



**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
MAY 13, 2024
110 EAST MAIN STREET
TOWN COUNCIL CHAMBERS
5:00 PM**

*Phil Koen, Chair
Linda Reiners, Vice Chair
Andrew Howard, Commissioner
Ashby Monk, Commissioner
Joe Rodgers, Commissioner
Matthew Hudes, Vice Mayor
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). 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.

This meeting will be teleconferenced pursuant to Government Code Section 54953(b)(3). Council Member Rob Rennie will be participating from a teleconference location at Via dell'Opio Nel Corso, 3, 53045 Montepulciano, Italy. The teleconference locations shall be accessible to the public and the agenda will be posted at the teleconference location 24 hours before the meeting.

HOW TO PARTICIPATE

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

Zoom Webinar (Online): Join from a PC, Mac, iPad, iPhone or Android device. Please click this URL to join: https://losgatosca.gov.zoom.us/j/84900234481?pwd=yU0df-8jrAkCWM_LI83-iQY6qEV7gg.IQR-LAzX1jg9DnoC

Passcode: 347436 You can also type in 849 0023 4481 in the "Join a Meeting" page on the Zoom website at and use passcode 347436.

- When the Mayor announces the item for which you wish to speak, click the "raise hand" feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand.

Telephone: Please dial (877) 3361839 for US Toll-free or (636) 651-0008 for US Toll. (Conference code: 686100)

- If you are participating by calling in, press #2 on your telephone keypad to raise your hand.

In-Person: Please complete a "speaker's card" located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Chair announces the item for which you wish to speak.

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

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

(3) Deadlines to submit written comments are:

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

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

CALL MEETING TO ORDER

ROLL CALL

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

CONSENT ITEMS *(Items appearing on the Consent are considered routine Town business and may be approved by one motion. Members of the public may provide input on any Consent Item(s) when the Chair asks for public comment on the Consent Items.)*

- [1.](#) Approve the Minutes of the April 8, 2024, Finance Commission Regular Meeting
- [2.](#) Approve the Minutes of the April 29, 2024, Finance Commission Special Meeting
- [3.](#) Approve the Minutes of the May 6, 2024, Finance Commission Special Meeting
- [4.](#) Receive the Monthly Financial and Investment Report for March 2024

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Commission on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Finance Commission. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not able to be 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 Chair.)*

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

- [5.](#) Conclude Recommendations to the Town Council Regarding the Proposed Fiscal Year (FY) 2024/25 Operating and Capital Improvement Program (CIP) Budgets
- [6.](#) Receive Actuarial Presentation on CalPERS Analysis – 6/30/2022 Valuation Report by Foster & Foster Actuaries and Consultants and Recommend Amortization Bases for Future Potential Additional Discretionary Payments (ADPs)
- [7.](#) Review Polling Results and Provide a Recommendation to Council Regarding a 1/8th Cent Sales Tax Measure for the November 2024 Ballot

ADJOURNMENT

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



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 05/13/2024

Item 1.

ITEM NO: 1

**Minutes of the Finance Commission Meeting
April 8, 2024**

The Finance Commission of the Town of Los Gatos conducted a meeting in person and utilizing teleconferencing means on Monday, April 8, 2024, at 5:00 p.m.

THE MEETING WAS CALLED TO ORDER AT 5:04 P.M.

ROLL CALL

Present: Chair Phil Koen, Vice Chair Linda Reiners (participated remotely under AB 2449 “Just Cause”), Commissioner Ashby Monk, Commissioner Joe Rodgers, Vice Mayor Matthew Hudes, and Council Member Rob Rennie

Absent: Commissioner Andrew Howard

Vice Chair Reiners stated she will be participating remotely under AB2449 due to care of a parent, and no one over 18 years old is in the room with her.

Town Staff Present: Town Manager Laurel Prevetti, Assistant Town Manager Katy Nomura, Finance Director Gitta Ungvari, and Town Clerk Wendy Wood.

CONSENT ITEMS

1. Approve the Minutes of the April 8, 2024, Finance Commission Regular Meeting.
2. Receive the Monthly Financial and Investment Report for February 2024.

There was no public comment.

Chair Koen commented on the minutes and stated a correction is needed to properly reflect Commissioner Howard’s name for the Unfunded Pension Liability/CalPERS Ad Hoc Subcommittee.

MOTION: Motion by Commissioner Monk to approve the consent Items with the noted correction. **Seconded by Commissioner Rodgers.**

VOTE: Motion passed 4-0

VERBAL COMMUNICATIONS

No one spoke.

OTHER BUSINESS

3. Discussion of Content and Timeline for Ad Hoc Subcommittee Work Plans – “Plan the Plan”

Chair Koen gave a brief introduction of the item.

Commissioner Monk provided a proposed work plan for the Unfunded Pension Liability/CalPERS Ad Hoc Sub Committee.

Vice Chair Reiners provided a proposed work plan for the Council Priority Score Card Ad Hoc Subcommittee .

Chair Koen provided a proposed work plan for the Five-Year Capital Plan Ad Hoc Subcommittee.

The Commission asked questions and discussed the item.

Staff addressed the Commissioners’ questions.

There was no public comment.

There was no action was taken on this item.

4. Discussion of Report on Transportation Impact Fee

Town Manager Laurel Prevetti presented the staff report.

The Commission asked questions and discussed the item.

Staff addressed the Commissioners’ questions.

There was no public comment.

MOTION: **Motion by Chair Koen** to make a recommendation to the Town Council to request the Commission jointly work with staff and consultants and revise the Nexus Study to make an independent assessment of the risk to current and future liabilities as well as recommendations regarding managing that risk when implementing the transportation impact be on new development. **Seconded by Vice Chair Reiners.**

VOTE: **Motion passed 4-0**

MOTION: **Motion by Chair Koen** to make a recommendation the Town Council to utilize the nexus study template prepared by the Turner Center for the California Department of Housing and Community Development to update the Town's transportation impact fee program. **Seconded by Commissioner Rodgers.**

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SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of April 8, 2024

DATE: April 22, 2024

VOTE: Motion passed 4-0

5. Staff Update on FY 2024/25 Budget and Capital Plan

Finance Director Gitta Ungvari presented the staff report.

The Commission asked questions and discussed the item.

Staff addressed the Commissioners' questions.

There was no public comment.

There was no action was taken on this item.

ADJOURNMENT:

The meeting adjourned at 6:27 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the April 8, 2024, meeting as approved by the Finance Commission.

Wendy Wood, Town Clerk



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 05/13/2024

Item 2.

ITEM NO: 2

**Minutes of the Finance Commission Special Meeting
April 29, 2024**

The Finance Commission of the Town of Los Gatos conducted a special meeting in person and utilizing teleconferencing means on Monday, April 29, 2024, at 5:00 p.m.

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

ROLL CALL

Present: Chair Phil Koen, Vice Chair Linda Reiners, Commissioner Ashby Monk, Commissioner Joe Rodgers, and Vice Mayor Matthew Hudes.

Absent: Commissioner Andrew Howard and Council Member Rob Rennie

Town Staff Present: Town Manager Laurel Prevetti, Assistant Town Manager Katy Nomura, Finance Director Gitta Ungvari, Parks and Public Works Director Nicolle Burnham, Accounting Manager Eric Lemon, and Town Clerk Wendy Wood.

