trustee(s) of the trust or a simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust);

(B) If Property is sold under the jurisdiction of a probate court: The name of the executor or administrator, or a simplified probate name (John Doe, executor, or Estate (or Conservatorship) of John Doe).

(4) **Legally Authorized Signer:**

(A) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not for him/herself as an individual. See **paragraph 24** for additional terms.

(B) The name(s) of the Legally Authorized Signer(s) is/are: Chis Constantin, _____.

C. The RPA has 17 pages. Seller acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.

D. SELLER SIGNATURE(S):

(Signature) By, _____ **Date:** _____

Printed name of SELLER: Town of Los Gatos

☒ Printed Name of Legally Authorized Signer: Chis Constantin Title, if applicable, Town Manager

(Signature) By, _____ **Date:** _____

Printed name of SELLER: _____

☐ Printed Name of Legally Authorized Signer: _____ Title, if applicable, _____

☐ IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).

Property Address: 4 Tait Avenue, Los Gatos , CA 95030 Date: May 19, 2026

REAL ESTATE BROKERS SECTION

1. **Real Estate Agents are not parties to the Agreement between Buyer and Seller.**
2. **Agency relationships are confirmed as stated in paragraph 2.**
3. **Presentation of Offer:** Pursuant to the National Association of REALTORS® Standard of Practice 1-7, if Buyer's Agent makes a written request, Seller's Agent shall confirm in writing that this offer has been presented to Seller.
4. **Agents' Signatures and designated electronic delivery address:**

A. Buyer's Brokerage Firm Montalvo Realty DRE Lic. # 01918597

By DocuSigned by: Alexander Lunginovic Alex D. Lunginovic DRE Lic. # 01136628 Date 05/26/2026

By 4CD43DD43E9A434... t DRE Lic. # Date

Address 14585 Big Basin Way City Saratoga State CA Zip 95070

Email sasha@montalvorealty.com Phone # (408)690-3883

[X] More than one agent from the same firm represents Buyer. Additional Agent Acknowledgement (C.A.R. Form AAA) attached.
[ ] More than one brokerage firm represents Buyer. Additional Broker Acknowledgement (C.A.R. Form ABA) attached.

Designated Electronic Delivery Address(es): Email above or

[ ] **Attached DEDA:** If Parties elect to have an alternative Delivery method, such method may be indicated on C.A.R. Form DEDA.

B. Seller's Brokerage Firm Kosmont Real Estate Services dba Kosmont Realty DRE Lic. # 02058445

By Larry J. Kosmont DRE Lic. # 01182660 Date

By DRE Lic. # Date

Address 1601 N. Sepulveda Blvd., #382 City Manhattan Beach State CA Zip 90266

Email lkosmont@kosmontrealty.com Phone # (213)507-9000

[ ] More than one agent from the same firm represents Seller. Additional Agent Acknowledgement (C.A.R. Form AAA) attached.
[ ] More than one brokerage firm represents Seller. Additional Broker Acknowledgement (C.A.R. Form ABA) attached.

Designated Electronic Delivery Address(es) (To be filled out by Seller's Agent): Email above or

[ ] **Attached DEDA:** If Parties elect to have an alternative Delivery method, such method may be indicated on C.A.R. Form DEDA.

Buyer's Initials DS ____ / ____ Seller's Initials ____ / ____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, [ ] a deposit in the amount of $ ____), Counter Offer numbers ____ and ____, and agrees to act as Escrow Holder subject to **paragraph 19** of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised by ____ that the date of Acceptance of the Agreement is ____

Escrow Holder ____ Escrow # ____

By ____ Date ____

Address ____

Phone/Fax/E-mail //

Escrow Holder has the following license number # ____

[ ] Department of Financial Protection and Innovation, [ ] Department of Insurance, [ ] Department of Real Estate.

PRESENTATION OF OFFER: ____ / ____ Seller's Brokerage Firm presented this offer to Seller on ____ (date).
Agent or Seller Initials

OFFER NOT ACCEPTED: ____ / ____ No Counter Offer is being made. This offer was not accepted by Seller ____ (date)
Seller's Initials

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CALIFORNIA ASSOCIATION OF REALTORS®

FEDERAL REPORTING REQUIREMENT PURCHASE ADDENDUM

(C.A.R. Form FRR-PA, Revised 4/26)

ITEM NO. 24.

The following terms and conditions are hereby incorporated in and made a part of the Purchase Agreement ("Agreement"), dated 05/19/2026, on property known as 4 Tait Avenue, Los Gatos , CA 95030, ("Property") in which Town of Los Gatos is referred to as ("Seller") and Branislav Vajdic is referred to as ("Buyer").

This addendum is to be used with a: **(i)** Residential Purchase Agreement (C.A.R. Form RPA); **(ii)** New Construction Purchase Agreement (C.A.R. Form NCPA); **(iii)** Vacant Land Purchase Agreement, if the Property will be improved with a residential dwelling with one to four units (C.A.R. Form VLPA); **(iv)** Residential Income Purchase Agreement (C.A.R. Form RIPA), where the income property contains one to four units; or **(v)** Residential Units Purchase Addendum (C.A.R. Form RU-PA), where the mixed-use property contains one to four residential units.

1. **FEDERAL REPORTING OBLIGATION:** Pursuant to rules issued by the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury ("Treasury"), a "Reporting Person" (typically the escrow or title company responsible for closing) is required to collect, and report to the Treasury, certain information about the Buyer and Seller in the sale of certain real property for the purpose of preventing money laundering. The reporting requirements scheduled to take effect on March 1, 2026 have been suspended due to a federal court ruling in Texas on March 19, 2026. Title and escrow companies may still be collecting, but not reporting, information because of uncertainty regarding their obligations, and the possibility of an appeal.
2. **CONDITIONS FOR WHICH THE REPORTING OBLIGATIONS APPLY:** The collection and reporting obligations apply if: **(i)** the property being purchased is real property with one to four residential units or vacant land for which the transferee intends to build residential real property with one to four units, or shares in a cooperative housing corporation; **(ii)** the buyer is a legal entity or trust; and **(iii)** the buyer is making an "all-cash" purchase or financing the purchase through a bank or other institution that does not have an independent money laundering reporting obligation.
3. **REQUIRED REPORTING INFORMATION:** The following is a non-exclusive list of the "persons" from whom the Reporting Person is required to collect information as well as the type of information to be collected.
   A. **Buyers:** Entity Buyers, Beneficial Owners of Entity Buyers, Signing Parties of Entity Buyers, Trust Buyers, Entity Trustee of Trust Buyers, and Individual trustees and beneficial owners of Trust Buyers;
   B. **Sellers:** Individual sellers, Entity sellers, Trust Sellers, Individual and entity trustees of Trust Sellers;
   C. **Information to be collected:** Legal names, dates of birth, dates of execution of trusts, addresses, dbas, citizenship (for trustees or beneficial owners of trust buyers) taxpayer identification numbers ("TIN"), and, if applicable, account number and financial institution name from which payment is made.
4. **DELIVERY OF REQUIRED INFORMATION:**
   A. Buyer and Seller shall, within **7 Days** after receiving a request for FinCEN information from the Reporting Person for the transaction, deliver to the Reporting Person all necessary information to satisfy the reporting requirements.
   B. Buyer and Seller agree to make a good faith effort to acquire such information from any entity, beneficial owner, trustee or signing party that is not Buyer or Seller.
5. **CONSEQUENCES OF FAILURE TO PROVIDE REQUESTED INFORMATION:**
   A. The Reporting Person will not close escrow if the requested information is not provided in full, regardless of whether due from Buyer or Seller or another person on their behalf;
   B. Any Buyer or Seller who fails to provide the requested information for themselves may be in breach of contract.
   C. If the Reporting Person requires information from a related third party such as an entity, beneficial owner, signing party, or trustee, and the Reporting Person notifies a Buyer or Seller that the other has failed to provide such information, the performing Buyer or Seller may cancel after first giving the non-performing Buyer or Seller a notice to perform.

By signing below, Buyer and Seller acknowledge that each has read, understands, has received a copy of, and agrees to the terms of this Federal Reporting Requirement Purchase Addendum.

DocuSigned by:

Buyer Branislav Vajdic Date 05/26/2026

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Buyer _____ Date _____

Seller Town of Los Gatos Date _____

Seller _____ Date _____

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CALIFORNIA ASSOCIATION OF REALTORS®

BUYER'S INVESTIGATION ADVISORY

(C.A.R. Form BIA, Revised 6/25)

ITEM NO. 24.

1. **IMPORTANCE OF PROPERTY INVESTIGATION:** Unless otherwise specified in the Agreement, the physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. A Broker's inspection is a limited visual inspection (see C.A.R. Form AVID), and a Broker is not qualified to conduct the investigations listed below nor will Broker conduct the investigations checked below by Buyer. For these reasons, you should conduct thorough inspections, investigations, tests, surveys and other studies (Inspections and Investigations) of the Property personally and with appropriate professionals (see C.A.R. Form SBSA), who should provide written reports of their Inspections. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If any professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.
2. **BROKER OBLIGATIONS:** Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to other professionals, Broker does not guarantee their performance.
3. **YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**
   - A. **GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS:** Foundation, roof (condition, age, leaks, useful life), plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa (cracks, leaks, operation), other structural and non-structural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property.
   - B. **SQUARE FOOTAGE, AGE, BOUNDARIES:** Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other barriers or markers do not necessarily identify true Property boundaries.
   - C. **WOOD DESTROYING PESTS:** Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms.
   - D. **SOIL STABILITY:** Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage.
   - E. **WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS; WASTE DISPOSAL:** Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components. The type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
   - F. **ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold (airborne, toxic or otherwise), fungus or similar contaminants).
   - G. **EARTHQUAKES AND FLOODING:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood.
   - H. **FIRE, HAZARD, AND OTHER INSURANCE:** The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and insurance contingencies.
   - I. **BUILDING PERMITS, ZONING, GOVERNMENTAL REQUIREMENTS, AND ADDRESS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size. Postal/mailing address and zip code may not accurately reflect the city which has jurisdiction over the Property.
   - J. **RENTAL PROPERTY RESTRICTIONS:** The State, some counties, and some cities impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Dead bolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements.
   - K. **SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property.
   - L. **UTILITIES; SEWER; INTERNET:** Availability of gas, electric, water, sewer, garbage, internet and other services. The provider and quality of service may vary by location.
   - M. **SOLAR POWER SYSTEM:** The existence of a solar power system; whether it is owned, leased, financed, or otherwise subject to obligations, such as a power purchase agreement or maintenance agreement; the condition of and costs associated with the system.

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N. NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS: Neighborho conditions, including schools, law enforcement, crime statistics, registered felons or offenders, fire prot government services, availability, adequacy and cost of internet connections or other technology services and installations, commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

By signing below, Buyer acknowledges that they have received a copy of this Buyer Investigation Advisory, and they have read and understand its terms. Buyer is encouraged to read it carefully.

DocuSigned by:

Buyer _____ *Branislav Vajdic* Date 05/26/2026

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Buyer _____ Date _____

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POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER - DISCLOSURE AND CONSENT

(C.A.R. Form PRBS, Revised 6/25)

ITEM NO. 24.

1. **BROKER AGENCY RELATIONSHIP WITH MULTIPLE PRINCIPALS:** A real estate broker ("Brokerage"), whether a corporation, partnership or sole proprietorship, may legally represent more than one buyer or seller. This multiple representation can occur through a sole proprietor Brokerage; or through a salesperson or broker acting under the Brokerage's license ("Associate Licensee"). Associate Licensees under a Brokerage's license may be working out of the same or different office locations, and may or may not know one another. Clients of the Brokerage may have similar goals and may compete against each other for the same property or the same pool of prospective buyers. Some buyers and sellers prefer to work with individual, sole proprietor brokerages, some with brokerages that have multiple licensees, and others with large brokerage companies that have multiple offices and may have a regional, statewide or a national or international presence. Each has its own advantages. It is important for buyers and sellers to understand how the Brokerage representation of multiple buyers or sellers may impact them under various situations.
   A. **MULTIPLE BUYERS:** Brokerage (individually or through any of its Associate Licensees) may work with many prospective buyers at the same time. These prospective buyers may have an interest in, and make offers on, the same properties. Some of these properties may be listed by the Brokerage. Whether Brokerage is large or small, it is possible that one Associate-Licensee (agent 1) working with a buyer may not be aware that another Associate-Licensee (agent 2) is working with a different buyer who is interested in viewing or making an offer on the same property as agent 1's client, and vise-versa. Brokerage will not limit or restrict any buyer from making an offer on any specific property, whether or not the Brokerage represents other buyers interested in the same property.
   B. **MULTIPLE SELLERS:** Brokerage (individually or through its Associate Licensees) may have listings on many properties at the same time. As a result, Brokerage will attempt to find buyers for each of those listed properties. Some listed properties may appeal to the same prospective buyers. Some properties may attract more prospective buyers than others. Some of these prospective buyers may be represented by Brokerage and some may not. Brokerage will market all listed properties to all prospective buyers, whether or not Brokerage has other listed properties that may appeal to the same prospective buyers.
   C. **DUAL AGENCY IN A TRANSACTION:** California law allows a brokerage to represent both a buyer and a seller in a transaction (Civil Code § 2079 et seq.).
      (1) **Brokerage Dual Agency:** If one Associate-Licensee from the Brokerage is working with a buyer and another Associate-Licensee from the same Brokerage is working with a seller on the same transaction, the Brokerage is considered a dual agent with fiduciary duties to both buyer and seller. In that situation, each individual Associate Licensee working on the transaction is also considered a dual agent having the same knowledge and responsibility as the Brokerage.
      (2) **Single Agent Dual Agency:** Another form of dual agency occurs when an individual Associate-Licensee is working with both the buyer and seller in the same transaction. In that situation, both the Brokerage company and the individual Associate-Licensee are dual agents with fiduciary duties to each side of the transaction. There is no one approach to this situation. Some brokerages allow the single agent dual agent to continue to represent both parties, as that Associate-Licensee is the chosen agent of the principal. Some brokerages recommend that the broker or an office manager get involved if there is a dispute between the buyer and seller. Some brokerages will require that the broker or an office manager assist the Associate-Licensee with one principal or the other, even if the parties do not have a dispute. Whether one of these approaches, or another, is taken in a single agent dual agency will depend on the circumstances and the brokerage policy. Regardless of the approach, the Associate-Licensee and Brokerage shall conduct activity consistent with the terms in **paragraph 2C**.
2. **ACKNOWLEDGEMENT AND CONSENT:**
   A. **OFFERS ARE NOT NECESSARILY CONFIDENTIAL:** Buyer is advised that seller or listing agent may disclose the existence, terms, or conditions of buyer's offer to other interested buyers and agents unless all parties and their agent have signed a written confidentiality agreement, (C.A.R. Form NDA). In the absence of a signed NDA, Buyer consents to such disclosure. Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the listing agent's marketing strategy, and the instructions of the seller.
   B. **MULTIPLE BUYERS OR SELLERS:** If Seller is represented by Brokerage, Seller acknowledges that Brokerage may represent prospective buyers of Seller's property and consents to Brokerage acting as a dual agent for both Seller and buyer in that transaction. If Buyer is represented by Brokerage, Buyer acknowledges that Brokerage may represent sellers of property that Buyer is interested in acquiring and consents to Brokerage acting as a dual agent for both Buyer and seller with regard to that property.
   C. **DUAL AGENCY IN A TRANSACTION:** In the event of dual agency, Seller and Buyer agree that: **(i)** a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the buyer's or seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered; and **(ii)** except as set forth above, a dual agent is obligated to disclose known facts materially affecting the value or desirability of the Property to both parties. Seller and Buyer should discuss with a dual agent the details and parameters of this requirement. Seller and/or Buyer consents to allowing Brokerage to act as a dual agent in a transaction.

Produced with Lone Wolf Transactions (zipForm Edition) 717 N Harwood St, Suite 2200, Dallas, TX 75201 www.lwolf.com Phone: (909)621-6761 Fax: 2021 New

By signing below, Buyer and/or Seller acknowledge that each has received a copy of this Possible Rep of More Than One Buyer or Seller — Disclosure and Consent, and each has read, understands, and a terms and consents to the agency possibilities disclosed.

Buyer DocuSigned by: Branislav Vajdic D7BDD31621AE407... Date 05/26/2026

Buyer _____ Date _____

Seller Town of Los Gatos Date _____

Seller _____ Date _____

Buyer's Brokerage Firm Montalvo Realty DRE Lic # 01918597

By DocuSigned by: Alexander Lunginovic Alex D. Lunginovic DRE Lic # 01136628 Date 05/26/2026

Seller's Brokerage Firm Kosmont Real Estate Services dba Kosmont Realty DRE Lic # 02058445

By Larry J. Kosmont DRE Lic # 01182660 Date _____

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CALIFORNIA ASSOCIATION OF REALTORS®

FAIR HOUSING AND DISCRIMINATION ADVISORY

(C.A.R. Form FHDA, Revised 12/24)

ITEM NO. 24.

1. **EQUAL ACCESS TO HOUSING FOR ALL:** All housing in California is available to all persons. Discrimination as noted below is prohibited by law. Resources are available for those who have experienced unequal treatment under the law.
2. **FEDERAL AND STATE LAWS PROHIBIT DISCRIMINATION AGAINST IDENTIFIED PROTECTED CLASSES:**
   A. FEDERAL FAIR HOUSING ACT ("FHA") Title VIII of the Civil Rights Act; 42 U.S.C. §§ 3601-3619; Prohibits discrimination in sales, rental or financing of residential housing against persons in protected classes;
   B. CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT ("FEHA") California Government Code ("GC") §§ 12900-12996,12955; 2 California Code of Regulations ("CCR") §§ 12005-12271; Prohibits discrimination in sales, rental or financing of housing opportunity against persons in protected classes by providers of housing accommodation and financial assistance services as related to housing;
   C. CALIFORNIA UNRUH CIVIL RIGHTS ACT ("Unruh") California Civil Code ("CC") § 51; Prohibits business establishments from discriminating against, and requires full and equal accommodation, advantages, facilities, privileges, and services to persons in protected classes;
   D. AMERICANS WITH DISABILITIES ACT ("ADA") 42 U.S.C. §§ 12181-12189; Title III of the ADA prohibits discrimination based on disability in public accommodations; and
   E. OTHER FAIR HOUSING LAWS: § 504 of Rehabilitation Act of 1973 29 U.S.C. § 794; Ralph Civil Rights Act CC § 51.7; California Disabled Persons Act; CC §§ 54-55.32; any local city or county fair housing ordinances, as applicable.
3. **POTENTIAL LEGAL REMEDIES FOR UNLAWFUL DISCRIMINATION: Violations of fair housing laws may result in monetary civil fines, injunctive relief, compensatory and/or punitive damages, and attorney fees and costs.**
4. **PROTECTED CLASSES/CHARACTERISTICS:** Whether specified in Federal or State law or both, discrimination against persons based on that person's belonging to, association with, or perceived membership in, certain classes or categories, such as the following, is prohibited. Other classes, categories or restrictions may also apply.

Race (and race traits)	Color	Ancestry	National Origin	Religion
Age	Sex, Sexual Orientation	Gender, Gender Identity, Gender expression	Marital Status	Familial Status (family with a child or children under 18)
Citizenship	Immigration Status	Primary Language	Military/Veteran Status	Source of Income (e.g., Section 8 Voucher)
Medical Condition	Disability (Mental & Physical)	Genetic Information	Criminal History (non-relevant convictions)	Any Arbitrary Characteristic or Intersectionality

5. **THE CALIFORNIA DEPARTMENT OF REAL ESTATE REQUIRES TRAINING AND SUPERVISION TO PREVENT HOUSING DISCRIMINATION BY REAL ESTATE LICENSEES:**
   A. California Business & Professions Code ("B&PC") § 10170.5(a)(4) requires 3 hours of training on fair housing for DRE license renewal; Real Estate Regulation § 2725(f) requires brokers who oversee salespersons to be familiar with the requirements of federal and state laws relating to the prohibition of discrimination.
   B. Violation of DRE regulations or real estate laws against housing discrimination by a real estate licensee may result in the loss or suspension of the licensee's real estate license. B&PC §10177(l)(1); 10 CCR § 2780
6. **REALTOR® ORGANIZATIONS PROHIBIT DISCRIMINATION**: NAR Code of Ethics Article 10 prohibits discrimination in employment practices or in rendering real estate license services against any person because of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity by REALTORS®.
7. **WHO IS REQUIRED TO COMPLY WITH FAIR HOUSING LAWS?**
   Below is a non-exclusive list of providers of housing accommodations or financial assistance services as related to housing who are most likely to be encountered in a housing transaction and who must comply with fair housing laws.
   - Sellers
   - Real estate licensees
   - Mobilehome parks
   - Insurance companies
   - Landlords/Housing Providers
   - Real estate brokerage firms
   - Homeowners Associations ("HOAs");
   - Government housing services
   - Sublessors
   - Property managers
   - Banks and Mortgage lenders
   - Appraisers
8. **EXAMPLES OF CONDUCT THAT MAY NOT BE MOTIVATED BY DISCRIMINATORY INTENT BUT COULD HAVE A DISCRIMINATORY EFFECT:**
   A. Prior to acceptance of an offer, asking for or offering buyer personal information or letters from the buyer, especially with photos. Those types of documents may inadvertently reveal, or be perceived as revealing, protected status information thereby increasing the risk of **(i)** actual or unconscious bias, and **(ii)** potential legal claims against sellers and others by prospective buyers whose offers were rejected.
   B. Refusing to rent **(i)** an upper-level unit to an elderly tenant out of concern for the tenant's ability to navigate stairs or **(ii)** a house with a pool to a person with young children out of concern for the children's safety.
9. **EXAMPLES OF UNLAWFUL OR IMPROPER CONDUCT BASED ON A PROTECTED CLASS OR CHARACTERISTIC:**
   A. Refusing to negotiate for a sale, rental or financing or otherwise make a housing opportunity unavailable; failing to present offers due to a person's protected status;
   B. Refusing or failing to show, rent, sell or finance housing; "channeling" or "steering" a prospective buyer or tenant to or away from a particular area due to that person's protected status or because of the racial, religious or ethnic composition of the neighborhood;
   C. "Blockbusting" or causing "panic selling" by inducing a listing, sale or rental based on the grounds of loss of value of property, increase in crime, or decline in school quality due to the entry or prospective entry of people in protected categories into the neighborhood;
   D. Making any statement or advertisement that indicates any preference, limitation, or discrimination;

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E. Inquiring about protected characteristics (such as asking tenant applicants if they are married, or prospective purchasers if they have children or are planning to start a family);
F. Using criminal history information before otherwise affirming eligibility, and without a legally sufficient justification;
G. Failing to assess financial standards based on the portion of the income responsible by a tenant who receives government subsidies (such as basing an otherwise neutral rent to income ratio on the whole rent rather than just the part of rent that is the tenant's responsibility);
H. Denying a home loan or homeowner's insurance;
I. Offering inferior terms, conditions, privileges, facilities or services;
J. Using different qualification criteria or procedures for sale or rental of housing such as income standards, application requirements, application fees, credit analyses, sale or rental approval procedures or other requirements;
K. Harassing a person;
L. Taking an adverse action based on protected characteristics;
M. Refusing to permit a reasonable modification to the premises, as requested by a person with a disability (such as refusing to allow a tenant who uses a wheelchair to install, at their expense, a ramp over front or rear steps, or refusing to allow a tenant with a disability from installing, at their own expense, grab bars in a shower or bathtub);
N. Refusing to make reasonable accommodation in policies, rules, practices, or services for a person with a disability (such as the following, if an actual or prospective tenant with a disability has a service animal or support animal):
(i) Failing to allow that person to keep the service animal or emotional support animal in rental property,
(ii) Charging that person higher rent or increased security deposit, or
(iii) Failing to show rental or sale property to that person who is accompanied by the service animal or support animal, and;
O. Retaliating for asserting rights under fair housing laws.