OTHER BUSINESS

1. Review the Staff Report to Town Council on April 16, 2024 (Item #19) and Discuss Options and Scope of Services Potentially Required Arising from the Finance Commission's Recommendation to Retain a Separate Firm to Provide the Non-Attest Services as Outlined in the Chavan and Associates Engagement Letter.

The Commission asked questions and discussed the item.

Staff and the Town's Independent Auditor addressed the Commissioners' questions.

No public comment.

No action was taken.

2. Review and Discuss the Proposed FY 2024/25 Operating and Capital Improvement Program (CIP) Budgets. Provide Preliminary Comments and Recommendations Regarding the Proposed Budgets Taken as a Whole.

Finance Director Gitta Ungvari and Parks and Public Works Director Nicolle Burnham presented the staff report.

Opened Public Comment

PAGE 2 OF 2

SUBJECT: Draft Minutes of the Finance Commission Special Meeting of April 29, 2024

DATE: May 1, 2024

Kimberly Snyder

- Commented on New Museum Los Gatos (NUMU) and requested that the Town financially assist the museum.

Jan Schwartz

- Asked for the Town to provide financial assistance to NUMU.

Closed Public Comment

The Commission asked questions and discussed the item.

Staff addressed the Commissioners' questions.

No action was taken.

ADJOURNMENT:

The meeting adjourned at 7:03 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the April 29, 2024, meeting as approved by the Finance Commission.

Eric Lemon, Finance and Accounting Manager



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 05/13/2024

Item 3.

ITEM NO: 3

**Minutes of the Finance Commission Special Meeting
May 6, 2024**

The Finance Commission of the Town of Los Gatos conducted a special meeting in person and utilizing teleconferencing means on Monday, May 6, 2024, at 5:00 p.m.

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

ROLL CALL

Present: Chair Phil Koen, Vice Chair Linda Reiners, Commissioner Andrew Howard, Commissioner Ashby Monk (participated remotely under AB 2449 "Just Cause". Arrived at 5:08 p.m.), Commissioner Joe Rodgers, and Vice Mayor Matthew Hudes.

Absent: Council Member Rob Rennie

Town Staff Present: Town Manager Laurel Prevetti, Assistant Town Manager Katy Nomura, Finance Director Gitta Ungvari, Parks and Public Works Director Nicolle Burnham, Accounting and Finance Manager Eric Lemon, and Town Clerk Wendy Wood.

VERBAL COMMUNICATIONS

No public comment.

OTHER BUSINESS

1. Continue to Review and Discuss the Proposed Fiscal Year (FY) 2024/25 Operating and Capital Improvement Program (CIP) Budgets. Provide Comments and Recommendations Regarding the Proposed Budgets Taken as a Whole

Parks and Public Works Director Nicole Burnham presented the CIP Budget.

The Commission asked questions and discussed the item.

Staff addressed the Commissioners' questions.

Commissioner Andrew Howard left the meeting at 6:38 p.m.

No public comment.

No action was taken.

PAGE 2 OF 2

SUBJECT: Draft Minutes of the Finance Commission Special Meeting of May 6, 2024

DATE: May 8, 2024

ADJOURNMENT:

The meeting adjourned at 6:59 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the May 6, 2024, special meeting as approved by the Finance Commission.

Eric Lemon, Finance and Accounting Manager



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 05/13/2024

ITEM NO: 4

Item 4.

DATE: May 3, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Monthly Financial and Investment Report for March 2024

RECOMMENDATION:

Receive the Monthly Financial and Investment Report for March 2024.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Finance Director assumes the Town Treasurer role.

Attachment 1 contains the March 2024 Monthly Financial and Investment Report which fulfills this requirement. The March 2024 Monthly Financial and Investment Report will be presented to Town Council on May 21, 2024.

DISCUSSION:

The March 2024 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the end of the respective month. The fund balances were estimated at a point in time and will be finalized at the final close of the fiscal year.

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.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

DISCUSSION (continued):

As illustrated in the summary below, Total Cash is adjusted by the addition of Total Assets less the amount of Total Liabilities to arrive at the Ending Fund Balance – which represents the actual amount of funds available.

Reconciling Cash to Fund Balance - March 31, 2024		
Total Cash	\$	74,499,958
Plus: Assets	\$	13,049,455
Less: Liabilities	\$	(29,101,596)
Estimated Fund Balance	\$	58,447,817

As of March 31, 2024, the Town’s financial position (Assets \$87.55M, Liabilities \$29.10M, and Fund Equity \$58.45M) remains strong and there are no issues meeting financial obligations in the near future.

As of March 31, 2024, the Town’s weighted portfolio yield for investments under management was 4.34% which was 11 basis points above the Local Agency Investment Fund (LAIF) yield of 4.23% for the same reporting period. Currently, the LAIF portfolio’s weighted average maturity (WAM) is 226 days versus the Town’s longer WAM of 653 days. The longer maturity (WAM) for Town assets under management reflects the Town’s strategy to take advantage of higher yields associated with longer maturities balanced with shorter term yields available on investments held with the State’s LAIF. The Town’s weighted average rate of return on investments under management of 4.34% at the close of March was 2 basis points higher when compared to the prior month’s return of 4.32% reported as of February 29, 2024.

Since March 2023, LAIF yields had climbed from 283 basis points (2.83%) to 423 basis points (4.23%) through the end of March 2024.

Staff, in coordination with the Town’s investment advisor, primarily replaced maturing investments with long term maturities in the four-to-five-year maturity range. These investments capture current yields that exceed the rates expected to be earned in the LAIF pool during that same time period. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

On March 22, 2023, the Federal Reserve voted to approve a ¼ percentage basis point increase from 4.75% to 5.00%. This action was followed with additional hikes in May 2023 from 5.00% to 5.25% and July from 5.25 % to 5.5 %. Through these actions over time, the Federal Open Market Committee’s (FOMC) goal is to bring year to year inflation to its targeted level of 2%.

PAGE 3 OF 3

SUBJECT: Monthly Financial and Investment Report for March 2024

DATE: May 3, 2024

DISCUSSION (continued):

The US economy added 275,000 jobs in February, above consensus for 200,000. The prior two months were revised down by 160,000. The unemployment rate rose from 3.7% to 3.9% the highest since late 2020 while the labor force participation rate was unchanged at 62.5%.

The Town's investments are in compliance with the Town's Investment Policy dated February 21, 2023, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Receive Monthly Financial and Investment Report for March 2024.

Attachment:

1. Financial and Investment Report (March 2024)

**Town of Los Gatos
Summary Investment Information
March 31, 2024**

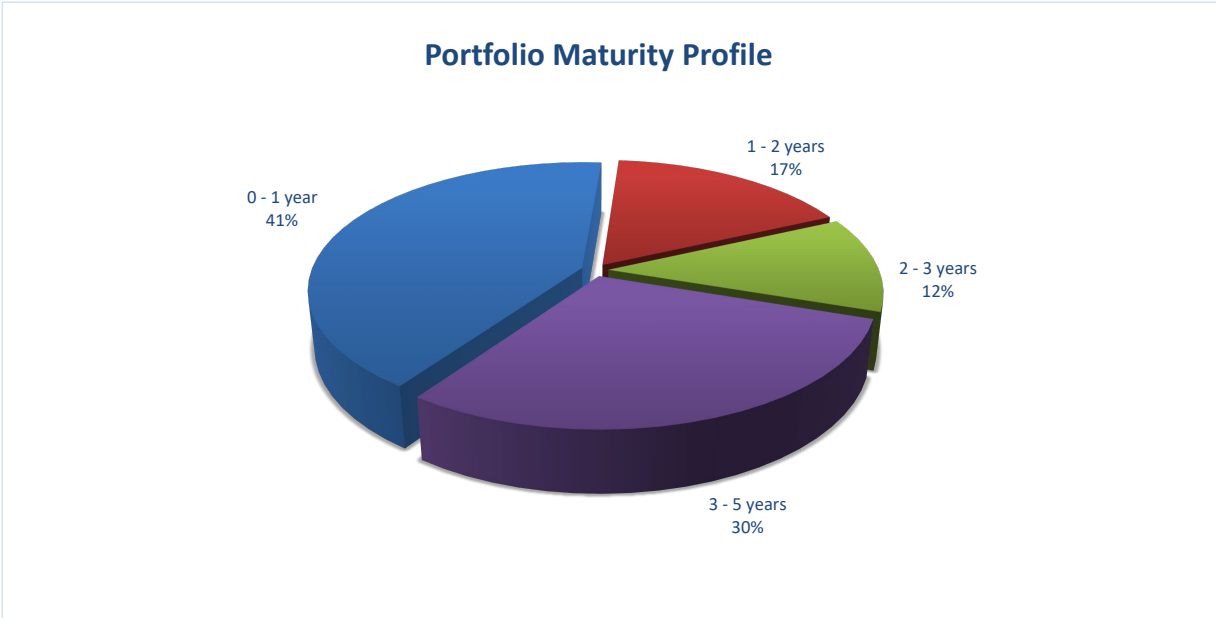
Weighted Average YTM Portfolio Yield on Investments under Management **4.34%**

Weighted Average Maturity (days) **653**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	\$74,499,958	\$71,152,030	\$70,079,332
Cert. of Participation 2002 Lease Payment Fund			
Managed Investments	\$49,565,242		
Local Agency Investment Fund	\$16,391,357		
Reconciled Demand Deposit Balances	\$8,543,360		
Portfolio Allocation & Treasurer's Cash Balances	\$74,499,958		

Benchmarks/ References:

Town's Average Yield	4.34%	4.32%	2.71%
LAIF Yield for month	4.23%	4.12%	2.83%
3 mo. Treasury	5.38%	5.39%	4.80%
6 mo. Treasury	5.33%	5.32%	4.91%
2 yr. Treasury	4.62%	4.62%	4.03%
5 yr. Treasury (most recent)	4.21%	4.25%	3.58%
10 Yr. Treasury	4.20%	4.25%	3.47%

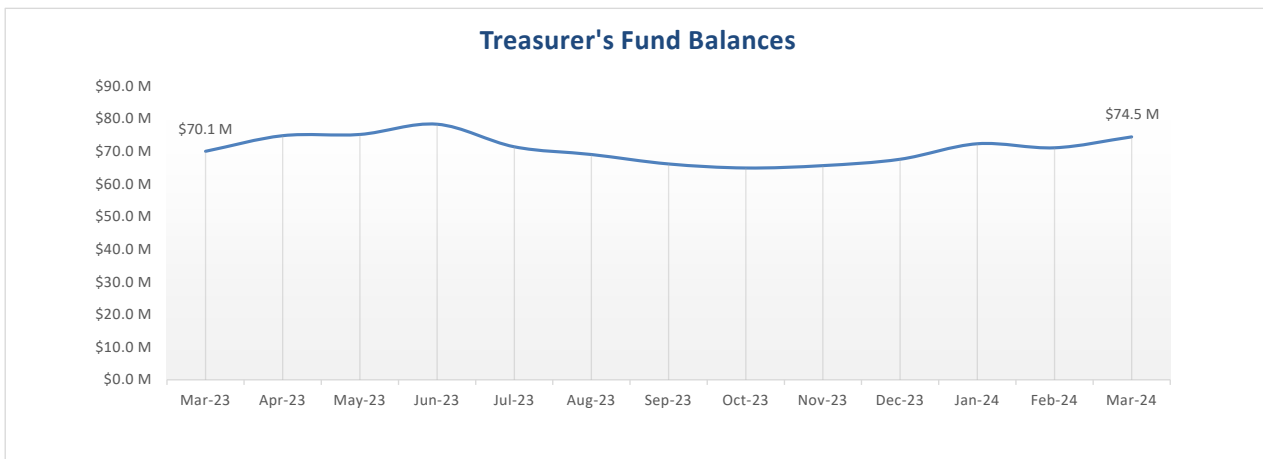
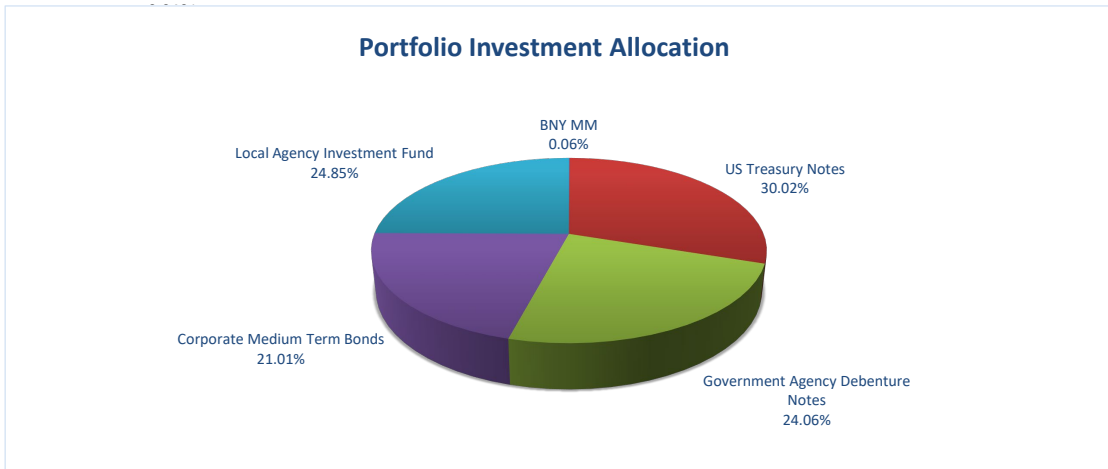


Compliance: The Town's investments are in compliance with the Town's investment policy dated February 21, 2023 and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
March 31, 2024**

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	\$ 71,152,030.35	\$ 78,384,947.79
Receipts	12,047,260.22	56,780,334.37
Disbursements	(8,699,332.81)	(60,665,324.40)
Cash & Investment Balances - End of Month/Period	<u>\$74,499,957.76</u>	<u>\$74,499,957.76</u>

Portfolio Allocation	Amount	% of Portfolio	Max. % or \$ Allowed per State Law or Policy
BNY MM	\$38,631.37	0.06%	20% of Town Portfolio
US Treasury Notes	\$19,802,509.31	30.02%	No Max. on US Treasuries
Government Agency Debenture Notes	\$15,867,942.90	24.06%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,856,158.01	21.01%	30% of Town Portfolio
Local Agency Investment Fund	\$16,391,356.50	24.85%	\$75 M per State Law
Subtotal - Ir Subtotal - Investments	<u>65,956,598.09</u>	100.00%	
Reconciled Demand Deposit Balances	<u>8,543,359.67</u>		
Total Portfolio Allocation & Treasurer's Cash Balances	<u>\$74,499,957.76</u>		