10. EXAMPLES OF POSITIVE PRACTICES:
A. Real estate licensees working with buyers or tenants should apply the same objective property selection criteria, such as location/neighborhood, property features, and price range and other considerations, to all prospects.
B. Real estate licensees should provide complete and objective information to all clients based on the client's selection criteria.
C. Real estate licensees should provide the same professional courtesy in responding to inquiries, sharing of information and offers of assistance to all clients and prospects.
D. Housing providers should not make any statement or advertisement that directly or indirectly implies preference, limitation, or discrimination regarding any protected characteristic (such as "no children" or "English-speakers only").
E. Housing providers should use a selection process relying on objective information about a prospective buyer's offer or tenant's application and not seek any information that may disclose any protected characteristics (such as using a summary document, e.g. C.A.R. Form SUM-MO, to compare multiple offers on objective terms).

11. FAIR HOUSING RESOURCES: If you have questions about your obligations or rights under the Fair Housing laws, or you think you have been discriminated against, you may want to contact one or more of the sources listed below to discuss what you can do about it, and whether the resource is able to assist you.
A. Federal: **https://www.hud.gov/program_offices/fair_housing_equal_opp**
B. State: **https://calcivilrights.ca.gov/housing/**
C. Local: local Fair Housing Council office (non-profit, free service)
D. DRE: **https://www.dre.ca.gov/Consumers/FileComplaint.html**
E. Local Association of REALTORS®. List available at: **https://www.car.org/en/contactus/rosters/localassociationroster**.
F. Any qualified California fair housing attorney, or if applicable, landlord-tenant attorney.

12. LIMITED EXCEPTIONS TO FAIR HOUSING REQUIREMENTS: No person should rely on any exception below without first seeking legal advice about whether the exception applies to their situation. Real estate licensees are not qualified to provide advice on the application of these exceptions.
A. Legally compliant senior housing is exempt from FHA, FEHA and Unruh as related to age or familial status only;
B. An owner of a single-family residence who resides at the property with one lodger may be exempt from FEHA for rental purposes, PROVIDED **no real estate licensee is involved** in the rental;
C. An owner of a single-family residence may be exempt from FHA for sale or rental purposes, PROVIDED **(i) no real estate licensee is involved** in the sale or rental and **(ii)** no discriminatory advertising is used, and **(iii)** the owner owns no more than three single-family residences. Other restrictions apply;
D. An owner of residential property with one to four units who resides at the property, may be exempt from FHA for rental purposes, PROVIDED **no real estate licensee is involved** in the rental; and
E. Both FHA and FEHA do not apply to roommate situations. See, *Fair Housing Council v Roommate.com LLC*, 666 F.3d 1216 (2019).
F. Since both the 14th Amendment of the U.S. Constitution and the Civil Rights Act of 1866 prohibit discrimination based on race; the FHA and FEHA exemptions do not extend to discrimination based on race.

Buyer/Tenant and Seller/Housing Provider have read, understand and acknowledge receipt of a copy of this Fair Housing & Discrimination Advisory.

DocuSigned by:

Buyer/Tenant _____ *Branislav Vajdic* Date 05/26/2026
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Buyer/Tenant _____ Date _____

Seller/Housing Provider _____ *Town of Los Gatos* Date _____

Seller/Housing Provider _____ Date _____

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CALIFORNIA ASSOCIATION OF REALTORS®

BUYER HOMEOWNERS' INSURANCE ADVISORY

(C.A.R. Form BHIA, 6/24)

ITEM NO. 24.

1. **IMPORTANCE OF OBTAINING PROPERTY INSURANCE:** If the property you are purchasing is destroyed or damaged due to natural disaster or accident or some other event, insurance may be available to help with the cost of repair or rebuilding. In the absence of property insurance, the homeowner would be responsible for the full expense. If the property is purchased with a loan, or refinanced, the lender will require an insurance policy protecting its interest. Insurance policies can cover damage due to one or more of the following: fire, flood, earthquake and other causes. The policy or an insurance broker should be consulted to determine when coverage applies and whether a supplement or rider can be purchased to provide additional coverage or if a separate policy is necessary.

2. **PROPERTY INSURANCE AND PURCHASE CONTRACT TERMS:** Your real estate purchase contract may contain a contingency that gives you the right to legally cancel the agreement within a specified time if you are unable to obtain or afford property insurance. This cancellation right may be a specific contingency pertaining to insurance or may be part of an overall investigation contingency. If buyer waives or removes the applicable contingency before determining the availability and cost of property insurance, buyer is acting against the advice of broker. Additionally, if the property is part of an HOA, lenders may require and buyers will want to know that the HOA has adequate insurance to cover the areas for which the HOA is responsible.

3. **CALIFORNIA'S PROPERTY INSURANCE MARKET:** Some insurance carriers in California have stopped issuing new property insurance policies and others are limiting the number and location of new policies, due to rising replacement costs and an increase in natural disasters. These changes may affect both the availability and cost of insurance. However, over 50 insurance carriers are admitted to sell property insurance in California so it may be possible to obtain insurance even if some carriers will not write a new policy covering the property you intend to buy. An insurance broker may also be able to find a non-admitted insurance carrier offering to insure the property you intend to buy. Because locating an affordable insurance policy could take time and effort, buyers are advised to make all insurance inquiries as early in the home buying process as possible.

4. **INSURANCE CONDITIONS:** Many insurance carriers impose physical condition standards before issuing a policy, or reserve the right to cancel policies even after they are issued, if certain minimum standards are not confirmed in an inspection or otherwise. Physical conditions standards could include, but are not limited to, prohibition of "knob and tube" electrical wiring, requirements related to piping/plumbing materials, standards related to the age and/or quality of the roof or foundation, minimal safety standards related to handrails, tripping hazards, and defensible space requirements.

5. **RESOURCES:** The California Department of Insurance (DOI) maintains a website addressing Residential Home insurance. Resources on this State government webpage include: **(i)** Top Ten tips for Finding Residential Insurance; **(ii)** Residential Insurance Company Contact List; **(iii)** Home Insurance Finder; and **(iv)** information on other insurance issues. The webpage also includes information on how to contact the DOI, and suggestions on what to do if you cannot find insurance. The webpage and link to other documents is located at https://www.insurance.ca.gov/01-consumers/105-type/5-residential/index.cfm.

6. **BROKER RECOMMENDATION:** Buyer is advised to explore available property insurance options early in the home buying process and to consult with a qualified insurance professional of buyer's choosing to understand insurance availability and cost prior to removal of any related contingencies. Real estate brokers do not have expertise in this area.

By signing below, Buyer acknowledges that Buyer has read, understands, and has received a copy of this Buyer Homeowners' Insurance Advisory.

Docusigned by:

Buyer Branislav Vajdic Date 05/26/2026

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Buyer _____ Date _____

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CALIFORNIA ASSOCIATION OF REALTORS®

WIRE FRAUD AND ELECTRONIC FUNDS TRANSFER ADVISORY

(C.A.R. Form WFA, Reviewed 6/25)

ITEM NO. 24.

WIRE FRAUD AND ELECTRONIC FUNDS TRANSFERS ADVISORY:

The ability to communicate and conduct business electronically is a convenience and reality in nearly all parts of our lives. At the same time, it has provided hackers and scammers new opportunities for their criminal activity. Many businesses have been victimized and the real estate business is no exception.

While wiring or electronically transferring funds is a welcome convenience, we all need to exercise extreme caution. Emails attempting to induce fraudulent wire transfers have been received and have appeared to be legitimate. Reports indicate that some hackers have been able to intercept emailed transfer instructions, obtain account information and, by altering some of the data, redirect the funds to a different account. It also appears that some hackers were able to provide false phone numbers for verifying the wiring or funds transfer instructions. In those cases, the victim called the number provided to confirm the instructions, and then unwittingly authorized a transfer to somewhere or someone other than the intended recipient.

ACCORDINGLY, YOU ARE ADVISED:

1. **Obtain phone numbers and account numbers only from Escrow Officers, Property Managers, or Housing Providers at the beginning of the transaction.**
2. **DO NOT EVER WIRE OR ELECTRONICALLY TRANSFER FUNDS PRIOR TO CALLING TO CONFIRM THE TRANSFER INSTRUCTIONS. ONLY USE A PHONE NUMBER YOU WERE PROVIDED PREVIOUSLY. Do not use any different phone number or account number included in any emailed transfer instructions.**
3. **Orally confirm the transfer instruction is legitimate and confirm the bank routing number, account numbers and other codes before taking steps to transfer the funds.**
4. **Avoid sending personal information in emails or texts. Provide such information in person or over the telephone directly to the Escrow Officer, Property Manager, or Housing Provider.**
5. **Take steps to secure the system you are using with your email account. These steps include creating strong passwords, using secure WiFi, and not using free services.**

If you believe you have received questionable or suspicious wire or funds transfer instructions, immediately notify your bank, and the other party, and the Escrow Office, Housing Provider, or Property Manager. The sources below, as well as others, can also provide information:

Federal Bureau of Investigation: https://www.fbi.gov/; the FBI's IC3 at www.ic3.gov; or 310-477-6565

National White Collar Crime Center: http://www.nw3c.org/

On Guard Online: https://www.onguardonline.gov/

NOTE: There are existing alternatives to electronic and wired fund transfers such as cashier's checks.

The term "Housing Provider" also includes Landlord or Rental Property Owner.

By signing below, Buyer/Tenant and Seller/Housing Provider acknowledge that each has received a copy of this Wire Fraud and Electronic Funds Transfer Advisory, and each has read and understands its terms.

DocuSigned by:

Buyer/Tenant _____ *Branislav Vajdic* Date 05/26/2026

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Buyer/Tenant _____ Date _____

Seller/Housing Provider _____ *Town of Los Gatos* Date _____

Seller/Housing Provider _____ Date _____

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EQUAL HOUSING OPPORTUNITY

CALIFORNIA ASSOCIATION OF REALTORS®

CALIFORNIA CONSUMER PRIVACY ACT ADVISORY, DISCLOSURE AND NOTICE

(C.A.R. Form CCPA, Revised 12/22)

The California Consumer Privacy Act (commencing with Civil Code § 1798.100) ("CCPA"), as amended by California voters in 2020, grants to California residents certain rights in their private, personal information ("PI") that is collected by companies with whom they do business. Under the CCPA, PI is defined broadly to encompass non-public records information that could reasonably be linked directly or indirectly to you. PI could potentially include photographs of, or sales information about, your property.

During the process of buying and selling real estate your PI will be collected and likely shared with others, including real estate licensees, a Multiple Listing Service, real estate internet websites, service providers, lenders, and title and escrow companies, to name several possibilities. Businesses that are covered by the CCPA are required to grant you various rights in your PI, including the right to know what PI is collected, the right to know what PI is sold or shared and to whom, the right to request that the business correct or delete your PI, the right to "opt out" or stop the transfer of your PI to others, and the right to limit the use of certain PI which is considered "sensitive." You may get one or more notices regarding your CCPA rights from businesses you interact with in a real estate transaction. However, not all businesses that receive or share your PI are obligated to comply with the CCPA. Moreover, businesses that are otherwise covered under the CCPA may have a legal obligation to maintain PI, notwithstanding your instruction to the contrary. For instance, regardless of whether they are covered by CCPA, under California law, brokers and Multiple Listing Services are required to maintain their records for 3 years. If you wish to exercise your rights under CCPA, where applicable, you should contact the respective business directly.

You can obtain more information about the CCPA and your rights under the law from the State of California Department of Justice (oag.ca.gov/privacy/ccpa). Additionally, the California Privacy Protection Agency is authorized to promulgate regulations which may further clarify requirements of the CCPA (cppa.ca.gov/regulations/).

I/we acknowledge receipt of a copy of this California Consumer Privacy Act Advisory, Disclosure and Notice.

DocuSigned by:

Buyer/Seller/Landlord/Tenant _____ Date 05/26/2026

Branislav Vajdic

Buyer/Seller/Landlord/Tenant _____ Date _____

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525 South Virgil Avenue, Los Angeles, California 90020

ITEM NO. 24.

CALIFORNIA ASSOCIATION OF REALTORS®

TEXT OVERFLOW ADDENDUM No. 1

(C.A.R. Form TOA, Revised 6/23)

This addendum is given in connection with the property known as 4 Tait Avenue, Los Gatos , CA 95030 ("Property"), in which Branislav Vajdic is referred to as ("Buyer/Tenant") and Town of Los Gatos is referred to as ("Seller/Housing Provider").

1) RPA, P(2), Excluded Items - 1:
The Matthews Plaque and Mounting Rock
2) RPA, Paragraph 4B, Other 1:
Federal Requirement Purchasing Addendum
3) RPA, Paragraph 4B, Other 2:
Lead-Based Paint and Lead-Based Paint Hazards Disclosure, Acknowledgment, Addendum For Pre-1978 Housing, Sales, Leases, or Rentals

The foregoing terms and conditions are hereby incorporated in and made a part of the paragraph(s) referred to in the document to which this TOA is attached. The undersigned acknowledge receipt of a copy of this TOA.

Buyer/Tenant Branislav Vajdic Date 05/26/26

Buyer/Tenant _____ Date _____

Seller/Housing Provider _____ Date _____
Town of Los Gatos

Seller/Housing Provider _____ Date _____

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EQUAL HOUSING OPPORTUNITY

CALIFORNIA ASSOCIATION OF REALTORS®

STATEWIDE BUYER AND SELLER ADVISORY

(This Form Does Not Replace Local Condition Disclosures. Additional Advisories or Disclosures May Be Attached)

(C.A.R. Form SBSA, Revised 6/24)

ITEM NO. 24.

BUYER RIGHTS AND DUTIES:

- The physical condition of the land and improvements being purchased are not guaranteed by Seller or Brokers.
- You should conduct thorough investigations of the Property both personally and with appropriate professionals.
- If professionals recommend further inspections, you should contact qualified experts to conduct such inspections.
- You should retain your own professional even if Seller or Broker has provided you with existing reports.
- You should read all written reports given to you and discuss those reports with the persons who prepared them. It is possible that different reports provided to you contain conflicting information. If there are discrepancies between reports, disclosures or other information, you are responsible for contacting appropriate professionals to confirm the accuracy or correctness of the reports, disclosures or information.
- You have the right to request that the Seller make repairs or corrections or take other actions based on inspections or disclosures, but the Seller is not obligated to respond to you or make any such repairs, corrections or other requested actions.
- If the Seller is unwilling or unable to satisfy your requests, and you act within certain time periods, you may have the right to cancel the Agreement (the Purchase Agreement and any Counter Offer and Addenda together are the "Agreement"). If you cancel outside of these periods, you may be in breach of the Agreement and your deposit might be at risk.

YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

SELLER RIGHTS AND DUTIES:

- You have a duty to disclose material facts known to you that affect the value or desirability of the Property.
- You are obligated to make the Property available to the Buyer and have utilities on for inspections as allowed by the Agreement.
- This form is not a substitute for completing a Real Estate Transfer Disclosure Statement, if required, and any other property-specific questionnaires or disclosures.

BROKER RIGHTS AND DUTIES:

- Brokers do not have expertise in all areas and matters affecting the Property or your evaluation of it.
- For most sales of residential properties with no more than four units, Brokers have a duty to make a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose to you material facts or defects that the inspection reveals.
- Many defects and conditions may not be discoverable by a Broker's visual inspection.
- If Brokers give a referral to another professional, Brokers do not guarantee that person's performance. You may select any professional of your own choosing.
- If a Broker gives you reports or other documents, unless otherwise specified, it is possible that different reports provided to you contain conflicting information. Broker has not and will not verify or otherwise investigate the information contained therein.
- Any written agreement between a Broker and either Buyer or Seller or both establishes the rights and responsibilities of those parties.

LEGAL, TAX AND CONTRACT CONSIDERATIONS FOR BOTH BUYER AND SELLER:

- You are advised to seek legal, tax, and other assistance from appropriate professionals in order to fully understand the implications of any documents or actions during the transaction. You should contact a CPA or tax attorney to determine **(i)** the basis of the property for income tax purposes; and **(ii)** any calculations necessary to determine if a sale, and what price, would result in any capital gains taxes that may need to be reported to State and Federal taxing agencies. In addition, you should consult with the CPA or tax attorney regarding what factors affect how the property tax basis is determined. If you are doing a 1031 exchange, you are advised to contact an exchange accommodator to discuss the proper method and timing of the exchange.
- The terms of the Agreement and any counter offers and addenda establish your rights and responsibilities to each other.

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A. Investigation of Physical Conditions

1. **EASEMENTS, ACCESS AND ENCROACHMENTS:** Buyer and Seller are advised that confirming the exact location of easements, shared or private driveways or roadways, and encroachments on or to the Property may be possible only by conducting a survey. There may be unrecorded easements, access rights, encroachments and other agreements affecting the Property that may not be disclosed by a survey. Representations regarding these items that are made in a Multiple Listing Service or advertisements, or plotted by a title company are often approximations, or based upon inaccurate or incomplete records. Unless otherwise specified by Broker in writing, Brokers have not verified any such matters or any representations made by Seller(s) or others. If Buyer wants further information, Buyer is advised and Broker(s) recommend that Buyer hire a licensed surveyor during Buyer's investigation contingency period. Brokers do not have expertise in this area.

2. **ENVIRONMENTAL HAZARDS:** Buyer and Seller are advised that the presence of certain kinds of organisms and contaminants, including, but not limited to, mold (airborne, toxic or otherwise), fungi, mildew, lead-based other lead contamination, asbestos, formaldehyde, radon, PCB's, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, urea formaldehyde, or other materials may adversely affect the Property and the health of individuals who live on or work at the property as well as pets. Some municipalities may impose additional requirements regarding underground storage tanks, which may be more common in certain areas and cities throughout the State, especially where there are larger, older homes built before 1935. It is possible that these tanks, either now or in the future, may require inspections or abatement. If Buyer wants further information, Buyer is advised, and Broker(s) recommends, that Buyer have the Property inspected for the existence of such conditions and organisms, and conditions that may lead to their formation. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Buyer is also advised to consult with appropriate experts regarding this topic during Buyer's investigation contingency period. Broker recommends that Buyer and Seller read the booklets titled, "Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants," and "Protect Your Family From Lead In Your Home." Brokers do not have expertise in this area.
3. **FORMALDEHYDE:** Formaldehyde is a substance known to the State of California to cause cancer. Exposure to formaldehyde may be caused by materials used in the construction of homes. The United States Environmental Protection Agency, the California Air Resources Board, and other agencies have measured the presence of formaldehyde in the indoor air of select homes in California. Levels of formaldehyde that present a significant cancer risk have been measured in most homes that were tested. Formaldehyde is present in the air because it is emitted by a variety of building materials and home products used in construction. The materials include carpeting, pressed wood products, insulation, plastics, and glues. Most homes that have been tested elsewhere do contain formaldehyde, although the concentrations vary from home to home with no obvious explanation for the differences. One of the problems is that many suppliers of building materials and home products do not provide information on chemical ingredients to builders. Buyers may have further questions about these issues. Buyer is advised to consult with appropriate experts regarding this topic during Buyer's investigation contingency period. Broker(s) recommend that Buyer and Seller read the booklet titled "Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants." Brokers do not have expertise in this area.
4. **GEOLOGIC HAZARDS:** Buyer and Seller are advised that California has experienced earthquakes in the past, and there is always a potential of future earthquakes. Damage caused by an earthquake may not be discoverable by a visual inspection of Buyer(s) or Broker(s). Inspection by a licensed, qualified professional is strongly recommended to determine the structural integrity and safety of all structures and improvements on the Property. If the Property is a condominium, or located in a planned unit development or in a common interest subdivision, Buyer is advised to contact the homeowners association about earthquake repairs and retrofit work and the possibility of an increased or special assessment to defray the costs of earthquake repairs or retrofit work. Buyer is encouraged to obtain and read the booklet entitled, "The Homeowner's Guide to Earthquake Safety." In most cases a questionnaire within the booklet must be completed by Seller and the entire booklet given to the Buyer if the Property was built prior to 1960. If the Property was built before 1975, and contains structures constructed of masonry or precast (tilt up) concrete walls, with wood frame floors or roof, or if the building has unreinforced masonry walls, then Seller must provide Buyer a pamphlet entitled "The Commercial Property Owner's Guide to Earthquake Safety." Many areas have a wide range of geologic problems and numerous studies have been made of these conditions. Some of this information is available for public review at city and county planning departments. Buyer is encouraged to review the public maps and reports and/or obtain a geologist's inspection report. Buyer may be able to obtain earthquake insurance to protect their interest in the Property. Sellers who agree to provide financing should also consider requiring Buyers to obtain such insurance naming Seller(s) as insured lien holder(s). Brokers do not have expertise in this area.
5. **INSPECTIONS:** Buyer and Seller are advised that Buyer has the right to obtain various inspections of the Property under most residential purchase agreements. Buyer is advised to have the Property inspected by a professional property inspection service within Buyer's investigation contingency period. A licensed building contractor or other professional may perform these services. The inspector generally does not look behind walls or under carpets, or take equipment apart. Certain items on the Property, such as chimneys and spark arresters, plumbing, heating, air conditioning, electrical wiring, pool and spa, septic system, well, roof, foundation and structural items may need to be inspected by another professional, such as a chimney sweep, plumber, electrician, pool and spa service, septic or well company or roofer. A general physical inspection typically will not test for mold, wood destroying pests, lead-based paint, radon, asbestos and other environmental hazards, geologic conditions, age, remaining useful life or water-tightness of roof, cracks, leaks or operational problems associated with a pool or spa or connection of the Property to a sewer system. If Buyer wants further information on any aspect of the Property, Broker recommends that Buyer have a discussion with the professional property inspector and that Buyer hire an appropriate professional for the area of concern to Buyer. Brokers do not verify the results of any such inspection or guarantee the performance of any such inspector or service. Any election by Buyer to waive the right to a physical inspection of the Property or to rely on somebody other than an appropriate professional is against the advice of Brokers. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Brokers do not have expertise in these areas.
6. **MOLD:** Buyer and Seller are advised that the presence of certain kinds of mold, fungi, mildew and other organisms, sometimes referred to as "toxic mold" (collectively "Mold"), may adversely affect the Property and the health of individuals who live on or work at the Property as well as pets. Mold does not affect all people the same way, and may not affect some people at all. Mold may be caused by water leaks or other sources of moisture such as, but not limited

to, flooding, and leaks in windows, pipes and roof. Seller is advised to disclose the existence of any such [illegible] of which he or she is aware. Buyer should carefully review all of Seller's disclosures for any indication these conditions exist. It is, however, possible that Mold may be hidden and that Seller is completely unaware of its existence. In addition, Mold is often undetectable from a visual inspection, a professional general property inspection and even a structural pest control inspection. Brokers do not have expertise in this area. If Buyer wants further information, Broker recommends that Buyer have the Property tested for Mold by an environmental hygienist or other appropriate professional during Buyer's investigation contingency period. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Brokers do not have expertise in this area.