**Town of Los Gatos
Non-Treasury Restricted Fund Balances
March 31, 2024**

	Beginning Balance	March 2024 Deposits Realized Gain/Adj.	March 2024 Interest/ Earnings	March 2024 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	\$ 689,178.32	\$ -	\$ 2,732.05	\$ -	\$ 691,910.37	Note 1
Cert. Of Participation 2010 Ser Lease Payment Fund	100.71	-	0.29	-	101.00	Note 1
Cert. of Participation 2002 Ser A Lease Payment Fund	29,294.25	-	7.95	-	29,302.20	Note 1
Cert. of Participation 2010 Ser Reserve Fund	1,365,280.82	-	5,640.53	-	1,370,921.35	Note 2
Total Restricted Funds:	<u>\$ 2,083,854.10</u>	<u>\$ -</u>	<u>\$ 8,380.82</u>	<u>\$ -</u>	<u>\$ 2,092,234.92</u>	
CEPPT IRS Section 115 Trust	2,147,176.12	-	33,566.98	-	\$ 2,180,743.10	Note 3
Grand Total COP's and CEPPT Trust	<u>\$ 4,231,030.22</u>	<u>\$ -</u>	<u>\$ 41,947.80</u>	<u>\$ -</u>	<u>\$ 4,272,978.02</u>	

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

Note 1: The three original funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

Note 2: The 2010 COP Funds are all for the Library construction, reserves to guarantee lease payments, and a lease payment fund for the life of the COP issue. The COI fund was closed in September 2010.

Note 3: The CEPPT Section 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
March 31, 2024**

July 2023	\$	133,845.42
August 2023	\$	131,615.82
September 2023	\$	158,361.71
October 2023	\$	149,112.14
November 2023	\$	163,137.22
December 2023	\$	177,498.26
January 2024	\$	183,950.61
February 2024	\$	183,453.40
March 2024	\$	206,361.80
April 2024		-
May 2024		-
June 2024		-
	\$	<u>1,487,336.38</u>

Town of Los Gatos
Investment Schedule
March 31, 2024

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 / Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	0378313D3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,230,398.00	1,807.00		6/21/2027	4.19%	\$ 46,287.22	\$ 28,170.97	\$ 40,349.05	1177
Home Depot	437706BM3	Corporate Bond	3.00%	8/4/2022	991,960.00	1,000,000.00	(8,040.00)	964,850.00	(27,110.00)		1/1/2026	3.04%	\$ 34,750.00	\$ 29,252.66	\$ 24,372.64	641
US Treasury	912828ZW3	US Treasury Note	0.25%	8/9/2022	350,000.00	322,096.88	(27,903.12)	330,463.00	8,366.12		6/30/2025	3.16%	\$ 1,217.39	\$ 9,366.72	\$ 7,925.68	456
IBM	459200Y8	Corporate Bond	3.80%	3/25/2021	1,000,000.00	1,071,040.00	71,040.00	996,540.00	(74,500.00)		5/15/2024	0.71%	\$ 79,166.67	\$ 16,751.96	\$ 5,570.48	45
FFCB	3133ENSV8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	233,923.20	(5,251.00)		1/11/2027	3.76%	\$ 9,572.75	\$ 4,016.30	\$ 6,734.65	1016
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	741,400.00	28,874.82		3/31/2026	4.14%	\$ 9,000.00	\$ 23,165.06	\$ 23,334.77	730
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60	888,680.00	(18,688.60)		9/30/2025	4.14%	\$ 57,375.00	\$ 28,374.86	\$ 28,582.74	548
American Honda	02665WCZ2	Corporate Bond	2.40%	11/27/2019	1,000,000.00	1,012,410.01	12,410.01	992,570.00	(19,840.01)		6/27/2024	2.12%	\$ 108,733.34	\$ 76,483.79	\$ 16,043.51	88
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	500,000.00	(25,340.00)	481,235.00	(6,575.00)		3/15/2026	4.70%	\$ 15,644.44	\$ 17,865.15	\$ 17,543.13	714
Honeywell Int'l.	438516BW5	Corporate Bond	2.30%	11/20/2019	1,000,000.00	1,014,660.00	14,660.00	987,630.00	(27,030.00)		7/15/2024	1.64%	\$ 96,983.33	\$ 71,679.55	\$ 14,955.90	106
Caterpillar Financial Serv	14918QZV0	Corporate Bond	2.85%	2/23/2021	1,000,000.00	1,077,370.00	77,370.00	996,780.00	(80,590.00)		5/17/2024	0.44%	\$ 77,900.00	\$ 10,677.18	\$ 3,426.17	47
FNMA	3135G0V75	Gov. Agency Debenture	1.75%	10/17/2019	1,100,000.00	1,105,833.30	5,833.30	1,089,968.00	(15,865.30)		7/2/2024	1.63%	\$ 81,331.25	\$ 66,718.86	\$ 13,570.77	93
FFCB	3133EKQA7	Gov. Agency Debenture	2.08%	10/21/2019	1,000,000.00	1,019,780.00	19,780.00	986,260.00	(33,520.00)		9/10/2024	1.66%	\$ 91,231.11	\$ 61,888.40	\$ 12,625.60	163
FHLL	3135G05X7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	(97,047.60)	1,127,892.00	24,939.60		8/25/2025	3.04%	\$ 7,687.50	\$ 36,625.55	\$ 26,162.82	512
US Treasury	912828ZL7	US Treasury Note	0.38%	4/12/2022	1,700,000.00	1,583,927.57	(116,072.43)	1,618,247.00	34,319.43		4/30/2025	2.72%	\$ 9,879.49	\$ 54,017.06	\$ 33,456.51	395
FHLL	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,194,960.00	34,400.60		12/21/2026	4.15%	\$ 17,197.92	\$ 29,385.32	\$ 38,117.76	995
US Treasury	912828X70	US Treasury Note	2.00%	12/30/2019	1,000,000.00	1,010,589.29	10,589.29	997,300.00	(13,289.29)		4/30/2024	1.75%	\$ 76,703.30	\$ 61,478.37	\$ 13,228.91	30
US Treasury	912828X72	US Treasury Note	2.00%	10/31/2019	1,000,000.00	1,015,667.41	15,667.41	994,600.00	(21,067.41)		5/31/2024	1.64%	\$ 81,639.34	\$ 60,792.37	\$ 12,494.70	61
FHLL	3130APH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	929,950.00	22,940.00		10/28/2026	4.17%	\$ 8,354.17	\$ 15,544.14	\$ 26,064.86	94
FFCB	3133ENS6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,678,665.00	(28,067.00)		1/6/2028	3.91%	\$ 61,955.56	\$ 25,921.64	\$ 50,200.36	1376
Freddie Mac	3137EAEX3	Gov. Agency Debenture	0.38%	5/1/2023	750,000.00	689,032.50	(60,967.50)	702,652.50	13,620.00		9/23/2025	3.97%	\$ 2,516.22	\$ 4,638.18	\$ 21,258.35	541
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	597,792.00	(11,064.00)		1/12/2028	4.34%	\$ 18,878.33	\$ 3,603.61	\$ 19,818.86	1382
US Treasury	91282CFE4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,420,725.00	4,098.88		3/31/2027	4.09%	\$ 30,327.87	\$ 3,416.23	\$ 44,736.40	1095
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,074,569.00	(5,989.59)		12/15/2025	4.40%	\$ 40,852.46	\$ 2,515.25	\$ 69,169.29	624
Cotiate-Palmolive	19416ZAR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	505,465.00	810.00		2/1/2028	4.37%	\$ 14,502.79	\$ -	\$ 15,716.00	1402
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)	467,290.00	12,133.00		11/7/2025	4.63%	\$ 784.72	\$ -	\$ 15,605.88	586
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	499,345.00	(2,612.50)		7/17/2026	4.48%	\$ 11,562.50	\$ -	\$ 15,885.09	838
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	593,892.00	(2,238.00)		8/23/2027	4.29%	\$ 15,056.25	\$ -	\$ 18,355.23	1240
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	935,270.00	13,780.00		12/23/2027	5.23%	\$ 15,979.17	\$ -	\$ 34,436.14	1362
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,290,250.00	(410.60)		10/31/2027	4.31%	\$ 13,406.25	\$ -	\$ 37,315.31	1309
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,630,992.00	13,824.00		11/10/2027	5.16%	\$ 18,165.67	\$ -	\$ 49,875.60	1319
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,260,048.00	21,840.86		8/15/2028	4.76%	\$ 24,211.96	\$ -	\$ 28,679.96	1598
PepsiCo Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	965,560.00	17,990.00		11/24/2025	5.24%	\$ 10,133.33	\$ -	\$ 24,410.91	603
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,003,440.00	9,102.00		9/1/2026	4.96%	\$ 18,208.33	\$ -	\$ 23,036.51	884
Freddie Mac	3137EAEP0	Gov. Agency Debenture	1.50%	10/13/2023	1,000,000.00	951,540.00	(48,460.00)	969,430.00	17,890.00		2/12/2025	5.32%	\$ 4,958.33	\$ -	\$ 23,867.86	318
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	966,090.00	16,050.94		6/30/2027	4.73%	\$ 6,711.96	\$ -	\$ 21,036.51	1186
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,238,458.00	24,121.61		4/30/2027	4.82%	\$ 21,421.61	\$ -	\$ 25,084.12	1125
US Treasury	912828YV6	US Treasury Note	1.50%	11/15/2023	700,000.00	637,667.97	(62,332.03)	653,000.00	(54,332.03)		11/30/2024	5.35%	\$ 430.33	\$ -	\$ 13,400.57	244
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,900.39	(51,099.61)	635,053.50	11,153.11		7/31/2025	4.92%	\$ 353.09	\$ -	\$ 11,853.38	487
US Treasury	91282CGU9	US Treasury Note	3.88%	11/30/2023	1,000,000.00	983,515.62	(16,484.38)	988,790.00	5,274.38		3/31/2025	5.17%	\$ 12,916.67	\$ -	\$ 17,081.61	365
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	795,024.00	(3,623.55)		6/30/2028	3.99%	\$ 305.71	\$ -	\$ 9,305.75	1552
FNMA	3135G0O22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	843,957.00	(1,719.00)		9/24/2026	4.22%	\$ 4,359.38	\$ -	\$ 10,112.70	907
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	950,080.00	(10,274.91)		7/31/2027	3.95%	\$ 2,167.12	\$ -	\$ 9,407.17	1217
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,755,288.00	(19,897.72)	8,557.37	5/31/2028	3.97%	\$ (8,557.37)	\$ -	\$ 14,376.91	1522
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,387,834.00	(8,694.00)		7/25/2027	4.93%	\$ 1,131.90	\$ -	\$ 11,131.98	1211
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	980,380.00	(8,820.00)	1,642.33	7/22/2027	4.89%	\$ (1,642.33)	\$ -	\$ 7,323.46	1208
Treasury	91282CHB0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,152,005.25	42.33	11,701.58	5/15/2026	4.56%	\$ (11,701.58)	\$ -	\$ 5,367.44	775
US Treasury	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00	1,003,680.00	620.00		3/13/2026	4.72%	\$ 2,979.17	\$ -	\$ 4,271.99	712
FFCB	3133EPSU5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,690,004.00	2,023.00	1,558.33	3/20/2029	4.28%	\$ (1,558.33)	\$ -	\$ 596.20	1815
Subtotal					\$ 50,786,000.00	\$ 49,526,610.22	\$(1,259,389.78)	\$ 49,452,353.45	\$(74,256.77)	\$ 24,591.51			\$ 1,221,786.28	\$ 742,350.18	\$ 1,017,303.15	
BNY MM		Money Market				38,631.37		38,631.37	0.00			0.00%				1
LAIF		State Investment Pool				16,296,356.50		16,296,143.49	(95,213.01)			4.23%			377,767.72	1
						65,956,598.09		\$65,787,128.81	(\$169,469.78)	\$24,591.51			\$ 1,221,786.28	\$ 742,350.18	\$ 1,395,070.87	
Matured Assets																\$ 92,265.50
PNC Financial	69349LAM0	Corporate Bond	3.80%	2/7/2022	1,000,000.00	1,033,470.00	33,470.00									

Town of Los Gatos
 Investment Transaction Detail
 March 31, 2024

Date	Cusip/Id	Description	Transaction Type	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
3/1/2024	194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	BOND INTEREST	3/1/2024	500,000	4.600%	3/1/2028	-	-	11,500.00	11,500.00
3/1/2024	3133EPUW3	FEDERAL FARM CREDIT BANK 4.75% 01SEP2026	BOND INTEREST	3/1/2024	1,000,000	4.750%	9/1/2026	-	-	23,750.00	23,750.00
3/4/2024	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	3/4/2024	602.92	0.000%		100.00	-	-	602.92
3/11/2024	3133EKQA7	FEDERAL FARM CREDIT BANK 2.08% 10SEP2024	BOND INTEREST	3/10/2024	1,000,000	2.080%	9/10/2024	-	-	10,400.00	10,400.00
3/12/2024	037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	BOND INTEREST	3/12/2024	1,300,000	2.900%	9/12/2027	-	-	18,850.00	18,850.00
3/13/2024	3130AXB31	FEDERAL HOME LOAN BANK 4.875% 13MAR2026	BOND INTEREST	3/13/2024	1,000,000	4.875%	3/13/2026	-	-	23,562.50	23,562.50
3/25/2024	3137EAEX3	FREDDIE MAC 0.375% 23SEP2025	BOND INTEREST	3/23/2024	750,000	0.375%	9/23/2025	-	-	1,406.25	1,406.25
3/25/2024	3135G0Q22	FANNIE MAE 1.875% 24SEP2026	BOND INTEREST	3/24/2024	900,000	1.875%	9/24/2026	-	-	8,437.50	8,437.50
3/28/2024	3133EP5U5	FEDERAL FARM CREDIT BANK 4.125% 20MAR2029	PURCHASE	3/28/2024	1,700,000	4.125%	3/20/2029	99.29	1,687,981.00	1,558.33	1,689,539.33
3/28/2024	3133EMBE1	FEDERAL FARM CREDIT BANK 0.3% 28MAR2024 CALLABLE	BOND INTEREST	3/28/2024	1,600,000	0.300%	3/28/2024	-	-	2,400.00	2,400.00
3/28/2024	3133EMBE1	FEDERAL FARM CREDIT BANK 0.3% 28MAR2024 CALLABLE	REDEMPTION	3/28/2024	1,600,000	0.300%	3/28/2024	100.00	1,600,000.00	-	1,600,000.00