7. **PETS AND ANIMALS:** Buyer and Seller are advised that the current or previous owner(s) may have had domesticated or other pets and animals at the Property. Odors from animal urine or other contamination may be dormant for long periods of time and then become active because of heat, humidity or other factors and might not be eliminated by cleaning or replacing carpets or other cleaning methods. Pet urine and feces can also damage hardwood floors and other floor coverings. Additionally, an animal may have had fleas, ticks and other pests that remain on the Property after the animal has been removed. If Buyer wants further information, Broker(s) recommend that Buyer discuss the issue with an appropriate professional during Buyer's investigation contingency period. Brokers do not have expertise in this area.

8. **SEPTIC SYSTEMS:** Buyer and Seller are advised that a property may be served by one or more septic systems even though adjoining properties are connected to a sewer line. Buyer and Seller are also advised that some septic tanks and systems may have been abandoned or have leaked into ground water sources. Buyer is advised to contact the appropriate government agency to verify that the Property is connected to a sewer or served by a septic system. If the Property is served by a septic system, it may consist of a septic tank, cesspool, pits, leach lines or a combination of such mechanisms ("collectively, System"). No representation or warranty is made by Seller or Broker concerning the condition, operability, size, capacity or future expansion of a System, nor whether a System is adequate for use by the intended occupants of the Property. A change in the number of occupants or the quantity, composition or methods of depositing waste may affect the efficiency of the System. In addition, the amount of rainfall and ground water table may also affect the efficiency of the System. Many factors including, but not limited to, natural forces, age, deterioration of materials and the load imposed on a System can cause the System to fail at any time. Broker recommends that Buyer obtain an independent evaluation of any System by a qualified sanitation professional during Buyer's investigation contingency period. Buyer should consult with their sanitation professional to determine if their report includes the tank only, or other additional components of the System such as pits and leach fields. Not all inspectors are licensed and licenses are not available for all types of inspection activities. In some cases, Buyer's lender as well as local government agencies may require System inspection. System-related maintenance costs may include, but not be limited to, locating, pumping or providing outlets to ground level. Brokers are unable to advise Buyer or Seller regarding System-related issues or associated costs, which may be significant. If Buyer and Seller agree to obtain a System inspection, Buyer and Seller are cautioned that the inspection cost may include, but not be limited to, the costs of locating, pumping or providing outlets to ground level. Brokers do not have expertise in this area.

9. **SOIL AND GEOLOGIC CONDITIONS:** Buyer and Seller are advised that real estate in California is subject to settling, slippage, contraction, expansion erosion, subsidence, earthquakes and other land movement. The Property may be constructed on fill or improperly compacted soil and may have inadequate drainage capability. Any of these matters can cause structural problems to improvements on the Property. Civil or geo-technical engineers are best suited to evaluate soil stability, grading, drainage and other soil conditions. Additionally, the Property may contain known or unknown mines, mills, caves or wells. If Buyer wants further information, Broker recommends that Buyer hire an appropriate professional. Not all inspectors are licensed and licenses are not available for all types of inspections. Brokers do not have expertise in this area.

10. **SQUARE FOOTAGE, LOT SIZE, BOUNDARIES AND SURVEYS:** Buyer and Seller are advised that only an appraiser or land surveyor, as applicable, can reliably confirm square footage, lot size, Property corners and exact boundaries of the Property. Representations regarding these items that are made in a Multiple Listing Service, advertisements, and from property tax assessor records are often approximations, or based upon inaccurate or incomplete records. Fences, hedges, walls or other barriers may not represent actual boundary lines. Unless otherwise specified by Broker in writing, Brokers have not verified any such boundary lines or any representations made by Seller or others concerning square footage, lot size, Property corners or exact boundaries. Standard title insurance does not insure the boundaries of the Property. If the exact square footage or lot size or location of Property corners or boundaries is an important consideration in Buyer's decision to purchase the Property and/or how much Buyer is willing to pay for the Property, then Buyer must independently conduct Buyer's own investigation through appropriate professionals, appraisers, or licensed surveyors and rely solely on their data, recognizing that all measurements may not be consistent and that different sources may have different size assessments. Brokers do not have expertise in this area.

11. **WATER INTRUSION:** Buyer and Seller are advised that many homes suffer from water intrusion or leakage. The causes of water intrusion are varied, and can include defective construction, faulty grading, deterioration of building materials and absence of waterproof barriers. Water intrusion can cause serious damage to the Property. This damage can consist of wood rot, mold, mildew and even damage to the structural integrity of the Property. The cost of repairing and remediating water intrusion damage and its causes can be very significant. The existence and cause of water intrusion is often difficult to detect. Because you, your Broker or a general home inspector cannot visually observe any effects of water intrusion, Buyer and Seller should not assume that such intrusion does not exist. Broker recommends that Buyer have the Property inspected for water intrusion by an appropriate professional. Brokers do not have expertise in this area.

12. **WELL AND WATER SYSTEM(S):** Buyer and Seller are advised that the Property may be served by one or more wells, springs, or private community or public water systems. Any of these private or public water systems may contain bacteria, chemicals, minerals and metals, such as chromium. Well(s) may have been abandoned on the Property. Buyer is advised to have both the quality and the quantity of water evaluated, and to obtain an analysis of the quality of any domestic and agricultural water in use, or to be used at the Property, from whatever source. Water quality tests can include not only tests for bacteria, such as coliform, but also tests for organic and inorganic chemicals, metals, mineral content and gross alpha testing for radioactivity. Broker recommends that Buyer consult with a licensed, qualified well and pump company and local government agency to determine whether any well/spring or water system will adequately serve Buyer's intended use and that Buyer have a well consultant perform an extended well output test for this purpose. Water well or spring capacity, quantity output and quality may change at any time. There are no guarantees as to the future water quality, quantity or duration of any well or spring. If Buyer wants further information, Broker(s) recommend that Buyer obtain an inspection of the condition, age, adequacy and performance of all components of the well/spring and any water system during Buyer's investigation contingency period. Brokers do not have expertise in this area.
13. **WOOD DESTROYING PESTS:** Buyer and Seller are advised that the presence of, or conditions likely to lead to the presence of infestation or infection of wood destroying pests and organisms may adversely affect the Property. Inspection reports covering these items can be separated into two sections: Section 1 identifies areas where infestation or infection is evident. Section 2 identifies areas where there are conditions likely to lead to infestation or infection. If Buyer wants further information, Buyer is advised and Broker recommends that Buyer have the Property inspected for the existence of such conditions and organisms, and conditions that may lead to their formation, by a registered structural pest control company during Buyer's investigation contingency period. Brokers do not have expertise in this area.
14. **FIRE HARDENING, DEFENSIBLE SPACE, AND WILDFIRE DISASTERS:** California is subject to wildfires which have resulted in damage and destruction of many properties located in the state. Several recent state laws have mandated disclosures by sellers when selling properties in certain identified zones, such as "high" or "very high" fire severity zones. Additionally, state law mandates that sellers provide buyers with statements of compliance with local mandates if adopted by local agencies. The Property may be located in a high or very high fire severity zone. This may impact the availability of insurance and the ability to build or rebuild structures on the Property. Additionally, there may be requirements that certain fire prevention steps may be mandated. Information on fire hardening, including current building standards and information on minimum annual vegetation management standards to protect homes from wildfires, can be obtained on the internet website http://www.readyforwildfire.org.
Cal Fire has made available a "Fire Hazard Severity Zone Viewer" where you can input the Property address to determine which fire hazard zone, if any, that the Property is located in. The viewer is available at https://egis.fire.ca.gov/FHSZ/.
Below is a partial list of potential resources provided as a starting point for Buyer/Lessee investigations and not as an endorsement or guarantee that any federal, state, county, city or other resource will provide complete advice.
    A. California Department of Insurance ("Wildfire Resource") http://insurance.ca.gov/01-consumers/140-catastrophes/WildfireResources.cfm; 1-800-927-4357
    B. Governor's Office of Emergency Services ("Cal OES") California Wildfires Statewide Recovery Resources http://wildfirerecovery.org/
    C. California Department of Forestry and Fire ("Cal Fire") http://fire.ca.gov/ and https://www.readyforwildfire.org/
    D. California Department of Transportation https://calsta.ca.gov/
    E. California Attorney General https://oag.ca.gov/consumers/pricegougingduringdisasters#8C1

    Brokers do not have expertise in this area.
15. **PRELIMINARY (TITLE) REPORT:** A preliminary report is a document prepared by a title company which shows the conditions upon which the title company is willing to offer a policy of title insurance. However, a preliminary report is not an "abstract of title;" the title company does not conduct an exhaustive search of the title record and does not guarantee the condition of title. Nevertheless, the preliminary report documents many matters that have been recorded that can impact an owner's use of the property such as known easements, access rights, and encroachments and, if applicable, governing documents and restrictions for a homeowners' association (HOA). Among many other restrictions that may appear in the HOA documents are restrictions on the number and weight of pets that are allowed. A preliminary report may contain links to important documents referred to in the report. Broker recommends that Buyer reviews the preliminary report and any documents referenced by links and keep a printed or electronic copy of the preliminary report and documents referenced by link. Brokers do not have expertise in this area.

B. Property Use and Ownership

1. **ACCESSORY DWELLING UNITS:** Accessory Dwelling Units (ADUs) are known by many names: granny flats, in-law units, backyard cottages, secondary units and more. California has passed laws to promote the development of ADUs. Additional information about ADUs can be found at http://hcd.ca.gov/policy-research/AccessoryDwellingUnits.shtml. Buyer is advised to check with appropriate government agencies or third party professionals to verify permits and legal requirements and the effect of such requirements on current and future use and rentability of the Property, its development and size. Brokers do not have expertise in this area.
2. **BUILDING PERMITS, ZONING AND CODE COMPLIANCE:** Buyer and Seller are advised that any structure on the Property, including the original structure and any addition, modification, remodel or improvement may have been built without permits, not according to building codes, or in violation of zoning laws. Further, even if such structure was built according to the then-existing code or zoning requirement, it may not be in compliance with current building standards

or local zoning. It is also possible that local law may not permit structures that now exist to be rebuilt in the event of damage or destruction. Certain governmental agencies may require periodic inspections to occur in the future. If Buyer wants further information, Broker(s) recommend that Buyer discuss the issue with an appropriate professional during Buyer's investigation contingency period. Brokers do not have expertise in this area.

3. **BUYER INTENDED FUTURE USE OF, AND MODIFICATIONS TO, THE PROPERTY:** Buyer and Seller are advised that Seller's existing use of the property may not be consistent with Buyer's intended use or any future use that Buyer makes of the property, whether or not Buyer has any current plans to change the use. Buyer is advised to check with appropriate government agencies or third party professionals to verify what legal requirements are needed to accommodate any change in use. In addition, neither Seller nor Broker make any representations as to what modifications Buyer can make to the Property after close of escrow as well as any cost factors associated with any such modifications. Buyer is advised to check with his own licensed contractor and other such professionals as well as with the appropriate government agencies to determine what modifications Buyer will be allowed to make after close of escrow. Brokers do not have expertise in this area.
4. **CALIFORNIA FAIR PLAN:** Buyer and Seller are advised that insurance for certain hillside, oceanfront and brush properties may be available only from the California Fair Plan. This may increase the cost of insurance for such properties and coverage may be limited. Broker(s) recommend that Buyer consult with Buyer's own insurance agent during Buyer's investigation contingency period regarding the availability of coverage under the California Fair Plan and the length of time it may take for processing of a California Fair Plan application. Brokers do not have expertise in this area.
5. **FUTURE REPAIRS, REPLACEMENTS AND REMODELS:** Buyer and Seller are advised that replacement or repairs of certain systems or rebuilding or remodeling of all or a portion of the Property may trigger requirements that homeowners comply with laws and regulations that either come into effect after Close of Escrow or are not required to be complied with until the replacement, repair, rebuild or remodel has occurred. Permit or code requirements or building standards may change after Close of Escrow, resulting in increasing costs to repair existing features. If Buyer wants further information, Broker recommends that Buyer discuss the issue with an appropriate professional during Buyer's investigation contingency period. Brokers do not have expertise in this area.
6. **HEATING VENTILATING AND AIR CONDITIONING SYSTEMS:** Changes to state and federal energy efficiency regulations impact the installation, replacement and some repairs of heating and air conditioning units (HVAC): **(i)** Federal regulations now require manufacturers of HVAC units to produce only units meeting a new higher Seasonal Energy Efficiency Rating (SEER). This will likely impact repairs and replacements of existing HVAC units. State regulations now require that when installing or replacing HVAC units, with some exceptions, duct work must be tested for leaks. Duct work leaking more than 15 percent must be repaired to reduce leaks. The average existing duct work typically leaks 30 percent. More information is available at the California Energy Commission's website https://www.energy.ca.gov/programs-and-topics/programs/home-energy-rating-system-hers-program. Home warranty policies may not cover such inspections or repairs, **(ii)** the phase out of the use of HCFC-22 (R-22 Freon) will have an impact on repairs and replacement of existing air conditioning units and heat pumps. The production and import of HCFC-22 ended January 1, 2020. Existing systems may continue to be used and HCFC-22 recovered and reclaimed or that was produced prior to 2020 can help meet the needs of existing systems, however, costs may rise. More information is available from the Environmental Protection Agency at https://www.epa.gov/sites/production/files/2018-08/documents/residential_air_conditioning_and_the_phaseout_of_hcfc-22_what_you_need_to_know.pdf and http://www.epa.gov/ozone/title6/phaseout/22phaseout.html, and **(iii)** New efficiency standards are also in place for water heaters. As a consequence, replacement water heaters will generally be larger than existing units and may not fit in the existing space. Additional venting and other modifications may be required as well. More information is available from the U.S. Department of Energy at http://www.eere.energy.gov/buildings/appliance_standards/product.aspx/productid/27. If Buyer wants further information, Broker recommends that Buyer discuss the issue with an appropriate professional during Buyer's investigation contingency period. Brokers do not have expertise in this area.
7. **HISTORICAL DESIGNATION, COASTAL COMMISSION, ARCHITECTURAL, LANDSCAPE, AGRICULTURAL OR OPEN SPACE AND OTHER RESTRICTIONS ON BUILDINGS OR IMPROVEMENTS:** Buyer and Seller are advised that the Property may be: **(i)** designated as a historical landmark, **(ii)** protected by a historical conservancy, **(iii)** subject to an architectural or landscaping review process, **(iv)** within the jurisdiction of the California Coastal Commission or other government agency, or **(v)** subject to a contract preserving use of all or part of the Property for agriculture or open space. If the Property is so designated or within the jurisdiction of any such, or similar, government agency, then there may be restrictions or requirements regarding Buyer's ability to develop, remove or trim trees or other landscaping, remodel, make improvements to and build on or rebuild the Property. Broker(s) recommend that Buyer satisfy him/herself during Buyer's investigation contingency period if any of these issues are of concern to Buyer. Brokers do not have expertise in this area.
8. **INSURANCE, TITLE INSURANCE AND TITLE INSURANCE AFTER FORECLOSURE:** Buyer and Seller are advised that Buyer may have difficulty obtaining insurance regarding the Property if there has been a prior insurance claim affecting the Property or made by Buyer but unrelated to the Property. Seller is required by C.A.R. Form RPA to disclose known insurance claims made during the past five years (C.A.R. Form SPQ or ESD). Sellers may not be aware of claims prior to their ownership. If Buyer wants further information, Broker(s) recommend that, during Buyer's investigation contingency period, Buyer conduct his or her own investigation for past claims. Buyer may need to obtain Seller's consent in order to have access to certain investigation reports. If the Property is a condominium, or is located in a planned unit development or other common interest subdivision, Buyer and Seller are advised to determine if the individual unit is covered by the Homeowner's Association Insurance and the type of insurance coverage that Buyer may purchase. Broker(s) recommend that Buyer consult Buyer's insurance agents during Buyer's investigation contingency

period to determine the need, availability and possibility of securing any and all forms of other insurance or any conditions imposed by insurer as a requirement of issuing insurance. If Buyer does any repairs to during the escrow period or Buyer takes possession prior to Close of Escrow or Seller remains in possession after Close of Escrow, whether for a limited or extended period of time, Broker(s) recommend that Buyer and Seller each consult with their own insurance agent regarding insurance or coverage that could protect them in the transaction (including but not limited to: personal property, flood, earthquake, umbrella and renter's). Buyer and Seller are advised that traditional title insurance generally protects Buyer's title acquired through the sale of the property. While all title insurance policies, as do all insurance policies, contain some exclusions, some title insurance policies contain exclusions for any liability arising from a previous foreclosure. This can occur when a short sale has occurred but the lender mistakenly has also proceeded with a foreclosure. Buyer is strongly advised to consult with a title insurer to satisfy themselves that the policy to be provided adequately protects their title to the property against other possible claimants. Brokers do not have expertise in this area.

9. **LAND LEASE:** Buyer and Seller are advised that certain developments are built on leased land. This means that: **(i)** Buyer does not own the land, **(ii)** the right to occupy the land will terminate at some point in time, **(iii)** the cost to lease the land may increase at some point in the future, and **(iv)** Buyer may not be able to obtain title insurance or may have to obtain a different type of title insurance. If Buyer wants further information, Broker recommends that Buyer discuss the issue with an attorney or other appropriate professional. Brokers do not have expertise in this area.

10. **MARIJUANA, CANNABIS, AND METHAMPHETAMINE LABS:** Buyer and Seller are advised that California law permits individual patients to cultivate, possess and use marijuana for medical purposes. Furthermore, California law permits primary caregivers, lawfully organized cooperatives, and collectives to cultivate, distribute and possess marijuana for medicinal purposes. California law also allows recreational use of marijuana for adults, as well as limited rights for individuals to grow and cultivate marijuana, and rights of others, subject to a licensing process, to grow, cultivate and distribute marijuana for recreational use. California's medical and recreational marijuana laws are in direct conflict with federal law which recognizes no lawful use for marijuana and has no exemptions for medical use. Federal criminal penalties, some of which mandate prison time, remain in effect for the possession, cultivation and distribution of marijuana. Buyer and Seller are strongly advised to seek legal counsel as to the legal risks and issues surrounding owning or purchasing a property where medical or any other marijuana activity is taking place. Marijuana storage, cultivation and processing carry the risk of causing mold, fungus or moisture damage to a property, additionally, some properties where marijuana has been cultivated have had alterations to the structure or the electrical system which may not have been done to code or with permits and may affect the safety of the structure or the safe operation of the electrical system. Buyer is strongly advised to retain an environmental hygienist contractor and other appropriate professionals to inspect a property where medical or any other marijuana activity has taken place. Broker recommends that Buyer and Seller involved with a property where there is medical marijuana activity or where it may take place review the California Attorney General's Guidelines for the "Security and Non-Diversion of Marijuana Grown for Medical Use" https://oag.ca.gov/system/files/attachments/press-docs/MEDICINAL%20CANNABIS%20Guidelines.pdf and the U.S. Department of Justice memo regarding marijuana prosecutions at https://www.justice.gov/opa/press-release/file/1022196/download. Brokers do not have expertise in this area. While no state law permits the private production of methamphetamine, some properties have been the site of an illegal methamphetamine laboratory. State law imposes an obligation to notify occupants, a ban on occupying the property and clean up requirements when authorities identify a property as being contaminated by methamphetamine. Buyer is advised that a property where methamphetamine has been produced may pose a very serious health risk to occupants. Buyer is strongly advised to retain an environmental hygienist contractor or other appropriate professionals to inspect the property if methamphetamine production is suspected to have taken place. Brokers do not have expertise in this area.

11. **OWNER'S TITLE INSURANCE:** The Truth in Lending/RESPA integrated disclosure (TRID) established by the Consumer Financial Protection Bureau (CFPB) requires that lenders must tell borrowers that title insurance is "optional." While obtaining an owner's policy of title insurance may be "optional", it may be a contractual requirement as between Buyer and Seller. Furthermore, California Civil Code § 1057.6 requires that Buyers be provided with the following notice: "IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING."

    Additionally, even the CFPB on its "ask CFPB" "What is owner's title insurance?" page advises "You may want to buy an owner's title insurance policy, which can help protect your financial interest in the home." Moreover, not obtaining an owner's policy may increase the cost of the lender's policy (required by most lenders), possibly require the separate purchase of a preliminary title report, and may have an impact on the sale of the Property in the future.

    Buyers who decide to opt out of obtaining an owner's title insurance policy are acting against the advice of Brokers as well as the advice provided in the California Civil Code § 1057.6 and by the CFPB. Brokers do not have expertise in this area.

12. **RENT AND EVICTION CONTROL LAWS AND ORDINANCES:** Buyer and Seller are advised that California and many cities and counties impose or may impose restrictions that limit the rent that can be charged to a tenant, the number of tenants who can occupy the property, the right of a landlord to terminate a tenancy and the costs to do so, and the consequences of terminating a tenancy unlawfully. Even if property that is currently vacant was previously tenant occupied, the termination of that previous tenancy may affect a buyer's rights such as the legal use of the property and who may occupy the property in the future. If Buyer wants further information, Broker(s) recommend that Buyer investigate the issue with an appropriate government authority or a qualified California real estate attorney during Buyer's investigation contingency period. Brokers do not have expertise in this area.
13. **RETROFIT, BUILDING REQUIREMENTS, AND POINT OF SALE REQUIREMENTS:** Buyer and Seller are advised that state and local Law may require **(i)** the installation of operable smoke detectors, **(ii)** bracing or strapping of water heaters, and **(iii)** upon sale completion of a corresponding written statement of compliance that is delivered to Buyer. Although not a point of sale or retrofit obligation, state law may require the property to have operable carbon monoxide detection devices. Additionally, some city and county governments may impose additional retrofit standards at time of sale including, but not limited to, installing or retrofitting low-flow toilets and showerheads, gas shut-off valves, fireplaces, and tempered glass. Further, there may be potential health impacts from air pollution caused from burning wood. Exposure to particulate matter from the smoke may cause short-term and long-term health effects. Buyers should consult with licensed professional to inspect, properly maintain, and operate a wood burning stove or fireplace. Broker(s) recommend that Buyer and Seller consult with the appropriate government agencies, inspectors, and other professionals to determine the retrofit standards for the Property, the extent to which the Property complies with such standards, and the costs, if any, of compliance. Brokers do not have expertise in this area.
14. **SHORT TERM RENTALS AND RESTRICTIONS:** Buyer and Seller are advised that some cities, counties and Homeowner Associations (HOAs) do impose or may impose restrictions that limit or prohibit the right of the owner or occupant to rent-out the Property for short periods of time (usually 30 Days or less). In short term rentals, as well as all rentals, Buyer and Seller are advised to seek assistance to ensure compliance with all fair housing laws and regulations. If Buyer wants further information, Broker(s) recommend that Buyer investigate the issue with an appropriate government authority or HOA during Buyer's investigation contingency period. Brokers do not have expertise in this area.
15. **VIEWS:** Buyer and Seller are advised that present views from the Property may be affected by future development or growth of trees and vegetation on adjacent properties and any other property within the line of sight of the Property. Brokers make no representation regarding the preservation of existing views. If Buyer wants further information, Broker(s) recommend that Buyer review covenants, conditions and restrictions, if any, and contact neighboring property owners, government agencies and homeowner associations, if any, during Buyer's investigation contingency period. Brokers do not have expertise in this area.
16. **SWIMMING POOL, SECURITY AND SAFETY:** Buyer and Seller are advised that state and local Law may require the installation of barriers, anti-entrapment grates, access alarms, self-latching mechanisms, pool covers, exit alarms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property. Compliance requirements differ from city to city and county to county. Unless specifically agreed, the Property may not be in compliance with these requirements. If Buyer wants further information, Broker(s) recommend that Buyer contact local government agencies about these restrictions and other requirements. State law requires that new pools and spas be equipped with at least two of seven specified drowning prevention safety features. Home inspectors have a statutory obligation to perform a non-invasive physical examination of the pool area to identify which safety features are present. Brokers do not have expertise in this area.
17. **WATER SHORTAGES AND CONSERVATION:** Buyer and Seller are advised that the Property may be located in an area that could experience water shortages. The policies of local water districts and the city or county in which the Property is located can result in the occurrence of any or all of the following: **(i)** limitations on the amount of water available to the Property, **(ii)** restrictions on the use of water, and **(iii)** an increasingly graduated cost per unit of water use, including, but not limited to, penalties for excess usage. For further information, Broker recommends that Buyer contact the supplier of water to the Property regarding the supplier's current or anticipated policies on water usage and to determine the extent to which those policies may affect Buyer's intended use of the Property. If the Property is serviced by a private well, Buyer is advised that drought conditions and/or a low water table may make it necessary to arrange, through a private supplier, for delivery of water to the Property. Buyers should contact water truck companies for the costs involved. Brokers do not have expertise in this area.
18. **1915 IMPROVEMENT BOND MELLO-ROOS COMMUNITY DISTRICT, AND OTHER ASSESSMENT DISTRICTS:** Buyer and Seller are advised that the Property may be subject to an improvement bond assessment under the Improvement Bond Act of 1915, a levy of a special tax pursuant to a Mello-Roos Community Facilities district, and/or a contractual assessment as provided in § 5898.24 of the Streets And Highways Code or other assessment districts. Seller is generally required to make a good faith effort to obtain a disclosure notice from any local agency collecting such taxes and deliver such notice to Buyers. If there is a question as to whether an existing bond or assessment will be prorated as of the close of escrow, or whether Seller will pay off the bond or assessment at close of escrow, Buyers are advised to discuss the matter with the appropriate entity and address the responsibility for payment in negotiations for the purchase agreement or amendment prior to removing contingencies. Some cities and other localities have begun, or have the intention to begin, the process of requiring the replacement of utility poles by requiring that utility lines be buried underground. These projects can result in special tax assessments and set-up costs that are imposed on individual property owners. Brokers do not have expertise in this area.

C. Off-Site and Neighborhood Conditions

1. **GOLF COURSE DISCLOSURES:** Buyer and Seller are advised that if the Property is located adjacent to or near a golf course the following may apply: **(i)** Stray golf balls – Any residence near a golf course may be affected by errant golf balls, resulting in personal injury or destruction to property. Golfers may attempt to trespass on adjacent property to retrieve golf balls even though the project restrictions may expressly prohibit such retrieval. **(ii)** Noise and lighting – The noise of lawn mowers irrigation systems and utility vehicles may create disturbances to homeowners. Maintenance operations may occur in the early morning hours. Residents living near the clubhouse may be affected by extra lighting, noise, and traffic. **(iii)** Pesticides and fertilizer use – A golf course may be heavily fertilized, as well as subjected to other chemicals during certain periods of the year. **(iv)** Irrigation system – Golf course sprinkler systems may cause water overspray upon adjacent property and structures. Also the irrigation system of a golf course may use reclaimed and retreated wastewater. **(v)** Golf carts – Certain lots may be affected more than others by the use of golf carts. Lots adjacent to a tee or putting green may be subject to noise disturbances and loss of privacy. **(vi)** Access to golf course from residences – It is likely that most residences will not have direct access from their lots to the golf course. The project restrictions may disclaim any right of access or other easements from a resident's lot onto the golf course. **(vii)** View obstruction – Residents living near a golf course may have their views over the golf course impacted by maturing trees and landscaping or by changes to the course's configuration. **(viii)** Water restrictions – As some municipalities face water shortages, the continued availability of water to the golf course may be restricted or otherwise reduced by the local water agency. If Buyer wants further information, Broker(s) recommend that Buyer contact the local water agency regarding this matter. Brokers do not have expertise in this area.
2. **NEIGHBORHOOD, AREA, PERSONAL FACTORS, BUYER INTENDED USE, HIGH SPEED RAILS, AND SMOKING RESTRICTIONS:** Buyer and Seller are advised that the following may affect the Property or Buyer's intended use of it: neighborhood or area conditions, including schools, proximity and adequacy of law enforcement, crime, fire protection, other government services, availability, adequacy and cost of any speed-wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to medical marijuana growing or distribution locations, cell phone towers, manufacturing, commercial, industrial, airport or agricultural activities or military ordnance locations, existing and proposed transportation, construction, and development, any other source that may affect noise, view, traffic, or odor, wild and domestic animals, susceptibility to tsunami and adequacy of tsunami warnings, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally-protected sites or improvements, cemeteries, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer and FAA requirements for recreational and non-recreational use of Unmanned Aircraft Systems (UAS) (drones) (see UAS frequently asked questions http://www.faa.gov/uas/faqs/). California is potentially moving toward high speed rail service between Northern and Southern California. This rail line could have an impact on the Property if it is located nearby. More information on the timing of the project and routes is available from the California High-Speed Rail Authority at www.cahighspeedrail.ca.gov/. The State of California has long-standing no smoking laws in place restricting smoking in most business and some public spaces. Local jurisdictions may enact laws that are more restrictive than state law. Many California cities have enacted restrictions on smoking in parks, public sidewalks, beaches and shopping areas. Some jurisdictions have restrictions entirely banning smoking inside privately owned apartments and condominiums as well as in the common areas of such structures, or limiting smoking to certain designated areas. If Buyer wants further information, Broker(s) recommend that Buyer contact local government agencies about these restrictions. Brokers do not have expertise in this area.
3. **NEIGHBORHOOD NOISE SOURCES:** Buyer and Seller are advised that even if the Property is not in an identified airport noise influence area, the Property may still be subject to noise and air disturbances resulting from airplanes and other aircraft, commercial or military or both, flying overhead. Other common sources of noise include nearby commercial districts, schools, traffic on streets, highways and freeways, trains and general neighborhood noise from people, dogs and other animals. Noise levels and types of noise that bother one person may be acceptable to others. Buyer is advised to satisfy him/herself with regard to any sources of and amounts of noise at different times of day and night. Brokers do not have expertise in this area.
4. **SCHOOLS:** Buyer and Seller are advised that children living in the Property may not, for numerous reasons, be permitted to attend the school nearest the Property. Various factors including, but not limited to, open enrollment policies, busing, overcrowding and class size reductions may affect which public school serves the Property. School district boundaries are subject to change. Buyer is advised to verify whether the Property is now, and at the Close of Escrow will be, in the school district Buyer understands it to be in and whether residing in the Property entitles a person to attend any specific school in which that Buyer is interested. Broker(s) recommend that Buyer contact the local school or school district for additional information during Buyer's investigation contingency period. Brokers do not have expertise in this area.
5. **UNDERGROUND PIPELINES AND UTILITIES:** Throughout California underground pipelines transport natural gas, liquid fuel and other potentially hazardous materials. These pipelines may or may not provide utility services to the Property. Information about the location of some of the pipelines may be available from a company that also provides disclosures of natural and other hazards or from other sources of public maps or records. Proximity to underground pipelines, in and of itself, does not affirmatively establish the risk or safety of the property. If Buyer wants further information about these underground pipelines and utilities, Buyer is advised to consult with appropriate experts during Buyer's investigation contingency period. Brokers do not have expertise in this area.
6. **WILDLIFE:** California is the home to many species of wildlife. The location of homes in California continues to expand into areas that are the natural habitat of wildlife and the Property may be in such an area. Wildlife may become a nuisance especially if the availability of their natural sources of food or water is limited. Buyer should investigate the need to

implement mitigation measures at the Property including but not limited to the use of animal-resist[illegible] containers, and other appropriate measures depending on the species and habitat involved. Brokers [illegible] expertise in this area.

7. **SEA LEVEL RISE/COASTAL PROPERTIES:** Sea level rise has the potential to affect coastal residents, recreation, and development. Coastal communities may or may not have addressed the potential impact. The following is a non-exclusive list of issues that may be impacted by sea level rise: **(i)** Shoreline, beach and bluff erosion, and flooding; **(ii)** The effectiveness of seawalls and bulkheads, whether built with or without permits; **(iii)** Seaward construction, development or improvement to existing structures; **(iv)** The enactment of geological hazard abatement districts and assessments; and **(v)** The location of the "mean high tide line" which is used to delineate shoreline boundaries for some coastal properties.

   Below is a non-exhaustive list of potential resources provided as a starting point for Buyer investigations into sea level rise, and not as an endorsement or guarantee that any federal, state, county, city or other resource will provide complete advice.
   A. California Coastal Commission contact information: https://www.coastal.ca.gov/contact/#/
   B. State Lands Commission contact information: https://www.slc.ca.gov/contact-us/
   C. National Oceanic and Atmospheric Administration (sea level rise page): https://coast.noaa.gov.slr/
   D. California Coastal Commission (sea level rise page): https://www.coastal.ca.gov/climate/slr/
   E. Federal Emergency Management Agency (FEMA): https://www.fema.gov/flood-maps; https://msc.fema.gov

   If Buyer wants further information, Broker recommends that Buyer discuss the issue with an appropriate professional during Buyer's investigation contingency period. Brokers do not have expertise in this area.

D. Legal Requirements (Federal, State and Local)

1. **DEATH ON THE PROPERTY:** California Civil Code § 1710.2 protects a seller from: **(i)** failing to disclose a death on the property that occurred more than 3 years before a buyer has made an offer on a property; and **(ii)** failing to disclose if an occupant of a property was afflicted with HIV/AIDS, regardless of whether a death occurred or if so, when § 1710.2 does not protect a seller from making a misrepresentation in response to a direct inquiry. If the Buyer has any concerns about whether a death occurred on the Property or the manner, location, details or timing of a death, the buyer should direct any specific questions to the Seller in writing. Brokers do not have expertise in this area.
2. **EARTHQUAKE FAULT ZONES AND SEISMIC HAZARD ZONES:** Buyer and Seller are advised that California Public Resources Code §§ 2622 and 2696 require the delineation and mapping of "Earthquake Fault Zones" along known active faults and "Seismic Hazard Zones" in California. Affected cities and counties must regulate certain development projects within these zones. Construction or development on affected properties may be subject to the findings of a geological report prepared by a registered California geologist. Generally, Seller must disclose if the Property is in such a zone and can use a research company to aid in the process. If Buyer wants further information, Broker recommends that, during Buyer's investigation contingency period, Buyer make independent inquiries with such research companies or with appropriate government agencies concerning the use and improvement of the Property. Buyer is advised that there is a potential for earthquakes and seismic hazards even outside designated zones. Brokers do not have expertise in this area.
3. **EPA's LEAD-BASED PAINT RENOVATION, REPAIR AND PAINTING RULE:** The new rule requires that contractors and maintenance professionals working in pre-1978 housing, child care facilities, and schools with lead-based paint be certified; that their employees be trained; and that they follow protective work practice standards. The rule applies to renovation, repair, or painting activities affecting more than six square feet of lead-based paint in a room or more than 20 square feet of lead-based paint on the exterior. Enforcement of the rule begins October 1, 2010. See the EPA website at http://www.epa.gov/lead for more information. Buyer and Seller are advised to consult an appropriate professional. Brokers do not have expertise in this area.
4. **FIRE HAZARDS:** Buyer and Seller are advised that fires annually cause the destruction of thousands of homes. Due to varied climate and topography, certain areas have higher risks of fires than others. Certain types of materials used in home construction create a greater risk of fire than others. If the Property is located within a State Fire Responsibility Area or a Very High Fire Hazard Zone, generally Seller must disclose that fact to Buyer under California Public Resources Code § 4136 and California Government Code §§ 51178 and 51183.5, and may use a research company to aid in the process. Owners of property may be assessed a fire prevention fee on each structure on each parcel in such zones. The fee may be adjusted annually commencing July 1, 2013. If Buyer wants further information, Broker recommends that, during Buyer's investigation and insurance contingency period, Buyer contact the local fire department and Buyer's insurance agent regarding the risk of fire. Buyer is advised that there is a potential for fires even outside designated zones. Brokers do not have expertise in this area.
5. **FIRPTA/CALIFORNIA WITHHOLDING:** Buyer and Seller are advised that: **(i)** Internal Revenue Code § 1445, as of February 17, 2016, requires a Buyer to withhold and to remit to the Internal Revenue Service 15% of the purchase price of the property if the Seller is a non-resident alien, unless an express exemption applies. Only 10% needs to be withheld if the Buyer acquires the property as Buyer's residence and the price does not exceed $1,000,000. Seller may avoid withholding by providing Buyer a statement of non-foreign status. The statement must be signed by Seller under penalty of perjury and must include Seller's tax identification number. Buyer can also avoid having to withhold Federal taxes from Seller's Proceeds if the property price is $300,000 or less, and the Buyer signs an affidavit stating Buyer intends to occupy the property as a principal residence. **(ii)** California Revenue and Taxation Code § 18662 requires that a Buyer withhold and remit to the California Franchise Tax Board 3 1/3% of the purchase price of the property unless the Seller

signs an affidavit that the property was the Seller's (or the decedent's, if a trust or probate sale) principa[illegible] or that the sales price is $100,000 or less or another express exemption applies. Exemptions from with[illegible] apply to legal entities such as corporations, LLCs, and partnerships. Brokers cannot give tax or legal advice. Broker recommends that Buyer and Seller seek advice from a CPA, attorney or taxing authority. Brokers do not have expertise in this area.

6. **FLOOD HAZARDS:** Buyer and Seller are advised that if the Property is located within a Special Flood Hazard Area, as designated by the Federal Emergency Management Agency (FEMA), or an area of Potential Flooding pursuant to California Government Code § 8589.3, generally Seller must disclose this fact to Buyer and may use a research company to aid in the process. The National Flood Insurance Program was established to identify all flood plain areas and establish flood-risk zones within those areas. The program mandates flood insurance for properties within high-risk zones if loans are obtained from a federally-regulated financial institution or are insured by any agency of the United States Government. The extent of coverage and costs may vary. If Buyer wants further information, Broker(s) recommend that Buyer consult his or her lender and/or insurance agent during Buyer's investigation contingency period. Buyer is advised that there is a potential for flooding even outside designated zones. Brokers do not have expertise in this area.
7. **MEGAN'S LAW DATABASE DISCLOSURE:** Notice: Pursuant to § 290.46 of the Penal Code, information about specific registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at http://www.meganslaw.ca.gov/. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers, in any, are required to check this website. If Buyer wants further information, Buyer should obtain information directly from this website.) Brokers do not have expertise in this area.
8. **NOTICE OF YOUR SUPPLEMENTAL PROPERTY TAX BILL; ACCURATE SALES PRICE REPORTING:** Buyer and Seller are advised that pursuant to Civil Code § 1102.6(c), Seller, or his or her agent, is required to provide the following notice to the Buyer:

   "California property tax law requires the Assessor to revalue real property at the time the ownership of property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

   The supplemental tax bills are not mailed to your lender. Even if you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any questions concerning this matter, please call your Tax Collector's Office."

   Although the notice refers to loan closing as a trigger, it is actually the change of ownership which triggers this reassessment of property taxes. Therefore, the Property can be reassessed even if there is no loan involved in the purchase of the Property. The Purchase Agreement may allocate supplemental tax bills received after the Close of Escrow to the Buyer. A change (preliminary change) of ownership form is generally required to be filed by the Buyer with the local taxing agency. The form identifies the sales price of the Property. An assessor may value the Property at its fair market value regardless of the sales price declared by the Buyer. If Buyer wants further information concerning these matters, Broker(s) recommend that Buyer discuss the issue with the County Assessor or Tax Collector or their own tax or legal advisor. Brokers do not have expertise in this area.
9. **ZONE MAPS MAY CHANGE:** Maps that designate, among other things, Earthquake Fault Zones, Seismic Hazard Zones, State Fire Responsibility Areas, Very High Fire Hazard Zones, Special Flood Hazard Areas, and Potential Flooding Areas are occasionally redrawn by the applicable Government Agency. Properties that are currently designated in a specified zone or area could be removed and properties that are not now designated in a specified zone or area could be placed in one or more such zones or areas in the future. A property owner may dispute a FEMA flood hazard location by submitting an application to FEMA. Brokers do not have expertise in this area.
10. **ELECTRIFICATION OF ENERGY SOURCE:** Several local jurisdictions in California have enacted laws which prohibit the use of natural gas appliances in new construction. Other local jurisdictions, and State of California, are considering bans, and may even prohibit the replacement, sale or installation of appliances that use any fuel source other than electricity. Brokers do not have expertise in this area.

E. Contract Related Issues and Terms

1. **SIGNING DOCUMENTS ELECTRONICALLY:** The ability to use electronic signatures to sign legal documents is a great convenience, however Buyers and Sellers should understand they are signing a legally binding agreement. Read it carefully. Although electronic signature programs make it easy to skip from one signature or initial line to another, Buyers and Sellers are cautioned to only sign if they have taken the time necessary to read each document thoroughly, understand the entire document, and agree to all of its terms. Do not just scroll through or skip to the next signature or initial line, even if you have reviewed an earlier draft of the document. If you have questions or do not understand a provision, before you sign ask your Broker, Agent or legal advisor about the contract term and sign only if you agree to be bound by it. Some signature or initial lines are optional, such as for the liquidated damages and arbitration clauses. Consider your decision before signing or initialing. See below for more information on the liquidated damages and arbitration clauses. If there are more than one buyer or seller, each must sign or initial on their own. Do not sign or initial for anyone else unless you have a power of attorney for that person or are otherwise legally authorized, in writing, to

sign or initial for another. Print or electronically store a copy of the document for your own records. Brokers do not have expertise in this area.