Town of Los Gatos								
Insight ESG Ratings as of March 31, 2024								
Security Description	Maturity Date	Par/Shares	S&P Rating	Moody Rating	Insight ESG Rating	Environment	Social	Governance
IBM CORP 3.0% 15MAY2024	5/15/2024	\$ 1,000,000	A-	A3	2	1	2	4
CATERPILLAR FIN SERVICES 2.85% 17MAY24	5/17/2024	\$ 1,000,000	A	A2	4	5	3	4
AMERICAN HONDA FINANCE 2.4% 27JUN2024	6/27/2024	\$ 1,000,000	A-	A3	3	3	3	3
HONEYWELL INTERNATIONAL 2.3% 15AUG2024 (CALLABLE 15JUL24)	8/15/2024	\$ 1,000,000	A	A2	4	3	4	4
PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	\$ 1,000,000	A+	A1	2	2	2	3
HOME DEPOT INC. 3% 01APR2026 (CALLABLE 01JAN2026)	4/1/2026	\$ 1,000,000	A	A2	2	3	2	3
JPMORGAN CHASE & CO 3.2 15JUN2026 (CALLABLE 15MAR26)	6/15/2026	\$ 500,000	A-	A1	3	1	3	4
APPLE INC. 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	\$ 1,300,000	AA+	Aaa	4	1	4	5
TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	\$ 1,600,000	A+	A1	4	2	3	4
AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	\$ 600,000	A-	A3	3	3	3	3
PNC BANK NA 3.25% 22JAN2028 (CALLABLE 01 FEB28)	1/22/2028	\$ 1,000,000	A	A2	3	2	3	3
COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	\$ 500,000	AA-	Aa3	3	2	3	3
US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	\$ 1,000,000	A	A3	3	3	4	3
JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL28)	7/25/2028	\$ 1,400,000	A-	A1	3	1	3	4
Total/Average		\$ 13,900,000			3.1	2.3	2.9	3.6

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

Fund Schedule

Item 4.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2023	Increase/ (Decrease) July - Feb	Mar 2024				Estimated Fund Balance 3/31/2024*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	1,400,163	-	-	-	-	-	1,400,163
	Land Held for Resale	44,338	-	-	-	-	-	44,338
	Committed Fund Balances:							
	Budget Stabilization	6,129,774	-	-	-	-	-	6,129,774
	Catastrophic	6,129,775	-	-	-	-	-	6,129,775
	Pension/OPEB	300,000	-	-	-	-	-	300,000
	Measure G District Sales Tax	590,581	-	-	-	-	-	590,581
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	10,359,577	-	-	-	-	-	10,359,577
	Carryover Encumbrances	37,698	-	-	-	-	-	37,698
	Compensated Absences	1,580,623	-	-	-	-	-	1,580,623
	ERAF Risk Reserve	689,608	-	-	-	-	-	689,608
	Council Priorities - Economic Recovery	1,556,614	-	-	-	-	-	1,556,614
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	(964,810)	4,006,016	(4,009,957)	-	-	(968,751)
	General Fund Total	29,528,304	(964,810)	4,006,016	(4,009,957)	-	-	28,559,553

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

Fund Schedule

Item 4.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2023	Increase/ (Decrease) July - Feb	Mar 2024				Estimated Fund Balance 3/31/2024*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
SPECIAL REVENUE								
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	629,843	50,593	29,996	(17,874)	-	-	692,558
231-236	Landscape & Lighting Districts	176,964	2,564	-	(672)	-	-	178,856
251	Los Gatos Theatre	74,991	37,607	9,830	(194)	-	-	122,234
711-716	Library Trusts	530,173	70,432	-	(5,148)	-	-	595,457
Special Revenue Total		1,578,624	161,196	39,826	(23,888)	-	-	1,755,758
CAPITAL PROJECTS								
411	GFAR - General Fund Appropriated Reserve	21,725,837	(1,399,369)	87,279	(186,014)	-	-	20,227,733
412	Community Center Development	-	866,281	-	-	-	-	866,281
421	Grant Funded Projects	(406,890)	35,775	-	(232,742)	-	-	(603,857)
461-463	Storm Basin Projects	3,218,331	167,517	3,952	-	-	-	3,389,800
471	Traffic Mitigation Projects	431,079	-	-	-	-	-	431,079
472	Utility Undergrounding Projects	3,438,996	20,806	794	-	-	-	3,460,596
481	Gas Tax Projects	1,671,245	(491,746)	136,769	-	-	-	1,316,268
Capital Projects Total		30,078,598	(800,736)	228,794	(418,756)	-	-	29,087,900
INTERNAL SERVICE FUNDS								
611	Town General Liability	212,022	3,189	-	(18,165)	-	-	197,046
612	Workers Compensation	514,813	(517,420)	17,333	(66,412)	-	-	(51,686)
621	Information Technology	2,474,618	(153,622)	165,303	(23,629)	-	-	2,462,670
631	Vehicle & Equipment Replacement	2,413,719	466,319	256,685	-	-	-	3,136,723
633	Facility Maintenance	927,700	55,580	235,808	(65,513)	-	-	1,153,575
Internal Service Funds Total		6,542,872	(145,954)	675,129	(173,719)	-	-	6,898,328
Trust/Agency								
942	RDA Successor Agency	(6,187,789)	(1,665,816)	-	(117)	-	-	(7,853,722)
Trust/Agency Fund Total		(6,187,789)	(1,665,816)	-	(117)	-	-	(7,853,722)
Total Town		61,540,609	-	4,949,765	(4,626,437)	-	-	58,447,817

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

Deposit Accounts of Interest:

- 111-23541 General Plan Update deposit account balance \$697,897.51
- 111-23521 BMP Housing deposit account balance \$4,021,280.60



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 05/13/2024

ITEM NO: 5

Item 5.

DATE: May 9, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Conclude Recommendations to the Town Council Regarding the Proposed Fiscal Year (FY) 2024/25 Operating and Capital Improvement Program (CIP) Budgets

RECOMMENDATION:

Conclude recommendations to the Town Council regarding the Proposed FY 2024/25 Proposed Operating and Capital Budgets.

BACKGROUND:

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

(a) The Finance Commission shall:

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

(B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Assistant Town Manager

PAGE 2 OF 3

SUBJECT: Proposed FY 2024/25 Operating and Capital Budgets

DATE: May 9, 2024

BACKGROUND (continued):

On April 22, 2024, the Proposed FY 2024/25 Operating and Capital Budgets were posted to the Town's website and the links (listed below) were provided to the Finance Commission. For Commissioners who were interested in hard copies, the documents were provided. Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 21, 2024, which is the first meeting at which the Proposed Budgets will be considered by the Town Council.

Proposed Operating Budget:

<https://www.losgatosca.gov/2957/Proposed-FY-2024-25-Operating-Budget>

CIP Budget:

<https://www.losgatosca.gov/2956/Proposed-FY-2024-25-Capital-Budget>

DISCUSSION:

At the Finance Commission special meeting on April 29, 2024, the Finance Commission began its discussion of the Operating Budget and focused on the Capital Budget at the May 6 meeting. The Finance Commission requested additional details that were provided either in writing or answered during the meeting.