2. **LIQUIDATED DAMAGES:** Buyer and Seller are advised that a liquidated damages clause is a provision Buyer and Seller can use to agree in advance to the amount of damages that a seller will receive if a buyer breaches the Agreement. The clause usually provides that a seller will retain a buyer's initial deposit paid if a buyer breaches the agreement, and generally must be separately initialed by both parties and meet other statutory requirements to be enforceable. For any additional deposits to be covered by the liquidated damages clause, there generally must be another separately signed or initialed agreement (see C.A.R. Form DID). However, if the Property contains from 1 to 4 units, one of which a buyer intends to occupy, California Civil Code Section 1675 limits the amount of the deposit subject to liquidated damages to 3% of the purchase price. Even though both parties have agreed to a liquidated damages clause, an escrow company will usually require either a judge's or arbitrator's decision or instructions signed by both parties in order to release a buyer's deposit to a seller. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to a liquidated damages clause. Brokers do not have expertise in this area.
3. **MEDIATION:** Buyer and Seller are advised that mediation is a process by which the parties hire a neutral person to facilitate discussion and negotiation between the parties with the goal of helping them reach a settlement of their dispute. The parties generally share in the cost of this confidential, non-binding negotiation. If no agreement is reached, either party can pursue further legal action. Under C.A.R. Form RPA: (i) the parties must mediate any dispute arising out of their agreement (with a few limited exceptions, such as matters within the jurisdiction of a small claims court) before they resort to arbitration or court, and (ii) if a party proceeds to arbitration or court without having first attempted to mediate the dispute, that party risks losing the right to recover attorney fees and costs even if he or she prevails. Brokers do not have expertise in this area.
4. **ARBITRATION:** Buyer and Seller are advised that arbitration is a process by which the disputing parties hire a neutral person to render a binding decision. Generally, arbitration is faster and less expensive than resolving disputes by litigating in court. The rules are usually less formal than in court, and it is a private process not a matter of public record. By agreeing to arbitration, the parties give up the right to a jury trial and to appeal the arbitrator's decision. Arbitration decisions have been upheld even when arbitrators have made a mistake as to the law or the facts. If the parties agree to arbitration, then after first attempting to settle the dispute through mediation, any dispute arising out of their agreement (with a few limited exceptions) must be submitted to binding arbitration. Buyer and Seller must weigh the benefits of a potentially quicker and less expensive arbitration against giving up the right to a jury trial and the right to appeal. Brokers cannot give legal advice regarding these matters. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to arbitration. Brokers do not have expertise in this area.
5. **ESCROW FUNDS:** Buyer and Seller are advised that California Insurance Code § 12413.1 provides that escrow companies cannot disburse funds unless there are sufficient "good funds" to cover the disbursement. "Good funds" are defined as cash, wire transfers and cashiers' or certified checks drawn on California depositories. Escrow companies vary in their own definitions of "good funds." Broker(s) recommend that Buyer and Seller ask the escrow company regarding its treatment of "good funds." All samples and out-of-state checks are subject to waiting periods and do not constitute "good funds" until the money is physically transferred to and received by the escrow holder. Brokers do not have expertise in this area.
6. **HOME WARRANTY:** Buyer and Seller are advised that Buyer and Seller can purchase home warranty plans covering certain standard systems of the Property both before and after Close of Escrow. Seller can obtain coverage for the Property during the listing period. For an additional premium, an upgraded policy providing additional coverage for air conditioning, pool and spa and other features can be purchased. Home warranties do not cover every aspect of the Property and may not cover inspections or upgrades for repairs required by state or federal laws or pre-existing conditions. Broker(s) recommend that Buyer review the policy for details. Brokers do not have expertise in this area.
7. **IDENTIFICATION OF NATURAL PERSONS BEHIND SHELL COMPANIES IN ALL-CASH TRANSACTIONS:** The U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) has issued Geographic Targeting Orders (GTOs) targeting alleged money laundering risk in the real estate sector. The GTOs will temporarily require U.S. title insurance companies to identify the natural persons behind shell companies used to pay "all cash" for high- end residential real estate in certain major metropolitan areas. FinCEN explained that it remains concerned that all- cash purchases (i.e., those without bank financing) may be conducted by individuals attempting to hide their assets and identity by purchasing residential properties through limited liability companies or other similar structures. Since the original issuance, the GTOs have been renewed and may continue to be renewed. The GTOs cover the following areas in California: Los Angeles, San Francisco, San Mateo, Santa Clara and San Diego Counties. The monetary thresholds for each county is $300,000. GTOs have helped law enforcement identify possible illicit activity. FinCEN reported that a significant portion of covered transactions have dictated possible criminal activity associated with the individuals reported to be the beneficial owners behind shell company purchasers. Brokers do not have expertise in this area.
8. **NON CONFIDENTIALITY OF OFFERS:** Buyer is advised that Seller or Listing Agent may disclose the existence, terms, or conditions of Buyer's offer, unless all parties and their agent have signed a written confidentiality agreement (such as C.A.R. Form NDA). Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the Listing Agent's marketing strategy and the instructions of the Seller. Brokers do not have expertise in this area.
9. **ONLINE OR WIRE FUNDS TRANSFERS:** Instructions for the online or wire transfer of escrow deposits have been known to be intercepted by hackers who alter them so that Buyer's funds are actually wired to accounts controlled by criminals rather than the escrow company. Buyers should exercise extreme caution in making electronic funds transfers,

verifying that the organization they are transferring funds to is, in fact, the escrow company and that their own bank account information is not being exposed. See C.A.R. Form WFA for further information. Brokers do not have expertise in this area.

F. Other Factors Affecting Property

1. **COMMUNITY ENHANCEMENT AND PRIVATE TRANSFER FEES:** Buyer and Seller are advised that some areas or communities may have enhancement fees or user-type fees, or private transfer taxes and fees, over and above any stated fees. The Federal Housing Finance Agency has issued a rule that prohibits Fannie Mae and Freddie Mac from purchasing loans made on properties with private transfer fees if those fees were established on or after February 8, 2011. See title 12 Code of Federal Regulations § 1228 for more information and exceptions. Private transfer fees: **(i)** may last for a fixed period of time or in perpetuity, **(ii)** are typically calculated as a percentage of the sales price, and **(iii)** may have private parties, charitable organizations or interest-based groups as their recipients who may use the funds for social issues unrelated to the property. Brokers do not have expertise in this area.
2. **GENERAL RECALL/DEFECTIVE PRODUCT/CLASS ACTION INFORMATION:** Buyer and Seller are advised that government entities and manufacturers may at any time issue recall notices and/or warnings about products that may be present in the Property, and that these notices or warnings can change. The following nonexclusive, non-exhaustive list contains examples of recalled/defective products/class action information: horizontal furnaces, Whirlpool Microwave Hood Combination; RE-ConBuilding products roof tiles; Central Sprinkler Company Fire Sprinklers; Robert Shaw Water Heater Gas Control Valves; Trex Decking; water heaters; aluminum wiring; galvanized, abs, polybutylene PEX, KITEC® and copper pipe; and dry wall manufactured in China. There is no single, all-inclusive source of information on product recalls, defective products or class actions; however, the U.S. Consumer Product Safety Commission (CPSC) maintains a website that contains useful information. If Buyer wants further information regarding the items listed above, Broker(s) recommend that Buyer review the CPSC website at http://www.cpsc.gov/ during Buyer's investigation contingency period. Another source affiliated with the CPSC is http://saferproducts.gov/ which allows a Buyer to search by product type or product name. Buyer may also search using the various search engines on the Internet for the specified product or products in question. Brokers recommend that Buyer satisfy themselves regarding recalled or defective products. Brokers will not determine if any aspect of the Property is subject to a recall or is affected by a class action lawsuit. Brokers do not have expertise in this area.
3. **HOMEOWNER ASSOCIATIONS AND COVENANTS, CONDITIONS AND RESTRICTIONS ("CC&Rs"); CHARGING STATIONS; FHA/VA APPROVAL:** Buyer and Seller are advised that if the Property is a condominium, or located in a planned unit development, or in a common interest subdivision, there are typically restrictions on use of the Property and rules that must be followed. Restrictions and rules are commonly found in Declarations and other governing documents. Further there is likely to be a homeowner association (HOA) that has the authority to affect the Property and its use. Whether or not there is a HOA, the Property may still be subject to CC&Rs restricting use of the Property. The HOA typically has the authority to enforce the rules of the association, assess monetary payments (both regular monthly dues and special assessments) to provide for the upkeep and maintenance of the common areas, and enforce the rules and assessment obligations. If you fail to abide by the rules or pay monies owed to the HOA, the HOA may put a lien against your Property. Additionally, if an electric vehicle charging station is installed in a common area or an exclusive use common area, each Seller whose parking space is on or near that charging station must disclose its existence and that the Buyer will have the responsibilities set forth in California Civil Code §4745. The law requires the Seller to provide the Buyer with the CC&Rs and other governing documents, as well as a copy of the HOA's current financial statement and operating budget, among other documents. Effective July 1, 2016, a Common Interest Development (CID) will be required to include in its annual budget report a separate statement describing the status of the CID as a Federal Housing Administration or Department of Veterans Affairs approved Development. While the purchase agreement and the law require that the annual budget be provided by Seller to Buyer, Brokers will not and cannot verify the accuracy of information provided by the CID. Buyer is advised to carefully review all HOA documents provided by Seller and the CC&Rs, if any, and satisfy him/herself regarding the use and restrictions of the Property, the amount of monthly dues and/or assessments, the adequacy of reserves, current and past insurance coverage and claims, and the possibility of any legal action that may be taken by or against the HOA. The HOA may not have insurance or may not cover personal property belonging to the owner of the unit in the condominium, common interest or planned unit development. For more information Buyer may request from Broker the C.A.R. Legal Q&A titled: "Homeowners' Associations: A Guide for REALTORS®". Brokers do not have expertise in this area.

   Although unenforceable, it is possible the CC&Rs, deed or other document on title may contain a covenant which at one time may have purported to discriminate against persons based on race, religion or other protected class or characteristics. You have the right to request the assistance of the title or escrow company to help you prepare a form which will be provided to the County and may result in the discriminatory language being removed from the public record. You may also get a notice informing you of these rights from the Broker or title or escrow company. For more information Buyer may request from Broker the C.A.R. Legal Quick Guide titled: "Agent Disclosure of Discriminatory Covenants Based on Actual Knowledge."
4. **LEGAL ACTION:** Buyer and Seller are advised that if Seller or a previous owner was involved in a legal action (litigation or arbitration) affecting the Property, Buyer should obtain and review public and other available records regarding the

legal action to determine: **(i)** whether the legal action or any resolution of it affects Buyer and the Proper[illegible] rights against any parties involved in the legal action survive the legal action or have been terminated or result of the legal action, whether or not involving the same issue as in the legal action, and **(iii)** if any recommendations or requirements resulting from the legal action have been fulfilled and, if so, that Buyer is satisfied with any such action. Buyer should seek legal advice regarding these matters. Brokers do not have expertise in this area.

5. **MARKETING; INTERNET ADVERTISING; INTERNET BLOGS; SOCIAL MEDIA:** Buyer and Seller are advised that Broker may employ a "staging" company to assist in the presentation of the Property. The furnishings and decorations in the staging are generally not included in the sale unless specifically noted in the Agreement. Statements and inclusion in the MLS entry, flyers, and other marketing materials are NOT part of the Agreement. In addition, Broker may employ a service to provide a "virtual tour" or "virtual staging" or Internet marketing of the Property, permitting potential buyers to view the Property over the Internet. While they are supposed to be an accurate representation of the property, the photos may be enhanced and not fully representative of the actual condition of the property. Further, neither the service provider nor Broker have total control over who will obtain access to materials placed on the internet or what action such persons might take. Additionally, some Internet sites and other social media provide formats for comments or opinions of value of properties that are for sale. Information on the Property, or its owner, neighborhood, or any homeowner association having governance over the Property may be found on the internet on individual or commercial web sites, blogs, Facebook pages, or other social media. Any such information may be accurate, speculative, truthful or lies, and it may or may not reflect the opinions or representations by the Broker. Broker will not investigate any such sites, blogs, social media or other internet sites or the representations contained therein. Buyer is advised to make an independent search of electronic media and online sources prior to removing any investigation contingency. Buyer and Seller are advised that Broker has no control over how long the information or photos concerning the Property will be available on the Internet or through social media, and Broker will not be responsible for removing any such content from the internet or MLS. Brokers do not have expertise in this area.
6. **PACE LOANS AND LIENS:** The acronym PACE stands for Property Assessed Clean Energy. PACE programs allow property owners to finance energy and water conservation improvements and pay for them through an assessment on the owner's property. PACE programs are available in most areas for both residential one to four unit properties and commercial properties. PACE programs may be referred to by different names such as HERO or SCEIP, among others. If a PACE project is approved, an assessment lien is placed on a property for the amount owed plus interest. A property owner repays the entity for the improvements as a special tax assessment on the property tax bill over a period of years. A PACE lien is similar to a property tax lien in that it has "super priority." Sellers are obligated to disclose, pursuant to the C.A.R. Residential Purchase Agreement (C.A.R. Form RPA), whether any improvement is subject to a lien such as a PACE lien. Properties that are subject to PACE liens made on or after July 6, 2010 may not be eligible for financing. For more information, Buyer may request from Broker the C.A.R. Legal Q&A titled: "PACE Programs and Solar Leases". Brokers do not have expertise in this area.
7. **RE-KEYING:** All locks should be re-keyed immediately upon close of escrow so as to ensure the Buyer's safety and security of their persons as well as their personal belongings. Alarms, if any, should be serviced by professionals and codes should be changed. Garage door openers and remotes should be re-coded. In the event of a lease back to Seller after the close of escrow, Seller is advised that the Buyer is entitled to the keys as the Owner of the Property even though the Seller stays in possession of the Property as provided in the RPA. Brokers do not have expertise in this area.
8. **SOLAR PANELS AND NET ENERGY METERING:** Solar panel or power systems may be owned or leased. Although leased systems are probably personal property, they are included in the sale by the C.A.R. purchase agreement which also obligates the Seller to make a disclosure to the Buyer and provide the Buyer with documentation concerning the lease and system. Leasing companies generally secure payments by filing a UCC-1 (a Uniform Commercial Code form giving notice of a creditor's security interest) against the property. Sellers are required to provide material information about solar panels (C.A.R. form SOLAR may be used). Buyers are given a contingency right to investigate the solar related system and documentation and assume any lease. Assumption of the lease may require Buyer to provide financial information to the leasing company who may require a credit report be obtained on the Buyer. Should a solar panel or power system be on the Property, Buyers should determine if the system is leased or owned. Buyer's willingness to assume any such lease is a contingency in favor of Seller. For more information, Buyer may request from Broker the C.A.R. Legal Q&A titled: "PACE Programs and Solar Leases". Solar panel systems may have net energy metering. Payback rates from utilities to property owners with their own source of energy (such as rooftop solar panels) who contribute electricity back to the grid may change from those currently in place and may differ upon change of ownership in the property, Fees for new solar installation may be added or changed. Buyers should discuss with the applicable utility if applicable to the property. Brokers do not have expertise in this area.
9. **RECORDING DEVICES:** Audio or video recording devices or both may be present on the Property, whether or not notice of any such devices has been posted. Seller may or may not even be aware of the capability of such devices. Brokers do not have expertise in this area.
10. **WOOD BALCONIES, STAIRS AND OTHER STRUCTURES:** Prior to January 1, 2025, and periodically thereafter, buildings with three units or more, may be required to obtain an inspection of exterior balconies, stairways, walkways, or decks that are supported

in whole or in substantial part by a wood or wood-based materials. For condos, the HOA will be respon... inspections per its governing documents. For other buildings, it is the owner's responsibility. An inspection... be incorporated into a condo HOA's study of reserve account requirements. This could in turn affect lender certification requirements as well as future dues and assessments. A balcony report that identifies an immediate threat to the safety of the occupants will require the condo HOA or owner to prevent access to the balcony further impacting a property's marketability.

G. Local Disclosures and Advisories

LOCAL ADVISORIES OR DISCLOSURES (IF CHECKED):

The following disclosures or advisories are attached:

A. ☐ _____

B. ☐ _____

C. ☐ _____

D. ☐ _____

Buyer and Seller are encouraged to read all 15 pages of this Advisory carefully. By signing below, Buyer and Seller acknowledge that each has received a copy of all 15 pages of this Statewide Buyer and Seller Advisory, and each has read and understands its terms.

BUYER _____ *Branislav Vajdic* Date 05/26/2026

BUYER _____ Date _____

SELLER _____ *Town of Los Gatos* Date _____

SELLER _____ Date _____

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ITEM NO. 24.

LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS DISCLOSURE, ACKNOWLEDGMENT AND ADDENDUM For Pre-1978 Housing Sales, Leases, or Rentals

(C.A.R. Form LPD, Revised 12/24)

The following terms and conditions are hereby incorporated in and made a part of the Purchase Agreement, OR ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Other: _____, dated ***05/19/2026***, on property known as: ***4 Tait Avenue, Los Gatos , CA 95030*** ("Property") in which ***Branislav Vajdic*** is referred to as Buyer or Tenant and ***Town of Los Gatos*** is referred to as Seller or Housing Provider. Buyer/Tenant and Seller/Housing Provider are referred to as the "Parties."

LEAD WARNING STATEMENT (SALE OR PURCHASE): Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligent quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

LEAD WARNING STATEMENT (LEASE OR RENTAL): Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive federally approved pamphlet on lead poisoning prevention.

EPA'S LEAD-BASED PAINT RENOVATION, REPAIR AND PAINTING RULE: The new rule requires that contractors and maintenance professionals working in pre-1978 housing, child care facilities, and schools with lead-based paint be certified; that their employees be trained; and that they follow protective work practice standards. The rule applies to renovation, repair, or painting activities affecting more than six square feet of lead-based paint in a room or more than 20 square feet of lead-based paint on the exterior. Enforcement of the rule begins October 1, 2010. See the EPA website at www.epa.gov/lead for more information.

1. SELLER'S OR HOUSING PROVIDER'S DISCLOSURE:

A. I (we) have no knowledge of lead-based paint and/or lead-based paint hazards in the housing other than the following: _____

B. I (we) have no records or reports pertaining to lead-based paint and/or lead based paint hazards in the housing other than the following, which, previously or as an attachment to this addendum, have been provided to Buyer or Tenant: _____

C. I (we), previously or as an attachment to this addendum, have provided Buyer or Tenant with the pamphlet "Protect Your Family From Lead In Your Home" or an equivalent pamphlet approved for use in the State such as "The Homeowner's Guide to Environmental Hazards and Earthquake Safety."

For Sales Transactions Only: Buyer has **10 days** unless otherwise agreed in the real estate contract, to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

I (we) have reviewed the information above and certify, to the best of my (our) knowledge, that the information provided is true and correct.

Seller or Housing Provider ***Town of Los Gatos*** Date

Seller or Housing Provider Date

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Property Address: *4 Tait Avenue, Los Gatos , CA 95030* Date

2. LISTING AGENT'S ACKNOWLEDGMENT:

Seller or Housing Provider's Agent has informed Seller or Housing Provider of Seller's or Housing Provider's obligations under § 42 U.S.C. 4852d and is aware of Agent's responsibility to ensure compliance.

I have reviewed the information above and certify, to the best of my knowledge, that the information provided is true and correct.

Kosmont Real Estate Services dba Kosmont Realty By

Agent (Broker representing Seller or Housing Provider) (Please print)

Associate-Licensee or Broker Signature Date

Larry J. Kosmont

3. BUYER'S OR TENANT'S ACKNOWLEDGMENT:

A. (1) I (we) have received copies of all records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing listed, if any, in **paragraph 1** above

(2) (if initialed) _____/_____ I have not received any records and reports regarding lead-based paint and/or lead-based paint hazards in the housing.

B. I have received the pamphlet "*Protect Your Family From Lead In Your Home*" or an equivalent pamphlet approved for use in the State such as "*The Homeowner's Guide to Environmental Hazards and Earthquake Safety*."

C. If delivery of any of the disclosures or pamphlet referenced in paragraph 1 above occurs after Acceptance of an offer to purchase, Buyer has a right to cancel pursuant to the purchase contract. If you wish to cancel, you must act within the prescribed period.

D. For Sales Transactions Only: Buyer acknowledges the right for **10 days**, unless otherwise agreed in the real estate purchase contract, to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead based paint hazards; OR, (if checked) ☐ Buyer waives the right to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

I (we) have reviewed the information above and certify, to the best of my (our) knowledge, that the information provided is true and correct.

DocuSigned by:

05/26/2026

Buyer or Tenant Date

Branislav Vajdic

Buyer or Tenant Date

4. BUYER OR TENANT AGENT'S ACKNOWLEDGMENT:

Buyer or Tenant's Agent has informed Seller or Housing Provider, through the Listing Agent if the property is listed, of Seller's or Housing Provider's obligations under § 42 U.S.C. 4852d and is aware of Agent's responsibility to ensure compliance.

I have reviewed the information above and certify, to the best of my knowledge, that the information provided is true and correct.

Montalvo Realty By

Agent (Broker obtaining the Offer) (Please print)

DocuSigned by:

05/26/2026

Associate-Licensee or Broker Signature Date

Alex D. Lunginovic

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CALIFORNIA ASSOCIATION OF REALTORS®

ADDITIONAL AGENT ACKNOWLEDGEMENT

(C.A.R. Form AAA, Revised 12/25)

This is an addendum to the Purchase Agreement, OR ☐ Residential Listing Agreement, ☐ Buyer Representation Agreement, ☐ Other _____ ("Agreement"), dated 05/16/2026, on property known as 4 Tait Avenue, Los Gatos , CA 95030 between Branislav Vajdic ("Buyer/Tenant/Broker") and Los Gatos ("Seller/Housing Provider/Broker"). The term Housing Provider also includes Landlord or Rental Property Owner.

1. Check **ONE** box **ONLY**. If both **1A** and **1B** apply, use separate AAA forms for each.
   - **A.** ☒ Multiple Associate-Licensees working with Seller/Housing Provider;
   - **OR** **B.** ☐ Multiple Associate-Licensees working with Buyer/Tenant;

2. **A.** The real estate licensees named below are all conducting real estate licensed activity under the same Broker:
   Real Estate Broker name: Kosmont Real Estate Services dba Kosmont Realty
   If applicable, Team Name: _____
   B. The licensees below, and any licensee(s) listed in the Agreement (if not listed below), have entered into a separate written agreement to share responsibility and compensation for certain real estate licensed activity. The licensees have also informed Broker of, or have given Broker a copy of, that separate written agreement.
   C. List ALL agents (list may include, but is not required to include, licensees named in the Agreement):
   Agent Julio Fuentes DRE Lic # 02058613
   Agent Stephanie Ontiveros DRE Lic # 02213331
   Agent _____ DRE Lic # _____
   Agent _____ DRE Lic # _____
   Agent _____ DRE Lic # _____
   ☐ Additional Licensees: _____

3. All parties understand, acknowledge and agree that, wherever the name of any licensee above is indicated, in the Agreement or a related document, as a representative for the Buyer/Tenant or Seller/Housing Provider specified above, the other licensees shall also be deemed to be named.
   Note: If this form is only being used to modify a Buyer Representation Agreement, neither the Seller nor the Seller's Broker need to sign below. If this form is only being used to modify a Listing Agreement, neither the Buyer nor the Buyer's Broker need to sign below.

By signing below, all parties acknowledge that each has received a copy of this Additional Agent Acknowledgement, and each has read, understands, and agrees to its terms.

DocuSigned by:
Buyer/Tenant Branislav Vajdic Date 05/26/2026
D7BDD31621AE407...

Buyer/Tenant _____ Date _____

Seller/Housing Provider Town of Los Gatos Date _____

Seller/Housing Provider _____ Date _____

DocuSigned by:
Buyer's Brokerage Firm Montalvo Realty DRE Lic. #01918597
By Alexander Lunginovic Alex D. Lunginovic DRE Lic. # 01136628 Date 05/26/2026
4CD43B043F9A434...

Seller's Brokerage Firm Kosmont Real Estate Services dba Kosmont Realty DRE Lic. #02058445
By Larry J. Kosmont DRE Lic. # 01182660 Date _____

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ADDENDUM TO CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS ADDENDUM TO CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS dated as of the date Seller signs the Form Agreement and Addendum (this "**Addendum**"), hereby supplements and amends that certain CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (the "**Form Agreement**") between the Town of Los Gatos, a municipal corporation ("**Seller**"), and Branislav Vadik ("**Buyer**"), covering that certain property located at 4 Tait Avenue, Los Gatos, California 95030 (the Form Agreement, as supplemented and amended by this Addendum, is referred to herein and in the Form Agreement as the "**Agreement**"). To the extent there is any inconsistency between the terms of this Addendum and the terms of the Form Agreement, the terms of this Addendum shall supersede and control in all respects.

1. Any reference to "Town of Los Gatos" on the Form Agreement is replaced with "Town of Los Gatos, a California municipal corporation."

2. "Chicago Title" in the Form Agreement means "Title Company."

3. Paragraph 3 is revised as follows:

3.1 In row (B) of the table in Paragraph 3 (Paragraph 3(B)), the text in the "Terms and Conditions" column is deleted and replaced with "21 Days after the removal of the contingencies in 3(L)(3), 3(L)(4), 3(L)(5), 3(L)(6) and 3(L)(8)."

3.2 In row (L)(1) of the table in Paragraph 3 (Paragraph 3(L)(1))the text in the column entitled "TIME TO REMOVE CONTINGENCIES," is deleted and replaced with "not applicable."

3.3 In row (L)(2) of the table in Paragraph 3 (Paragraph 3(L)(2)), the text in the "CONTINGENCIES" column is deleted and replaced with "Appraisal." Additionally, the text in the column entitled "TIME TO REMOVE CONTINGENCIES," is deleted and replaced with "not applicable."

3.4 In row (L)(7) of the table in Paragraph 3 (Paragraph 3(L)(7)), the text in the column entitled "TIME TO REMOVE CONTINGENCIES," is deleted and replaced with "not applicable" and the text in the column entitled "Contingency Removed" is deleted and replaced with "Removed."

3.5 In row (L)(8) of the table in Paragraph 3 (Paragraph 3(L)(8)), the text in the column entitled "TIME TO REMOVE CONTINGENCIES," that reads ", or 5 Days after Delivery" is deleted.

3.6 In row M(2) of the table in Paragraph 3 (Paragraph 3(M)(2)), the text in the column entitled "Time For Performance" is deleted and the text in the column entitled "Additional Terms" is deleted. Each is replaced with "not applicable- Seller will not remain in possession after Close of Escrow."

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3.7 In row M(3) of the table in Paragraph 3 (Paragraph 3(M)(3)), the text in the column entitled "Time For Performance" is deleted and the text in the column entitled "Additional Terms" is deleted. Each is replaced with "not applicable- the Property is not occupied by any tenants or any person other than Seller."

3.8 In row (N)(3) of the table in Paragraph 3 (Paragraph 3(N)(3)), the text in the "Time for Performance" column is deleted and replaced with "not applicable- the Property is not subject to any HOA."

3.9 In Paragraph 3(N)(4), in the "Documents/Fees/Compliance" column, the words "CO detector(s)" are deleted. In the "Time for Performance" column, the words "7 (or 10) Days after Acceptance" are deleted and replaced with "Prior to Close of Escrow."

3.10 A new row Q(19) (Paragraph 3(Q)(19)) is added as follows: "Recording Fees. Seller is informed and believes that Seller is not subject to recording fees for documents it requests the Office of the Santa Clara County Recorder to record. If any such fees are charged, however, Seller will pay such fees."

4. Paragraph 5 is revised as follows:

The following sentence is added at the end of subparagraph (A), clause (1): "Paragraph 29 also specifies a remedy for Seller's default."

Subparagraph C, including clauses (1) through (3) thereunder, is deleted and replaced with "C. Intentionally deleted."

Subparagraph E is deleted and replaced with "E. Intentionally deleted."

5. Paragraph 6 is revised as follows:

Subparagraph A is deleted and replaced with "A. Intentionally deleted."

Subparagraph B is deleted and replaced with "B. Intentionally deleted."

6. The following text is added at the end of Paragraph 7, subparagraph A:

"Nothing in this paragraph 7(A) limits the provisions of paragraph 7(C) or paragraph 34."

7. The following text is added at the end of Paragraph 7, subparagraph (B): "and Seller shall not be obligated to make any repairs, replacements or modifications to the Property or improvements on the Property."

8. Paragraph 7(D) is deleted and replaced with "Intentionally deleted."

9. Paragraph 8 is revised as follows:

9.1 In Paragraph 8, Subparagraph (A), the text in each of clause numbers (1), (2), (3), and (4) is deleted and replaced with "Intentionally deleted."

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9.2 In Paragraph 8, Subparagraph (A)(5), the text is revised as follows, with deletions shown in ~~strikethrough~~ and insertions shown in double underline: "~~If~~ 'No Loan Contingency' is checked in paragraph 3(L)(1),. Accordingly, obtaining ~~any~~ a loan ~~specified~~ is NOT a contingency of this Agreement. If Buyer does not obtain a ~~the~~ loan ~~specified~~, and as a result is unable to purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies."

9.3 In Paragraph 8, Subparagraph (B), the text in each of clause numbers (1) and (3) is deleted and replaced with "Intentionally deleted."

9.4 In Paragraph 8, Subparagraph (B), clause (2), the text is revised as follows, with deletions shown in ~~strikethrough~~ and insertions shown in double underline: "~~If~~ 'No Appraisal Contingency' is checked in paragraph 3(L)(2)~~, then~~. Accordingly, Buyer may not cancel this Agreement if any appraisal obtained by Buyer or Buyer's lender values the property at an amount less than the Purchase Price. ~~Buyer may not use the loan contingency specified in paragraph 3(L)(1) to cancel this Agreement if the sole reason for not obtaining the loan is that the appraisal relied upon by Buyer's lender values the property at an amount not less than that specified in paragraph 3(L)(2)~~. If Buyer is unable to obtain a ~~the~~ loan ~~specified solely~~ for this reason, Seller may be entitled to Buyer's deposit or other legal remedies."

9.5 In Paragraph 8, Subparagraph (H), in the first sentence, the words "Buyer's review of" are deleted and replaced with "Buyer's due diligence regarding" and the words "disclosed pursuant to paragraph 9(B)(6)" are deleted. In the last sentence, the words "after first Delivering a Notice to Buyer to Perform" are deleted.

9.6 In Paragraph 8, Subparagraph (J), clause (1), the following is added as a second sentence: "Buyer shall remove a contingency by Delivering Notice to Seller, Seller's Agent, and Seller's Legal Counsel in writing in accordance with Addendum Paragraph 29."

9.7 In Paragraph 8, Subparagraph (J), clause (3), the words "after first giving Buyer a Notice to Perform (CAR. Form N.B.P.)" are deleted.

10. Paragraph 9 is revised as follows:

10.1 Paragraph 9(B), clause (6) is deleted and replaced with "LEASED OR LIENED ITEMS AND SYSTEMS: intentionally deleted."

10.2 Paragraph 9(B), clause (7), clause (i) is deleted and replaced with "intentionally deleted."

11. Paragraph 10 is revised as follows.

11.1 In the first sentence of Paragraph 10, subparagraph (B), clause (1), the words "or carbon monoxide device(s)" are deleted. All other sentences in Paragraph 10, subparagraph (B), clause (1) are deleted. Seller is not required to install carbon monoxide device(s) or to certify carbon monoxide device(s) have been installed under California Health & Safety Code Sections 17926(a) and 13262(b).

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11.2 The following sentence is added at the end of Paragraph 10, subparagraph (B), clause (1):

> "Prior to Close of Escrow, Seller will certify to Buyer in writing that (A) the water heater on the Property complies with California Health and Safety Code Section 19211(b), which governs water heater bracing and (B) smoke alarms in compliance with California Health and Safety Code Section 13113.7 and 13113.8 have been installed. Seller may provide such written certification in the form of a letter signed based upon Seller's actual knowledge (as defined in Paragraph 34) instead of the C.A.R. Water Heater and Smoke Alarm Statement of Compliance."

11.3 Paragraph 10, subparagraph (B), clause (2) is deleted and replaced with "Intentionally deleted."

11.4 Paragraph 10, subparagraph (B), clause (3) is deleted and replaced with "Intentionally deleted."

12. Paragraph 11 is revised as follows:

12.1 The words "(C.A.R. Form SPQ or ESD)" are deleted from Paragraph 11, subparagraph (A)(1).

12.2 Paragraph 11, subparagraph (A)(3) is deleted.

12.3 In Paragraph 11, subparagraph (A)(4), "information or other representations" is deleted.

12.4 The following text is added to Paragraph 11, subparagraph (A) as a new clause (5): "Seller's disclosures in the forms used for Statutory Disclosures (C.A.R. Form TDS, C.A.R. Form ESD) are not a part of this Agreement and contain no representations or warranties, notwithstanding anything to the contrary in this Paragraph 11 or such forms. All disclosures are made based on Seller's actual knowledge (as defined in Paragraph 34). Buyer acknowledges and agrees that Seller is not obligated under California Civil Code Section 1102.2(j) to provide such forms, and Buyer is not relying on any such disclosures and will perform and rely solely upon Buyer Investigations (defined in Paragraph 12). "

12.5 In subparagraph (H), clause (2), the text reading ", after first Delivering a Notice to Buyer to Perform," is deleted.

12.6 Subparagraph (M) is deleted and replaced with the following: "(M) CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES: To Seller's actual knowledge, the Property is not a condominium and is not located in a planned development or other common interest development."

12.7 Subparagraph (N) is deleted and replaced with the following: "(N) SOLAR PANEL SYSTEMS: There are no solar panels on the Property and the Parties agree Seller is not obligated to deliver C.A.R. Form SOLAR."

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12.8 Subparagraph (O) is deleted and replaced with the following: "(O) BALCONIES, EXTERIOR STAIRWAYS AND OTHER ELEVATED ELEMENTS: The Property does not have three (3) or more dwelling units and the Parties agree Seller is not obligated to deliver C.A.R. Form WBSA."

13. The following new sentence is added after the last sentence of Paragraph 12, subparagraph (B), clause (2):

"Buyer acknowledges that this Agreement and Buyer's Investigations do not afford Buyer any right to submit applications for any subdivision of the Property or any other land use approval or building permit to allow development on the Property or alterations to the Property. Seller shall have no obligation to consent to submittal of any such applications or to extend the Close of Escrow to allow time for submittal, consideration, or approval of such applications to Seller or other relevant government authorities. Buyer may file such applications after the Close of Escrow and Seller reserves all discretion in connection with considering any such applications."

14. Paragraph 13, Subparagraph (B) is revised as follows:

14.1 The text in clause (ii) is deleted and replaced with "(ii) intentionally deleted."

14.2 The following text is added as a new, second paragraph:

"Prior to Close of Escrow, Seller will provide Title Company the Town's resolution authorizing this Agreement, and a commercially reasonable Owner's Affidavit in a form acceptable to the Town Attorney to allow Title Company to issue a policy of title insurance without exception for 'rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records'."

14.3 The following text is added as a new, third paragraph:

"Buyer acknowledges and agrees that recordation of the Covenant at Close of Escrow is a condition to the Close of Escrow, notwithstanding that the Covenant (defined in Paragraph 26 of the Addendum) will not be of record as of the date of Acceptance and is not shown on the Preliminary Report prepared by Chicago Title Company as of February 6, 2026 with File Number FBSC2601327. Buyer acknowledges and agrees Seller would not agree to sell the Property without recordation of the Covenant at Close of Escrow and Seller will not waive this condition."

15. Paragraph 14 is revised as follows.

15.1 Subparagraph 14(A) is revised to add the following new sentences after the last sentence of such Subparagraph 14(A):

"Seller has Delivered Buyer a TDS; a Lead-Based Paint and Lead-Based Paint Hazards Disclosure, Acknowledgment, and Addendum; the pamphlet prescribed

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by the Administrator of the Environmental Protection Agency entitled "Protect Your Family From Lead in Your Home"; the Homeowner's Guide to Earthquake Safety (Homeowner's Guide); and the State Energy Commission's booklet entitled "What Is Your Home Energy Rating?" as of the Date of Acceptance. Seller shall Deliver the following documents within the time specified in Paragraph 3(N)(1): 1) the NHD; 2) the FIRPTA; and 3) the Fire Hazard

Disclosure Statement (if required based on the NHD). Buyer and Seller acknowledge and agree that Seller has no obligation to Deliver Buyer the following C.A.R. forms: SPQ, Square Footage and Lot Size Advisory and Disclosure, the Tenant Occupied Property Addendum, the Water-Conserving Plumbing Fixtures and Carbon Monoxide Detector Advisory (because the Property is exempt under California Civil Code Section 1101.7 and California Health & Safety Code Sections 17926(a) and 13262(b)), Water Heater and Smoke Alarm Statement of Compliance, Wooden Balcony and Stairs Addendum and the Solar Advisory and Questionnaire.

15.2 Subparagraph (C) is revised as shown below, with deletions shown in ~~strikethrough~~ and insertions in <u>double underline</u>.

"**(1) SELLER RIGHT TO CANCEL; BUYER CONTINGENCIES**. If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller~~, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP),~~ may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer."

"(2) SELLER RIGHT TO CANCEL; BUYER CONTRACT OBLIGATIONS. Seller~~, after first Delivering to Buyer a Notice to Buyer to Perform,~~ may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s)…"

15.3 Paragraph 14(C)(2) is further revised to delete the list items (ii), (iii), and (v) and replace such list items with "intentionally deleted." The last sentence of Paragraph 14(C)(2) is also deleted, and Paragraph 34 shall apply if Buyer does not take any of the actions described in (i), (iv) or (vi) through (xi).

15.4 In Paragraph 14, subparagraph (H), the first bolded sentence is revised as follows, with deletions shown in ~~strikethrough~~ and additions in <u>double underline</u>:

"A release of funds will require mutual Signed release instructions from the Parties, <u>or a</u> judicial decision~~, or arbitration award~~."

16. Paragraph 17 is deleted and replaced with the following text:

"The Seller is a public entity that is exempt from property taxes and assessments. Seller anticipates that no payment of taxes or assessments will be due at Close of Escrow and no proration of property taxes or assessments will be necessary. Private parties such as Buyer ordinarily must pay property taxes and special

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assessments absent an exemption, and Seller makes no representation regarding whether Buyer is entitled to any such exemptions. Utility bills will be paid current and prorated as of Close of Escrow based on a 30-day month."

17. The text in Paragraph 18(A)(2) is deleted and replaced with "(2) intentionally deleted."

18. Paragraph 19, subparagraph (D) is revised as follows:

18.1 The first sentence of paragraph 19, subparagraph (D), clause (1) is revised as follows, with deletions shown in ~~strikethrough~~ and additions in double underline: "Agents are not a party to the escrow, except for Seller's Broker~~s~~ for the sole purpose of compensation pursuant to paragraph 18A."

18.2 The third, fourth, and fifth sentences of paragraph 19, subparagraph (D), clause (1) are deleted.

19. All of Paragraph 23, except the first sentence and the last three sentences, is deleted. No later than ten (10) days before Close of Escrow, Buyer must provide Seller written notice of the name of the assignee and documentation supporting that Buyer's proposed assignment is to Buyer's wholly-owned entity or trust.

20. Paragraph 25 is revised as follows:

20.1 The following sentence is added at the end of Subparagraph (K):

"Any writing, document or notice Delivered on a Saturday, Sunday, Legal Holiday, or after the hours of 5:00 p.m. Pacific Time shall be deemed received on the next day that is not a Saturday, Sunday, or Legal Holiday."

20.2 Subparagraph (N) is deleted and replaced with the following:

"'Legal Action' means a lawsuit or legal proceeding in the Superior Court of the County of Santa Clara."

20.3 A new subparagraph (S) is added as follows: "'Title Company' means Chicago Title Company, 3620 Happy Valley Road, Suite 100, Lafayette, CA 94549."

21. Paragraph 29 is revised as follows.

21.1 The title is revised to "LIQUIDATED DAMAGES AND DEFAULT REMEDIES."

21.2 The second to last sentence is revised as follows, with deletions shown in ~~strikethrough~~ and additions in double underline: "Release of funds will require mutual, signed release instructions from both Buyer and Seller, or a judicial decision ~~or arbitration award~~."

21.3 The following text is added after the first set of initials in Paragraph 29:

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"If Seller fails to complete the sale to Buyer because of Seller's default, then Buyer's remedies shall be limited to (a) specific performance of this Agreement or (b) the right to cancel the Agreement and recover the Deposit as liquidated damages. Buyer must elect only one of such remedies.

Buyer's Initials DS ____ Seller's Initials ____"

22. Paragraph 30 is deleted and replaced with "30. Intentionally deleted."

23. Paragraph 31 is deleted and replaced with "31. Intentionally deleted."

24. The first sentence of Paragraph 33 is revised as follows, with deletions shown in ~~strikethrough~~ and additions shown in double underline:

"Seller warrants that ~~Seller is the owner of the Property or~~ the individual executing this Agreement on behalf of Seller has the authority to execute this Agreement."

25. A new paragraph 34 is added at the end of the Form Agreement as follows. To the extent of any conflict between any provision of the Form Agreement and this new paragraph 34, this new paragraph 34 shall control.

"(A) Seller Representations. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to buy the Property from Seller, Seller makes the following representations and warranties to Buyer, each of which is material and is being relied upon by Buyer, and the accuracy of which, in all material respects, as of the Close of Escrow, constitutes a condition precedent to Buyer's obligation to consummate the Close of Escrow:

(1) Lawsuits. To Seller's actual knowledge, there are no pending actions, suits or proceedings which would materially and adversely affect the Property.

(2) No Eminent Domain Proceedings. To Seller's actual knowledge, there are no pending or threatened proceedings in eminent domain which would adversely affect the Property.

(3) No Agreements Affecting Possession. To Seller's actual knowledge, there are no agreements affecting the right to possession of the Property other than those instruments or documents shown on the Title Report.

(4) No Agreements Affecting the Property; No Liens or Leases Affecting Items or Systems in 9(B)(6). To Seller's actual knowledge, there are no maintenance, property management, service, or other agreements affecting or relating to the Property. To Seller's actual knowledge, the items or systems identified in Paragraph 3(P) or 9(B) are not subject to any lease or lien.

(5) No Bankruptcy. Neither Seller nor any entity or person that owns or controls Seller is bankrupt or insolvent under any applicable Federal or state standard, has

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filed for protection or relief under any applicable bankruptcy or creditor protection statute, or has been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute. Seller is not entering into the transactions described in this Agreement intending to defraud any creditor or to prefer the rights of one creditor to any other.

(6) Not a Condominium; No HOA. The Property is not a condominium and is not located in a planned development or other common interest development with an HOA.

(7) OFAC. Seller is not a "**foreign person**" within the meaning of 26 U.S.C.A. §1445(f)(3) and Seller is not, nor is any person who owns a controlling interest in or otherwise controls Seller, (a) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control ("**OFAC**"), Department of the Treasury, and/or on any other similar list maintained by the OFAC pursuant to any authorizing statute, Executive Order or regulation (collectively, "**OFAC Laws and Regulations**"); or (b) a person either (i) included within the term "designated national" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or (ii) designated under Sections 1(a), 1(b), 1(c) or 1(d) of Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) or similarly designated under any related enabling legislation or any other similar Executive Orders (collectively, the "**Executive Orders**"). Neither Seller nor any of its principals or affiliates is (x) a person or entity with which Buyer is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, or that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Orders, or (y) is affiliated or associated with a person or entity listed in the preceding clause (x). To the actual knowledge of Seller, neither Seller nor any of its principals or affiliates, nor any brokers or other agents acting in any capacity in connection with the transactions contemplated herein (I) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Orders or (II) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. As used herein, "**Anti-Terrorism Law**" means the OFAC Laws and Regulations, the Executive Orders and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001), as amended.

(8) Hazardous Materials; Environmental Laws. Seller has not received any written notice that any Hazardous Material has been generated, discharged, released, manufactured, or disposed from, into, at, on, under, or about the Property in violation of Environmental Law during Seller's ownership of the Property. Notwithstanding the foregoing, due to the age of the improvements on the Property, the improvements on the Property may contain lead-based paint or asbestos.

The term "**Hazardous Material**" or "**Hazardous Materials**" as used herein shall mean any hazardous or toxic substances, materials, chemicals, or wastes in any form and in any concentration that is or becomes, prior to the close of escrow, regulated by the United States or any state or local government authority having jurisdiction over the Property (including any present order or agreement imposing liability or standards concerning any such substances, materials, chemicals, or wastes and any future such order or agreement that becomes effective prior to the close of escrow), and includes without limitation: any

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"hazardous substance," as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 United States Code sections 9601-9675); any "hazardous waste," as that term is defined in the Resource Conservation and Recovery Act of 1976 (RCRA) (42 United States Code sections 6901-6992k); petroleum products; volatile organic compounds; radioactive materials; asbestos and lead paint, in any form or condition; and substances or compounds containing PCBs. The term "**Environmental Law"** as used herein shall mean any federal, state, or local Law relating to Hazardous Materials.

(9) Personal Property, Furniture, Fixtures, and Equipment. To Seller's actual knowledge, there are no leases, maintenance agreements, or other ongoing financial obligations, or any lien attached to any personal property or furniture, fixtures, or equipment on the Property.