At its May 6 meeting, the Commission requested additional details on General Fund charges and services, intergovernmental revenues, and consultant and contractor services. Detailed information can be found in Attachment 1.

The Commission also inquired about the percentage complete and percentage spent on the on the Enterprise Resource Planning (ERP) project. Currently the project is 75% complete and 64% of the allocated budget has been expended.

In response to questions, the Parks and Public Work Department has provided additional information on FY 2024/25 CIP project delivery methods (Attachment 2) and information on the Highway 17 Bicycle and Pedestrian Overcrossing Project (Attachment 3).

A list of updates to the Proposed Budgets based upon further staff review and Commission comments are listed in Attachment 4.

The Finance Commission is scheduled to complete its recommendations on the Budget at its regular meeting on May 13, 2024. The Commission's final comments and recommendations to Council will be transmitted to the Town Council for its May 21, 2024 public hearing on the Proposed FY 2024/25 Proposed Operating and Capital Budgets.

PAGE 3 OF 3

SUBJECT: Proposed FY 2024/25 Operating and Capital Budgets

DATE: May 9, 2024

CONCLUSION:

Staff looks forward to the Commission's questions, discussion, comments, and recommendations.

Attachments:

1. Additional Detailed Information
2. Summary of FY 2024/25 CIP Projects and Delivery Methods
3. Additional Information on Highway 17 Bicycle and Pedestrian Overcrossing Project
4. Corrections and clarifications to the Proposed FY 2024/25 Operating and Capital Budgets
5. Commissioner Communication

Please see detailed information related to General Fund Intergovernmental and Town Services Revenue as presented on page C-8 in the Proposed FY 2024/25 Operating and Capital Summary Budget.

	GENERAL FUND				
	2020/21	2021/22	2022/23	2023/24	2024/25
	Actuals	Actuals	Actuals	Estimated	Proposed
Intergovernmental Revenue					
Intergovernmental - Federal	\$ 391,855	\$ 6,060	\$ 16,941	\$ 84,700	\$ 162,000
Intergovernmental - State	703,006	805,475	750,405	663,242	575,550
Intergovernmental - Other	478,836	451,817	786,051	600,057	687,889
Total Intergovernmental Revenue	\$ 1,573,697	\$ 1,263,352	\$ 1,553,397	\$ 1,347,999	\$ 1,425,439

	GENERAL FUND				
	2020/21	2021/22	2022/23	2023/24	2024/25
	Actuals	Actuals	Actuals	Estimated	Proposed
Town Services Revenue					
Town Services - Townwide Administrative	\$ 148,175	\$ 158,493	\$ 236,406	\$ 184,478	\$ 142,900
Town Services - Planning and Building	2,422,615	2,631,254	2,003,714	1,964,209	2,018,337
Town Services -Public Safety	125,357	233,491	327,111	373,507	202,839
Town Services -Monte Sereno Police Seervices	920,160	967,085	1,010,604	1,071,240	1,135,514
Town Services -Engineering and Parks and Public Works	1,219,654	1,445,446	1,201,208	1,404,236	1,165,670
Total Town Services Revenue	\$ 4,835,961	\$ 5,435,769	\$ 4,779,043	\$ 4,997,670	\$ 4,665,260

Please see detailed information related to General Fund Consultant and Contract Services as presented on page C-8 in the Proposed FY 2024/25 Operating and Capital Summary Budget.

	GENERAL FUND				
	2020/21	2021/22	2022/23	2023/24	2024/25
	Actuals	Actuals	Actuals	Estimated	Proposed
Consultant and Contract Services					
Contract Services - Admin	\$ 729,843	\$ 1,169,324	\$ 627,426	\$ 1,193,970	\$ 803,900
Contract Services - Legal	10,168	135,829	217,294	400,000	550,000
Contract Services - IT	166,321	181,649	225,912	225,646	314,144
Contract Services - Animal Services	237,747	241,076	252,004	262,345	272,850
Contract Services - Crossing Guards	52,916	165,712	189,673	208,043	50,000
Contract Services - CDD	75,165	133,590	109,883	77,500	50,000
Contract Services - Police	106,057	94,703	101,561	120,852	131,700
Contract Services - PPW	544,456	526,100	579,300	761,849	756,173
Contract Services - Below Market and Rental Mediation	136,108	129,729	130,330	130,000	130,000
Total Consultant and Contract Services	\$ 2,058,781	\$ 2,777,712	\$ 2,433,383	\$ 3,380,205	\$ 3,058,767

Summary of CIP Projects (24/25) and Delivery Method

Project Number	Project Name	Project Delivery Method	Notes
811-9901	Street Repair and Resurfacing	Design Bid Build	Annual Project
811-9902	Annual Street Restriping	Combined with 9901	Annual Project
811-9904	Unanticipated Repairs	Three Quotes	
815-9930	Retaining Wall Repair and Guardrails	TBD	Small repairs made as needed; funding is being built for larger projects
811-0008	Shannon Road Repair	Design Bid Build	Bidding planned fall 2024
811-0010	Blossom Hill Road Union to Camden	Study and Quick Build	May be implemented through annual paving project 9901;
812-0130	Roadside Fire Fuel Reduction	Formal Bid	Annual Project; dedicated Project Manager funded by grants
812-0131	East Main Street Speed Table/Raised Crosswalk	Design Bid Build	May be implemented through Annual Paving Project 9901
812-0133	VMT Mitigation Program	NA	Planned completion Summer 2024
812-0134	Measure B Education & Encouragement	NA	Measure B Grant Pass Through; funds Safe Routes to School
812-0135	Town-wide Speed Studies	Three Quotes	Legally mandated
813-9921	Curb, Gutter & Sidewalk Maintenance	Design Bid Build	Annual Project
813-0218	Shannon Road Pedestrian and Bikeway Improvements	Design Bid Build	Bid Opening May 2024; summer 2024 Construction
813-0225	Utility Undergrounding Improvements	NA	No project planned; funding source is specific to undergrounding
813-0227	Traffic Signal Modernization	NA	Project completion Summer 2024
813-0235	Downtown Streetscape Revitalization/Economic Recovery Efforts	NA	Project Completion Fall 2024
813-0237	Highway 17/9 Interchange and Capacity Improvements	Design Bid Build	VTA Lead
813-0240	Winchester Class IV Bikeway	NA	Project Complete but remains open for grant reporting
813-0241	Kennedy Sidewalk & Bike Lanes - LGB to Englewood	Design Bid Build	
813-0242	Parking Program Implementation	Varies	funding includes wayfinding and signage staffing; consultant fees
813-0244	Overlook Road Trees	Three Quotes	Funded by Tree Mitigation Fees