(B) Actual Knowledge; Limitations Period. As used in this Agreement, Seller's "actual knowledge" shall encompass only the actual knowledge of Nicolle Burnham (Parks & Public Works Director) without such person having any duty of inquiry or investigation as to such matters, without any knowledge being imputed to such persons and without such person having any personal liability whatsoever under this Agreement. Anything to the contrary notwithstanding, the foregoing representations and warranties in Paragraphs 11(M), 11(N), 11(O), 24, and 33, and this Paragraph 34, are the only representations and/or warranties of any kind made under this Agreement or otherwise in connection with the sale of the Property and such representations and warranties shall be deemed to survive the Closing of Escrow and the delivery of the Grant Deed for a period not to exceed one (1) year after the Closing Date ("**Limitation Period**") and no action, proceeding, suit or claim of any kind may be commenced or asserted by virtue of any of the representations or warranties contained in this Paragraph 34 after the Limitation Period has expired. No lawsuit for breach of a representation or warranty by Seller may be commenced without providing at least ten (10) days' prior notice to Seller of the claim and the facts supporting the claim. No claim for breach of a representation or warranty by Seller shall be actionable or payable by Seller if the breach in question results from or is based on a condition, state of facts or other matter which was actually known to Buyer prior to the Close of Escrow. If Buyer has knowledge of the incorrectness of any representation or warranty by Seller and fails to so notify Seller prior to the Close of Escrow, then such representation or warranty shall be deemed to be stricken from this Agreement and shall be of no further force or effect.

(C) Buyer's Representations. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following representations and warranties to Seller, each of which is material and is being relied upon by Seller, and the accuracy of which, in all material respects, as of the Close of Escrow, constitutes a condition precedent to Seller's obligation to consummate the Close of Escrow:

(1) Buyer has full right, power and authority to enter into and perform this Agreement in accordance with its terms, and the persons executing this Agreement on behalf of Buyer have been duly authorized to do so.

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(2) OFAC. Buyer is not a "foreign person" within the meaning of 26 U.S.C.A. §1445(f)(3) and Seller is not, nor is any person who owns a controlling interest in or otherwise controls Seller, (a) listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC, Department of the Treasury, and/or on any other similar list maintained by the OFAC pursuant to the OFAC Laws and Regulations; or (b) a person either (i) included within the term "designated national" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or (ii) designated under Sections 1(a), 1(b), 1(c) or 1(d) of Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) or similarly designated under any related enabling legislation or any of the Executive Orders. Neither Buyer nor any of its principals or affiliates is (x) a person or entity with which Seller is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, or that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Orders, or (y) is affiliated or associated with a person or entity listed in the preceding clause (x). Neither Buyer nor any of its principals or affiliates, nor any brokers or other agents acting in any capacity in connection with the transactions contemplated herein (I) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Orders or (II) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(3) Bankruptcy. Buyer and any entity or person that owns or controls Buyer are not bankrupt or insolvent under any applicable federal or state standard, have not filed for protection or relief under any applicable bankruptcy or creditor protection statute and have not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute. Buyer is not entering into the transactions described in this Agreement intending to defraud any creditor or to prefer the rights of one creditor to any other. Buyer and Seller have negotiated this Agreement at arm's-length and the consideration paid represents fair value for the assets to be transferred.

(D) Buyer's Due Diligence. Buyer acknowledges that Seller has disclosed that the detached accessory structure is nonconforming as to setback requirements set forth in the zoning regulations applicable to the Property. Buyer acknowledges and agrees that Seller makes no representations and warranties about the condition of the Property or the improvements on the Property. Buyer has or will inspect, review and become familiar with all matters that it believes pertinent to its ownership, operation and maintenance of the Property. Buyer has or will consult legal counsel, make such independent investigations, inspections, analyses and research as Buyer has deemed necessary or appropriate (or, in the alternative, Buyer has elected at its risk not to consult legal counsel or make such investigations, inspections, analyses and research), concerning the condition, ownership, use and operation of the Property, including, but not limited to, investigations, inspections, analyses and research of: (A) present and future Laws, including, without limitation, zoning, subdivision, environmental and other such Laws; (B) the obligations of the owner of the Property under all documents disclosed in the Title Report; (C) the necessity and availability of any entitlements or development approvals and permits; (D) the economic value of the Property; (E) the seismic and structural integrity of the improvements constructed or installed on the Property; (F) the feasibility of Buyer's development plans in light of the restrictions in the Covenant (defined below); (G) the size, dimensions,

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location and topography of the Property; (H) any surface, soil, subsoil, geologic or ground water conditions or other physical conditions of or affecting the Property, such as aircraft overflight, traffic, climate, drainage and air; (I) the extent or condition of title to the Property and the extent of existing liens and encumbrances against the Property; (J) the possibility of future fees and assessments or increases in existing fees and assessments by one or more governmental authorities; or (K) the presence, use, transportation or storage of Hazardous Material on, over, under or nearby the Property.

(E) Buyer's Waiver. Except for the representations and warranties of Seller expressly set forth in Paragraphs 11(M), 11(N), 11(O), 24, and 33, and this Paragraph 34 of this Agreement and the covenants and agreements of Seller expressly set forth in this Agreement: (a) Buyer accepts the Property "AS-IS, WHERE-IS, WITH ALL FAULTS" in its existing state and condition at the Closing; (b) Buyer accepts the Property subject to any and all Laws which are now or may here-after be imposed on or against the Property by any governmental authority;(c) Seller is not obligated to do any processing, grading, restoration, repairs or other work of any kind or nature whatsoever on or with respect to the Property and, without limiting the generality of the foregoing, Seller is not responsible for any work on or improvement of the Property necessary to cause the Property to meet any applicable Laws, to be suitable for any particular use, or to repair, retro-fit or support any portion of the improvements constructed on the Property due to the seismic or structural integrity (or any deficiencies therein) of such improvements; (d) Buyer accepts the Property in the condition, and state of repair or lack of repair of the improvements or any other portion of the Property; (e) Buyer accepts the Covenant and all of restrictions, obligations, rights of way or conditions affecting the ownership, use, operation, development or operation of the Property; (f) Buyer accepts the Property in its existing condition with respect to (i) the existence of Hazardous Material from, to or on the Property, whether or not the existence of such matters is disclosed in Buyer's inspections, research, investigations and analyses, if any, and (ii) the compliance of the Property with all Laws; (g) Buyer acknowledges that Seller has not warranted and does not hereby warrant that the improvements will meet or comply with the requirements of any health, fire, building, zoning, or safety Law of the state of California, or County of Santa Clara, or any other authority or jurisdiction and that Seller has not warranted and does not hereby warrant that the Property will meet or satisfy any particular use, purpose, development or operation; and (h) no patent or latent condition affecting the Property in any way, whether or not known or discoverable or hereafter discovered, shall affect Buyer's obligation to purchase the Property or to perform any other act otherwise to be performed by Buyer under this Agreement, nor shall any such condition give rise to any action, proceeding, right of damage or rescission or other claim against Seller.

Further, and without limiting any of the foregoing, Buyer hereby releases Seller from all risks and liability (and agrees that Seller shall not be liable for any special, direct, indirect, consequential, or other damages) resulting or arising from or relating to the ownership, use, condition, location, maintenance, repair or operation of the Property except with respect to the representations and warranties expressly set forth in Paragraph 11(M), 11(N), 11(O), 24, and 33, and this Paragraph 34 of this Agreement, subject to the Limitation Period, provided, however, that Seller shall under no circumstances be liable for any special, indirect or consequential damages in the event of any breach by Seller of any of the

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representations or warranties set forth in Paragraphs 11(M), 11(N), 11(O), 24, and 33, and in this Paragraph 34.

BUYER ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, AND IN CONNECTION WITH THE FOREGOING WAIVER AND RELEASE, BUYER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

DS

_____ Initials of Buyer

26. A new paragraph 35 is added at the end of the Form Agreement as follows:

"35. Closing Deliverables; Closing Conditions; Recording Order.

(A) Seller Deliveries. Prior to Close of Escrow, as a Buyer contingency, Seller shall deliver to Escrow Holder:

(1) Seller's signed, acknowledged Grant Deed in a form approved by the Town Attorney;

(2) Seller's signed, acknowledged Declaration of Covenants and Restrictions in the form attached to this Agreement as Exhibit A ('**Covenant**');

(3) Seller's signed Certificate of Acceptance of the Covenant;

(4) Seller's completed, signed Owner's Affidavit in a form that is commercially reasonable and acceptable to the Title Company; and

(5) Any other documents Title Company or Escrow Holder reasonably require to consummate the Close of Escrow."

(B) Buyer Deliveries. Prior to Close of Escrow, as a Seller contingency, Buyer shall deliver to Escrow Holder:

(1) Buyer's signed, acknowledged Covenant;

(2) Buyer's completed, signed Preliminary Change of Ownership Report and any other change of ownership forms Santa Clara County Assessor requires;

(3) Any other documents Title Company or Escrow Holder reasonably require to consummate the Close of Escrow.

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(C) Conditions to Close of Escrow. In addition to the contingencies noted above and in 3(L), the following are conditions to Close of Escrow:

(1) Buyer's performance of each and every covenant of Buyer in the Agreement (including performance of the obligations in Paragraph 3(D) and 3(I) within the times stated therein) is a Seller contingency;

(2) Seller's performance of each and every covenant of Seller in the Agreement is a Buyer contingency;

(3) The continued accuracy of Buyer's representations as of the Close of Escrow is a Seller contingency; and

(4) The continued accuracy of Seller's representations as of the Close of Escrow is a Buyer contingency.

(D) Recording Order. At Close of Escrow, Escrow Holder shall record the documents in the following order:

(1) The executed, acknowledged Grant Deed; and

(2) The Covenant, immediately following the Grant Deed.

In no event shall any document record after the Grant Deed and prior to the Covenant."

27. Brokers. A new Paragraph 36 is added as follows:

"Seller is informed that Buyer's Brokerage Firm has waived payment of any commission. Buyer hereby agrees to indemnify, save harmless, protect and defend Seller from and against any claims for brokers' or finders' fees for the consummation of this Agreement by Buyer's Brokerage Firm or any other broker if such claims shall be based upon any statement or representation or agreement by Buyer."

28. Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to its choice of laws rules, and venue shall be in Santa Clara County.

29. Notices. Buyer shall provide a copy of all notices, writings, or documents to be Delivered to Seller under this Agreement to Seller's legal counsel and Seller's Agent, as set forth below.

Town of Los Gatos
Attention: Town Attorney
110 E. Main Street
Los Gatos, CA 95030
Email: GWhelan@losgatosca.gov

And

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Burke, Williams & Sorensen
Attention: Gerald J. Ramiza and Meghan Nihan
1999 Harrison Street
Suite 1650
Oakland, CA 94612-3520
Email: jramiza@bwslaw.com and mnihan@bwslaw.com

And

Kosmont Real Estate Services dba Kosmont Realty
Attn: Larry J. Kosmont, Julio Fuentes, and Stephanie Ontiveros
1601 N. Sepulveda Blvd., #382
Manhattan Beach, CA 90266
Emails: lkosmont@kosmont.com; jfuentes@kosmontrealty.com;
sontiveros@kosmont.com

Notices to Buyer shall be Delivered to Buyer at the following address:

Bransilav Vaidic
[redacted]

Any notice or writing Delivered by email must also be sent by nationally recognized overnight courier on the same day the email is sent for Delivery the next business day.

30. Exhibits. Exhibit A to this Addendum shall be deemed Exhibit A to the Agreement. Exhibits attached to the Agreement are incorporated into the Agreement by reference.

31. Interpretation. This Agreement shall be deemed to be jointly prepared by both parties, and any ambiguities or uncertainties herein shall not be construed for or against either of the parties. The words "including," "included," "include" and words of similar import shall be interpreted as though followed by the words "but not limited to" or "without limitation." The word "or" is not exclusive. Any captions to, or headings of, the sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

32. Severability. If any of the provisions of this Agreement prove to be invalid, void, and illegal shall in no way affect, impair, or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first-above written.

SELLER:

TOWN OF LOS GATOS:

_____
Chris Constantin, Town Manager

Attest:

_____
Wendy Wood, Town Clerk

Approved as to Form:

_____
Gabrielle Whelan, Town Attorney

BUYER:

DocuSigned by:
_____
BRANISLAV VAJDIC

EXHIBIT A TO PURCHASE AND SALE AGREEMENT

FORM OF DECLARATION OF COVENANTS AND RESTRICTIONS

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
Town of Los Gatos
Attn: Town Clerk
110 E. Main Street
Los Gatos, CA 95030

Exempt from recording fees (Cal. Gov. Code §6103, §27383)

Exempt from documentary transfer tax- not a transfer of property for consideration (Cal. Rev. & Tax Code §11911)

Assessor Parcel Number: 510-44-054 (Space above this line for recorder's use only)

THIS DECLARATION OF COVENANTS AND RESTRICTIONS (this "**Declaration**") is entered into as of this day of _____, 202_ (the "**Effective Date**"), by and between the TOWN OF LOS GATOS, a California municipal corporation (the "**Town**"), and BRANISLAV VAJDIC (the "**Owner**"). Town and Owner are sometimes individually referred to herein as a "**Party**" and together referred to as "**Parties**".

RECITALS

A. Town, as seller, and Owner, as purchaser, are parties to a California Residential Purchase Agreement and Joint Escrow Instructions dated _____, 202_ , as amended by the Addendum to California Residential Purchase Agreement and Joint Escrow Instructions dated _____, 202_ (the "**Purchase Agreement**"), pursuant to which Town proposes to sell and convey to Owner that certain approximately 0.28 acre real property located at 4 Tait Avenue, Los Gatos, California, designated as Santa Clara County Assessor Parcel Number 510-44-054 (the "**Real Property**"), as more particularly described in Attachment 1 attached hereto and incorporated by this reference, together with all buildings and improvements located on the Real Property ("**Improvements**") and all rights and interests appurtenant to the Real Property, including, without limitation, any water and mineral rights, easements and rights-of-way appurtenant thereto (collectively with the Real Property and Improvements, the "**Property**").

B. The Improvements on the Property were constructed in 1927 and originally used as a fire station and a dwelling unit for the fire truck driver and are currently listed on the California Register of Historical Resources as the "Los Gatos First Firehouse."

C. The Property is also located within the Town's Broadway Historic District and is zoned Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay.

D. As a condition of the purchase and sale transaction, Owner has agreed to enter into this Declaration to ensure that the historic elements that comprise the Improvements, including the decorative and architectural features that contribute to its historic character, are preserved and that the Improvements remain in good condition and repair at all times.

NOW, THEREFORE, for good and valuable consideration, the Parties declare that the Property shall hereafter be held, used, operated, transferred, sold, conveyed, and leased subject to the following covenants and restrictions for the entirety of the term of this Declaration.

A G R E E M E N T

1. Definitions. Unless the context otherwise requires, the following terms shall have the meanings set forth in this Section 1.

1.1 "**Capital Repair**" means any repair or replacement that GAAP would consider capital in nature, except for repainting as described in Section 5.2.

1.2 "**Historic Preservation Law**" means any Law imposing obligations or restrictions relating to the maintenance and preservation of historic buildings and places, including without limitation the provisions of Chapter 29 of the Town of Los Gatos Municipal Code, the California Historical Building Code, the National Historic Preservation Act, the Secretary of the Interior's Standards for the Treatment of Historic Properties and Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings, all as amended from time to time.

1.3 "**Landscaping**" means trees, grass, planters, succulents, shrubs, bushes, and other landscaping on the Property.

1.4 "**Law**" means individually and "**Laws**" mean collectively all laws, ordinances, statutes, resolutions, orders, rules, official policies, standards, specifications, guidelines or other regulations that are now or hereafter promulgated or adopted by the Town, any other local government agency having jurisdiction over the Property, the State of California, or the United States of America.

1.5 "**Maintenance**", "**maintain**" or "**maintaining**" means the operation, inspection, maintenance, repair, rehabilitation, restoration and, as necessary, replacement of the Improvements and components thereof. Without limiting the Quality Standard, "**maintenance**" shall include, without limitation:

a. Maintaining the asphalt and concrete surfaces and sidewalks in a reasonably level, smooth and evenly covered condition, ordinary wear and tear excepted, with the type of surfacing material originally installed or such substitute as shall in all respects be substantially equal or superior in quality, use and durability;

b. Maintaining all materials affixed or applied to the exterior surfaces of the Improvements, including paint, bricks, roof tiles, and stucco, and all finishes;

c. Maintaining the roof, exterior walls, interior walls, and ceilings;

d. Maintaining hardware, doors, and windows; and

e. Maintaining the drainage system, automatic sprinkler systems and water lines to keep the Property and Improvements in a condition that meets the Quality Standard and to prevent flooding; and

f. Placing, maintaining, repairing and (if and to the extent reasonably required) replacing any necessary or appropriate fencing and boundary walls.

1.6 "**Owner**" shall mean Owner, any successor owner of the Property or the Improvements, and any lessee or management agent to whom Owner may have delegated its responsibilities to maintain the Property or Improvements.

1.7 "**Quality Standard**" means maintenance of the Improvements and the Property at a standard consistent with a first-class residential property in the Town, but in any event not less than the maintenance and quality standards required by Historic Preservation Laws or any other Laws; reasonably frequent repainting; application of reasonably frequent pest control measures to remove and deter pests and rodents from the Property; prompt removal of any graffiti; prompt repair of damage caused by vandalism, trees, or weather; and prompt repair of cracks, holes, and subsidence.

1.8 **"Default Rate"** means the lesser of 10% per annum or the maximum non-usurious rate under applicable Law.

2. Term of Declaration; Termination. The Parties agree that the covenants, restrictions and other provisions set forth in this Declaration will stay in effect in perpetuity, unless sooner terminated by Town.

2.1 No Termination If Not Listed. For the avoidance of doubt, except as otherwise agreed by Town, this Declaration shall not terminate if the Property or the Improvements are removed from the California Register of Historic Places or not included in the National Register of Historic Places or any other similar local register.

2.2 Release. Upon the termination of this Declaration, Town will promptly execute and deliver to Owner an appropriate release and cancellation instrument acknowledging the expiration or termination of this Declaration, and the provisions thereof. The release and cancellation instrument will be executed in proper form for recordation in the official real estate records of the County. For the avoidance of doubt, the termination of this Declaration shall not relieve the then Owner of obligations they may have under applicable Laws, including then applicable Historic Preservation Laws.

3. Maintenance. Owner shall comply with the following maintenance requirements:

3.1 Prior to commencing any maintenance of the Improvements or the Property, all approvals required under applicable Laws shall have been obtained. Owner acknowledges and agrees that the approval and permitting process is more extensive for work on historic buildings than typical first-class residential buildings, and that public hearings may be required.

3.2 Owner shall perform all maintenance using historic materials appropriate for the time the Improvements were originally constructed and, to the extent feasible and not a life-safety hazard as determined under Historic Preservation Laws, use the original methods of construction.

3.3 All maintenance shall be performed in accordance with the Quality Standard.

3.4 For any element of the Improvements and the Property that is significant to its historical and architectural value or a character-defining feature of the Improvements, Owner shall use best efforts to repair such element before replacing it.

3.5 Once commenced, any maintenance shall be diligently prosecuted to completion.

4. Preservation. Owner shall preserve (as defined in the Historic Preservation Laws) any element of the Improvements that is significant to the Property's historical and architectural value and any character-defining features of the Improvements as required by the Historic Preservation Laws. Owner shall further operate the Improvements in a manner that does not adversely affect the character, historical, architectural or aesthetic interest of the Town's Broadway Historic District.

5. Alterations.

5.1 Exterior Alterations. Without Town's prior written consent, Owner shall not construct any addition to or make any change, improvement, or alteration (each, an "**Alteration**") to the exterior of the Improvements facing Tait Avenue or Main Street (including without limitation the roof, exterior walls, exterior trim, windows, shutters, doors, columns, doorways, and doors) or the walkways, fence or wall on the Tait Avenue or Main Street frontage (each individually a "**Restricted Exterior Improvement**" and collectively the "**Restricted Exterior Improvements**"). "**Alteration**" also includes any demolition or removal of any Restricted Exterior Improvement and any Capital Repair to any Restricted Exterior Improvement. The Town may withhold or condition consent if Town determines in its sole and absolute discretion that the Alteration would threaten or destroy the Improvements' character-defining features or the historical or architectural value of the Improvements or the Town's Broadway Historic District. Any request for Town consent shall be directed to the Town Manager and shall include conceptual plans and a description of the material to be used for the proposed Alteration. Consent under this Section 5.1 is required in addition to, and not in lieu of, any other approval required by Laws.

5.2 Exterior Maintenance Exception. Notwithstanding Section 5.1, Owner may make changes or alterations to the Restricted Exterior Improvements without Town consent if they (a) are performed in accordance with Sections 3 and 4 and (b) consist of (i) performing spot replacement or reapplication of materials then affixed or applied to the Restricted Exterior Improvements that have deteriorated with materials of like kind, including stucco, brick, mortar, or roof tiles (provided that less than all roof tiles are replaced); (ii) repair or reattachment of materials then affixed to the Restricted Exterior Improvements; (iii) using materials of like kind to fill cracks or resurface walkways; (iv) repainting one or more walls using substantially the same color as the then-existing color of such wall(s); or (v) applying sealants of a similar color to the Restricted Exterior Improvements.

5.3 Alterations Generally. Before commencing construction, installation, or demolition work associated with any Alteration to the Improvements or the Property, Owner must obtain all approvals required by the Laws. Any Alteration must comply with all requirements of the Historic Preservation Laws and any construction, installation, or demolition work associated with any Alteration must comply with all Laws.

6. Insurance Obligations. Owner shall obtain and maintain at all times fire and extended coverage insurance on all Improvements in the amount of the replacement cost of the Improvements, and in amounts at least sufficient to avoid the effect of any coinsurance provisions of such policies. Whenever any structural Alterations on the Property are in the course of construction, and are not otherwise covered by the fire and extended coverage insurance required above, Owner shall carry builder's risk insurance written on a completed value basis, insuring against loss to the extent of at least the replacement value of the improvements under construction. Such course of construction coverage shall be effective prior to commencement of construction of any improvements or alterations.

7. Indemnity. Owner shall indemnify, defend (with counsel reasonably acceptable to Town), protect and hold harmless Town from and against all claims, liabilities and expenses (including, without limitation, reasonable attorneys' fees) arising from the failure of Owner or its contractors, employees or agents to maintain, restore, reconstruct, or preserve the Property or the Improvements in accordance with this Declaration.

8. Casualty. If, during the Term, the Improvements are totally or partially destroyed by any fire, earthquake, or other casualty or sudden destructive event ("**Casualty**"), Owner shall within 90 days after the date of the Casualty commence to repair and restore the Improvements and shall proceed with reasonable diligence to complete the repair and restoration of the Improvements. Restoration, rehabilitation, and reconstruction following a casualty shall be conducted in the manner required by Historic Preservation Laws.

9. Default and Remedies. Failure by Owner or its successors or assigns to perform its or their obligations hereunder shall constitute a default under this Declaration, and Town may institute legal action to cure, correct or remedy such default, to recover damages for such default or to obtain any other remedy whether at law or in equity, including injunctive relief and specific performance, consistent with the purpose of this Declaration. Town is deemed the beneficiary of the terms and provisions of this Declaration and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Declaration and the covenants running with the land have been provided, without regard to whether Town has been, remains or is an owner of any land or interest therein in the Property.

10. Notices. All notices, requests, demands, and other communications under this Declaration shall be in writing and shall be deemed given and effective at the following times if sent to a Party at its address designated per this Section 10: (i) on the date of delivery if served personally on the Party to whom notice is to be given or, unless otherwise specifically provided or required by this Declaration; (ii) if sent by overnight delivery, such as by Federal Express, on the date said notice or other writing is delivered or on which delivery is refused; or (iii) five (5) business days after mailing by first class, registered or certified mail, postage prepaid.

If to Town:
Town of Los Gatos
Attn: Town Manager
110 E. Main Street
Los Gatos, CA 95030

With a Copy to:

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

If to Owner:
Branislav Vajdic
[redacted]

Any Party may change its address for purposes of this section by giving the other Party written notice of the new address in the manner set forth above.

11. Conflict with Historic Preservation Law. To the extent that any Historic Preservation Law imposes obligations on Owner that conflict with this Declaration, the more restrictive of this Declaration or the Historic Preservation Law shall apply.

12. Covenants to Run with the Land. The covenants, restrictions, rights, conditions, powers, and other provisions contained or referenced in this Declaration: (a) are made for the mutual benefit of the Parties and their respective successors (by operation of law or otherwise) and assigns and the Property; (b) burden the applicable Property and are binding upon the Parties and their respective successors (by operation of law or otherwise), assigns, and all other persons or entities acquiring the Property, or any portion thereof or interest therein; and (c) are intended as and are enforceable as equitable servitudes and constitute covenants running with the land pursuant to applicable law, including without limitation, Section 1468 of the Civil Code of the State of California, as the same may be amended from time to time and any successor statutes thereof.

13. Recordation. This Declaration shall be recorded in the official records of the Santa Clara County Recorder's Office.

14. Modification. This Declaration may not be modified, in whole or in part, except by a modification in writing signed by both Parties.

15. Delegation. To the extent that Owner delegates any of its responsibilities under this Declaration to any tenant or management agent, the tenant or management agent shall agree in writing to comply with all terms of this Declaration.

16. Approvals. Whenever reference is made herein to a consent, action or approval to be provided or undertaken by Town, the Town Manager or his or her designee is authorized to act on behalf of Town, unless specifically provided otherwise or the context requires otherwise.

17. No Waiver. The waiver by one Party of the performance of any covenant or condition hereunder shall not invalidate this Declaration, nor shall it be considered to be a waiver by such Party of any other covenant or condition hereunder. The waiver by either or both Parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

18. Attorneys' Fees. If either Party shall bring suit against the other as a result of any alleged breach or failure by the other Party to fulfill or perform any covenants or obligations under this Declaration or in any deed, instrument or other document delivered pursuant hereto, or to seek declaratory relief as to the rights or obligations of either Party, then in such event, the prevailing Party in such action shall be entitled to reasonable attorneys' fees incurred by reason of such action and all costs of suit incurred in pursuit thereof.

19. Provisions Severable. Each provision of this Declaration shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Declaration is deemed to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Declaration.

20. Time of the Essence. Time is of the essence of this Declaration and of the performance of all the terms, covenants and conditions contained in this Declaration.

21. Entire Agreement. This Declaration, which includes the recitals and each of the attachments attached hereto, constitutes the entire agreement between the Parties relating to the subject matter of this Declaration and supersedes all previous agreements, promises, representations, understandings and negotiations, whether written or oral, among the Parties with respect to the subject matter hereof.

22. Governing Law. This Declaration shall be governed and construed in accordance with the laws of the State of California, without reference to its choice of law rules. The exclusive venue for any disputes or legal actions shall be the Superior Court of California in and for the County of Santa Clara.

23. Construction. Each Party has participated in the drafting of this Declaration and has had the same reviewed by counsel of its choosing, and, as such, this Declaration shall not be construed against either such Party based on the drafter of any particular provision thereof. Section headings in this Declaration are for convenience only and are not intended to be used in interpreting or construing the terms, covenants or conditions of this Declaration.

24. Counterparts. This Declaration may be executed in one or more counterparts, each of which will constitute an original, and all of which together will constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Declaration as of the date first set forth above.

TOWN:

TOWN OF LOS GATOS
a California municipal corporation

By: _____
Chris Constantin, Town Manager
[signature must be notarized]

APPROVED AS TO FORM:

By: _____
Gabrielle Whelan, Town Attorney

ATTEST:

By: _____
Wendy Wood, Town Clerk

OWNER:

_____
BRANISLAV VAJDIC
[signature must be notarized]

ATTACHMENT 1

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS GATOS, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY LINE OF WEST MAIN STREET, FORMERLY HOTEL STREET, WITH SOUTHEASTERLY LINE OF TAIT STREET, THENCE RUNNING SOUTHEASTERLY AND ALONG SAID NORTHEASTERLY LINE OF WEST MAIN STREET, FORMERLY HOTEL STREET EIGHTY (80) FOOT TO A POINT ON THE DIVISIONAL LINE OF LOTS 2 AND 3 IN BLOCK 2 OF J.W. LYNDON'S SUBDIVISION AS HEREINAFTER REFERRED TO, THENCE RUNNING NORTHEASTERLY AND ALONG SAID DIVISIONAL LINE OF SAID LOTS 2 AND 3 SEVENTY (70) FEET, THENCE RUNNING NORTHWESTERLY AND PARALLEL WITH SAID NORTHEASTERLY LINE OF WEST MAIN STREET (FORMERLY HOTEL STREET) EIGHTY (80) FEET TO A POINT ON THE SOUTHEASTERLY LINE OF TAIT STREET, FORMERLY MONTGOMERY STREET, THENCE RUNNING SOUTHWESTERLY AND ALONG SAID SOUTHEASTERLY LINE OF TAIT STREET, FORMERLY MONTGOMERY STREET, SEVENTY (70) FEET TO THE POINT OF BEGINNING, AND BEING THE WESTERLY SEVENTY (70) FEET OF LOT 3 AND THE WESTERLY SEVENTY (70) FEET OF THE SOUTHERLY THIRTY (30) FEET OF LOT 4 IN BLOCK 2 OF J.W. LYNDON'S SUBDIVISION IN SAID TOWN OF LOS GATOS, A MAP OF WHICH SUBDIVISION IS OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA IN BOOK A, PAGE 54, OF MAPS, RECORDS OF SAID COUNTY.

PARCEL TWO:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF TAIT STREET, DISTANT THEREON SEVENTY (70) FEET NORTHEASTERLY FROM THE POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF TAIT STREET WITH THE NORTHEASTERLY LINE OF WEST MAIN STREET, FORMERLY HOTEL STREET; THENCE RUNNING NORTHEASTERLY AND ALONG THE SOUTHEASTERLY LINE OF TAIT STREET, EIGHTY (80) FEET TO A POINT ON THE NORTHEASTERLY LINE OF LOT 4, IN BLOCK 2 OF LYNDON'S SUBDIVISION, AS SHOWN UPON THE MAP THEREOF HEREINAFTER REFERRED TO; THENCE RUNNING SOUTHEASTERLY AND ALONG THE NORTHEASTERLY LINES OF LOTS 4 AND 3 IN SAID BLOCK 2, EIGHTY (80) FEET TO THE MOST EASTERLY CORNER OF SAID LOT 3; THENCE RUNNING SOUTHWESTERLY AND ALONG THE DIVIDING LINE BETWEEN LOTS 2 AND 3, IN SAID BLOCK 2, EIGHTY (80) FEET; THENCE RUNNING NORTHWESTERLY AND PARALLEL WITH THE NORTHEASTERLY LINE OF WEST MAIN STREET EIGHTY (80) FEET TO THE POINT OF BEGINNING, AND BEING A PORTION OF LOTS 3 AND 4, IN BLOCK 2, AS LAID DOWN, DESIGNATED AND DELINEATED UPON THAT CERTAIN MAP ENTITLED, "MAP OF J. W. LYNDON'S SUBDIVISION IN LOS GATOS, BEING PART OF THE ORIGINAL COVEL TRACT IN THE RANCHO RINCONADA DE LOS GATOS," END WHICH SAID MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON SEPTEMBER 17, 1881 IN BOOK A, PAGE 54, OF MAPS.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 06/16/2026
ITEM NO: 25

DATE: June 16, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Approve a Remote Public Access Disruption Policy and an Amendment to Agenda Format and Rules Policy 2-01; and Adopt a Resolution Determining What Constitutes Reasonable Efforts to Encourage Public Participation in Meetings**

RECOMMENDATION: Approve a Remote Public Access Disruption Policy; approve an amendment to the Agenda Format and Rules Policy 2-01; and adopt a resolution establishing what constitutes reasonable efforts to encourage public participation in meetings.

FISCAL IMPACT:

There is no fiscal impact associated with the adoption of the Remote Public Access Disruption Policy, the Resolution establishing reasonable efforts to encourage public participation in meetings, or amendments to the Town Council Agenda Policy. These actions can be implemented using existing staff resources and communication tools.

STRATEGIC PRIORITY:

This item is not associated with a specific strategic priority; however, it aligns with the Town's core goal of good governance.

BACKGROUND:

Last year, Governor Gavin Newsom signed Senate Bill 707 into law, amending the Ralph M. Brown Act to expand public access and participation in local government meetings. Among other requirements, SB 707 requires qualified legislative bodies to provide hybrid public

PREPARED BY: Wendy Wood
Town Clerk

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

meetings through a two-way telephone or video platform and to adopt policies addressing disruptions to remote public access during public meetings. The Town of Los Gatos already conducts Town Council meetings in a hybrid format using Zoom and will continue to comply with those requirements.

In addition, Senate Bill 707 requires eligible legislative bodies to adopt, by July 1, 2026, a policy addressing how the agency will respond to disruptions in telephonic or internet service that could prevent members of the public from remotely observing or participating in a Council meeting. The legislation also requires legislative bodies to determine and make reasonable efforts to encourage participation by individuals and groups that do not traditionally participate in public meetings, including non-English-speaking communities.

DISCUSSION:

To implement the requirements of SB 707, staff is bringing forward a proposed Remote Public Access Disruption Policy, a Resolution establishing reasonable efforts to encourage public participation in meetings, and amendments to the Town Council Agenda Policy.

On May 26, 2026, the Policy Committee reviewed a draft Policy for Technological Disruption of Remote Public Access During Town Council Meetings. The draft policy was developed to implement the requirements of Senate Bill 707 (SB 707) and Government Code section 54953.4 related to disruptions in telephonic or internet services that prevent members of the public from remotely observing or participating in Town Council meetings. The proposed policy outlines procedures for announcing a disruption, recessing and reconvening meetings, documenting restoration efforts, and making good faith attempts to restore remote access services.

These procedures are intended to comply with Government Code section 54953.4. That section also establishes a one-hour threshold, providing that if remote access services cannot be restored within one hour, the legislative body may either adjourn the meeting or continue the meeting upon making the findings required under the Brown Act. However, the draft policy provides operational flexibility for circumstances such as late-night disruptions, facility-wide power outages, or other emergency conditions that may make continuation of the meeting impracticable. In addition, the policy also requires that disruption and restoration efforts be documented in the meeting minutes.

The Policy Committee recommended that the Council approve the draft disruption policy and requested that language be incorporated to clarify whether a meeting may continue if a Councilmember experiences a disruption of service or is otherwise unable to participate from their designated teleconference location. The draft policy has been revised accordingly to reflect that a meeting may continue under certain circumstances.

In conjunction with this discussion, the Policy Committee recommended amending the Town Council Agenda Format and Rules Policy to change the Council meeting end time from midnight to 11:00 p.m. This change is intended to align with proposed provisions in the Remote Public Access Disruption Policy addressing late-evening disruptions.

Under the new legislation, if a remote access disruption occurs, the Council may be required to recess for up to one hour before continuing the meeting. The draft policy and proposed Council Agenda Format and Rules Policy are intended to avoid requiring members of the public and staff to remain in attendance until midnight or later solely to accommodate such a recess period.

Accordingly, the proposed Remote Public Access Disruption Policy includes provisions allowing the Council to adjourn rather than recess if a disruption occurs after 11:00 p.m., upon a determination by the Presiding Officer that continuation would be impracticable or inconsistent with meeting procedures. The earlier meeting end time in the Agenda Format and Rules Policy is intended to support implementation of these provisions.

Separately, Senate Bill 707 requires legislative bodies to determine and make reasonable efforts to encourage participation in public meetings by individuals and groups that do not traditionally participate in public meetings, including non-English-speaking communities. To satisfy this requirement, staff is recommending the adoption of the accompanying Resolution establishing a framework of reasonable outreach efforts. The resolution identifies existing and potential outreach methods, including media outreach, electronic agenda access and subscription services, multilingual communications, community and organizational outreach, and use of the Town's existing communication channels to increase awareness of meetings and opportunities for public participation.

CONCLUSION:

Staff recommends that the Town Council adopt the Resolution establishing reasonable efforts to encourage public participation in meetings, approve the Remote Public Access Disruption Policy, and approve amendments to the Town Council Agenda Policy. These actions will ensure compliance with Senate Bill 707 and Government Code section 54953.4 and will support continued transparency, accessibility, and effective public participation in Town Council meetings.

COORDINATION:

This report was prepared in coordination with the Town Attorney and the Town Manager’s Office.

SUBJECT: Approve Remote Public Access Disruption Policy, Amendment to Agenda Format and Rules Policy 2-01, and Adopt a Resolution Determining Reasonable Efforts to Encourage Public Participation in Meetings

DATE: June 16, 2026

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Draft Policy Remote Public Access Disruption Policy
2. Redline Agenda Format and Rules Policy 2-01
3. Draft Resolution

TOWN OF LOS GATOS CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service *Community Stewardship* *Future Focus*

TITLE: Technological Disruption of Remote Public Access During Council Meetings	**POLICY NUMBER:**
EFFECTIVE DATE:	**PAGES: 3**
ENABLING ACTIONS:	**REVISED DATES:**
APPROVED:	

PURPOSE

This policy establishes procedures for responding to disruptions in telephonic or internet services that provide two-way remote public access to meetings of the Los Gatos Town Council, as required by the Ralph M. Brown Act (Government Code section 54953.4).

The purpose of this policy is to ensure transparency, public participation, and continuity of government operations during technology disruptions affecting remote meeting access.

SCOPE

This policy applies solely to meetings of the Los Gatos Town Council. This policy does not apply to Town boards, commissions, committees, or other advisory bodies unless separately adopted by those bodies.

This policy applies only to disruptions affecting two-way remote public access services, including telephonic and audiovisual meeting platforms that permit the public to observe and participate remotely in real time.

This policy does not apply to one-way television broadcasts or one-way internet livestreams. A meeting may continue if one-way services are disrupted, provided that the required two-way remote public access remains functional.

For purposes of this policy, disruptions refer to interruptions affecting remote public access services as defined in this policy and does not include isolated technical issues affecting individual Councilmembers' remote participation connections where public access remains functional. In the event that a Councilmember is participating remotely pursuant to applicable Brown Act teleconferencing provisions and loses the video and/or audio connection or is otherwise unable to participate from their designated teleconference location, the meeting may continue so long as the remote access services remain available and functional for any member of the public participating from the remote location.

DEFINITIONS

Disruption - a failure, outage, interruption, or degradation of telephonic or internet service that prevents members of the public from attending, observing, or participating in a meeting through the Town's two-way remote access platform, or otherwise materially impairs the functionality of the Town's remote meeting technology.

Remote Access Services - the two-way telephonic service and/or two-way audiovisual platform used to provide real-time remote public access to Town Council meetings.

POLICY

Procedures in the Event of a Service Disruption
If the Mayor, Presiding Officer, or Town Clerk becomes aware of a disruption to remote access services the following shall occur:

1. The disruption shall be announced publicly as soon as practicable.
2. The Presiding Officer shall call for a recess of the open session.
3. Staff shall immediately begin efforts to diagnose and restore the disrupted service.
4. The meeting shall remain in recess for at least one hour or until service is restored, whichever occurs sooner.

A disruption in remote access services does not preclude the Town Council from convening or continuing a closed session that has been properly noticed and announced in accordance with the Brown Act.

Efforts to Restore Service
Town staff shall make good faith efforts to restore remote access services, which may include, but are not limited to:

- Troubleshooting teleconferencing or meeting platform software;
- Resetting or replacing audiovisual equipment;
- Attempting alternative internet or telephone connection methods;
- Contacting information technology staff, contractors, or service providers;
- Switching to backup equipment or alternative meeting platforms, if available.

The Town Clerk shall document the restoration efforts undertaken.

If a disruption occurs after 11:00 p.m., the Town Council may adjourn the meeting rather than recess for one hour if the Presiding Officer determines that continuation of the meeting would be impracticable or inconsistent with the Town Council's meeting procedures.

In the event of a facility-wide power outage or other emergency condition that prevents the meeting from safely continuing in person or remotely, the Presiding Officer may adjourn the meeting in accordance with the Brown Act and applicable Town policies.

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Reconvening the Open Session

The open session may be reconvened after at least one hour has elapsed from the time of the disruption or as soon as service is restored, whichever occurs earlier.

1. If remote access services are restored before or at the time the meeting reconvenes, the meeting shall continue as normal.
2. If remote access services have not been restored after one hour, the Town Council may:
   a. Adjourn the meeting; or
   b. Continue the meeting in open session by adopting, by roll call vote, the following finding or a substantially similar finding:

      "The Town of Los Gatos has made good faith efforts to restore telephonic or internet service in accordance with its adopted policy, and the public interest in continuing the meeting outweighs the public interest in remote public access."

   In making this finding, the Town Council should consider continuing agenda items that are not time sensitive. Upon adoption of the finding, the Town Council may continue the open session despite the disruption of remote access services.

Recordkeeping

The Town Clerk shall enter a summary of the disruption into the meeting minutes, including:

1. The nature and start time of the disruption;
2. The restoration efforts undertaken;
3. The time the meeting was reconvened, if applicable; and
4. Any finding adopted.

Review and Amendments

This policy may be amended by the Town Council at a duly noticed public meeting conducted in open session.

APPROVED AS TO FORM:

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Gabrielle Whelan, Town Attorney

DRAFT

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;1/20/2026
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.

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. *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.

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.

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.

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 m~~Meetings will be adjourned at ~~midnight~~ 11:00 p.m. unless a majority of the ~~Council m~~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.

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. When a Council Member is participating remotely, they will make every effort to attend so as to not to impact the meeting 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. Alternatively, 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 is 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:

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Gabrielle Whelan, Town Attorney

RESOLUTION 2026 -

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DETERMINING WHAT CONSITUTES REASONABLE EFFORTS TO ENCOURAGE PUBLIC PARTICIPATION IN MEETINGS

WHEREAS, the Ralph M. Brown Act (Government Code § 54950 et seq.) establishes requirements for open and public meetings of local legislative bodies; and

WHEREAS, Senate Bill 707 (2025) amended the Brown Act to include additional requirements intended to encourage participation in public meetings, particularly among communities that do not traditionally participate in public meetings and non-English-speaking communities; and

WHEREAS, Government Code § 54953.4(b)(3)(C) requires the Town Council to determine and make reasonable efforts to invite groups that do not traditionally participate in public meetings to attend those meetings; and

WHEREAS, such reasonable efforts may include outreach to media organizations serving the jurisdiction, including those serving non-English-speaking communities, as well as civic, neighborhood, community-based, civil rights, good government, and media organizations; and

WHEREAS, Government Code § 54953.4(b)(3)(C)(ii) provides legislative bodies with broad discretion in determining appropriate reasonable efforts and clarifies that no action shall arise from failing to provide notice to any specific group; and

WHEREAS, the Town is committed to promoting transparency, accessibility, and broad public participation in its public meetings; and

WHEREAS, the Town currently uses a variety of communication methods to inform the public of meetings and opportunities to participate; and

WHEREAS, the activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act (CEQA) State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3), no environmental review is required.

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

Section 1. Determination of Reasonable Efforts. The Town Council determines that any of the following constitute reasonable efforts to encourage participation in meetings pursuant to Government Code § 54953.4(b)(3)(C):

1. Media Outreach. The Town may include media organizations serving the jurisdiction, including media organizations serving non-English-speaking communities, in the distribution of meeting agendas, notices, or other meeting-related information, as appropriate.

2. Electronic Access and Agenda Subscriptions. The Town shall maintain methods for members of the public to access meeting agendas and related materials electronically, including through the Town's website or other regular agenda-posting platform. Where available, the Town may also provide options for members of the public to subscribe to receive meeting agendas, notices, or other updates.

3. Multilingual Communication. The Town may use multilingual communication methods, as appropriate and consistent with applicable law and available resources. The type, scope, and extent of such communications may vary depending on the circumstances, community needs, and available resources..

4. Community and Organizational Outreach. The Town may provide meeting information through existing communication channels and partnerships with community-based organizations, neighborhood groups, civic organizations, civil rights organizations, good government organizations, media organizations, and organizations serving non-English-speaking communities, as opportunities arise and consistent with available resources.

5. Use of Existing Communication Channels. The Town may use existing outreach methods to share meeting information and participation opportunities, including, but not limited to, the agency website, email notifications, agenda subscription services, newsletters, social media platforms, public counters, bulletin boards, community meetings, and other established communication tools

Section 2. Flexible Framework. The efforts identified in this Resolution are intended to provide a flexible framework for outreach and public participation. The Town may modify, expand, or adjust its outreach methods over time based on available resources, evolving communication practices, changes in technology, and the needs of the community.

Section 3. No Requirement to Provide Notice to Any Specific Group. Consistent with Government Code Section 54953.4(b)(3)(C)(ii), this Resolution does not require notice to any specific group or organization, and no action shall arise from the failure to provide notice to any specific group or organization.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 16th of June, 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

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

ATTEST:

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