Summary of CIP Projects (24/25) and Delivery Method

813-0414	Stormwater System - Pollution Prevention Compliance	Three Quotes	
813-0420	Annual Storm Drain Improvement Project	TBD	Stormwater Funds; not available for other uses
813-0421	Loma Street Drainage	Study Phase	Stormwater Funds; not available for other uses
813-0422	Harwood/Belridge Drainage Study	Study Phase	Stormwater Funds; not available for other uses
813-0423	709 University Avenue Drainage System Replacement	Three Quotes	Stormwater Funds; not available for other uses
813-0424	333 University Avenue Inlet Capacity Improvements	Three Quotes	Stormwater Funds; not available for other uses
813-0425	Storm Drainage System Mapping	Consultant Proposals	Stormwater Funds; not available for other uses
813-0705	Downtown Parking Lots Seal Coat & Restriping	Three Quotes	
813-0708	Parking Lot 4 Repair & Waterproofing	Three Quotes	
818-0801	Quito Road - Bridge Replacement	Design Bid Build	Saratoga Lead
818-0803	Highway 17 Bicycle & Pedestrian Bridge - Design	Design Bid Build	
818-0804	Timber Bridge Inspection	Three Quotes	
831-4007	Oak Meadow Bandstand Area Improvements	Design Bid Build	
831-4008	Oak Meadow Park Plane Recoating	Three Quotes	
831-4202	Town Plaza Turf Repairs	Three Quotes or In House	
831-4404	Creekside Park Turf Replacement	Design Bid Build	
831-4605	Parks Playground Fibar Project	Three Quotes	
831-4610	Pinehurst Community Garden	Design Bid Build	
831-4611	Sport Court Surface and Striping - LaRinconada and Blossom Hill Pk	Formal Bid	
832-4503	Charter Oaks Trail Repair	TBD	
832-4504	Open Space Trail Upgrades	Formal Bid	
832-4505	Los Gatos Creek Trail to Highway 9 Trailhead Connector Project	NA	Construction Completion March 2025
832-4508	Vegetation Management - Town Wide	Formal Bid	

Summary of CIP Projects (24/25) and Delivery Method

832-4510	Lynn Ave Pedestrian Path Design	Design Bid Build	
821-2002	Town Beautification	Three Quotes	
821-2009	Public Art Gateway Project	NA	
821-2012	Emergency Preparedness	NA	
821-2013	Annual ADA Compliance Work	NA	
821-2117	ADA Restrooms And HR Offices	Design Bid Build	
821-2120	Civic Center Plumbing Repair & HVAC Repairs	Three Quotes	
821-2121	Town Manager Roof Repairs	Three Quotes	Project Completion Summer 2024
821-2208	Adult Recreation Center Interim Community Center	NA	
821-2302	Building Replacement at Corporation Yard	NA	Project Completion Summer 2024
831-2310	Engineering Counter Modifications	Three Quotes	Project Completion Summer 2024
831-2311	Fleet Service Outdoor Work Area (Design Phase)	Design Proposals from On-Call List	
831-2404	POB Space Study	Design Proposals from On-Call List	
831-2504	Library Improvements		
831-2505	Battery Power Supply - Library	NA	Project Completion Summer 2024
831-2601	ADA Upgrade Public Restrooms - Adult Recreation Building	NA	Project Completion Summer 2024
841-6003	Town-Wide Document Imaging Project	NA	
841-6101	Enterprise Resource Planning (ERP) Upgrade	NA	
841-6103	EOC Communications Upgrade	NA	
841-6104	IT Disaster Recovery Improvements	NA	



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 2/20/2024

ITEM NO: 9

Item 5.

DATE: February 15, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Approve the Following Action for the Highway 17 Bicycle and Pedestrian Overcrossing (Project No. 818-0803):
a. Authorize the Town Manager to Execute a First Amendment to the Agreement for Consultant Services with BKF Engineers Inc. for Construction Phase Grant Writing Services, increasing the amount by \$48,735 for a Total Agreement Not to Exceed \$3,048,735

RECOMMENDATION:

Approve the following action for the Highway 17 Bicycle and Pedestrian Overcrossing (Project No. 818-0803):

- a. Authorize the Town Manager to execute a first amendment to the agreement for consultant services with BKF Engineers Inc. (BKF) for construction phase grant writing services, increasing the amount by \$48,735 for a total agreement not to exceed \$3,048,735 (Attachment 2).

BACKGROUND:

The Highway 17 Bicycle and Pedestrian Overcrossing Project is a high priority project in the Town's adopted Bicycle and Pedestrian Master Plan (BPMP). The project would improve bicycle and pedestrian mobility, encourage active transportation, close a gap in the Town's bicycle network, and enhance safety for all modes of travel on Blossom Hill Road between Roberts Road West and Roberts Road East. Blossom Hill Road is a high-volume transportation corridor and route to school for the Town.

PREPARED BY: Sean Rose
Special Projects Manager

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

PAGE 2 OF 5

SUBJECT: Highway 17 Bicycle/Pedestrian Overcrossing Project (CIP No. 818-0803)

DATE: February 15, 2024

BACKGROUND (continued):

The project is being led by the Town with significant funding support from the 2016 Santa Clara Countywide Measure B Program and design oversight by Caltrans for the portion of the project within Caltrans' Highway 17 right of way.

The project's feasibility study was completed in 2020 and included several public meetings, pop-up events, and other community engagement activities. Overall, the project received strong support from the community. Based on the feasibility analysis, engineering assessment, and past Council direction, the plan proposes: 1) a new 20-foot wide bicycle/pedestrian bridge over Highway 17 south of the existing Blossom Hill Road overcrossing; 2) pathways on the east and west sides of the new bridge to provide a new, continuous bicycle and pedestrian pathway between Roberts Road West and Roberts Road East; 3) safety enhancements to the Blossom Hill Road/Roberts Road West and Blossom Hill Road/Roberts Road East intersections; and 4) modifications to the existing vehicle and bicycle lane configurations and pedestrian facilities on Blossom Hill Road. A Location Map of these project improvements is shown in Attachment 1.

The following is a brief chronology of past Town Council actions associated with the project:

- On June 13, 2019, Council authorized the issuance of a Request for Proposals (RFP) for the project's feasibility study and authorized the consultant agreement in an amount not to exceed \$234,456.
- On March 3, 2020, Council approved the project's purpose and need, and authorized staff to proceed with design alternatives for a separate bicycle and pedestrian overcrossing.
- On September 1, 2020, at the recommendation of the Town's Complete Streets and Transportation Commission (CSTC), Council adopted the 2020 BPMP update identifying the project as a high priority.
- On September 1, 2020, Council approved the feasibility study, directed staff to proceed with final design of a separate 16- to 20-foot wide bridge south of Blossom Hill Road and analyze three bridge types (steel truss, steel arch, and concrete), authorized the submittal of an Active Transportation Program (ATP) grant application for construction, and committed up to \$1 million in FY23-24 budget funding as a local match for the ATP grant.
- On December 1, 2020, Council authorized a Measure B grant funding agreement in the amount of \$2,754,990 for project design, authorized \$946,210 in Town General Fund monies as a required local match for the Measure B grant, authorized issuance of an RFP for project design, authorized the Town Manager to sign a consultant agreement in an

PAGE 3 OF 5

SUBJECT: Highway 17 Bicycle/Pedestrian Overcrossing Project (CIP No. 818-0803)

DATE: February 15, 2024

BACKGROUND (continued):

amount not to exceed \$3,000,000 and approved the project's community engagement plan. On May 20, 2021, the Town entered into an agreement for consultant services with BKF for project design including preliminary engineering, environmental review, and final design in an amount not to exceed \$3,000,000 consistent with the Council action that had been taken on December 1, 2020.

- On November 9, 2022, Town Council received an update on the project's community outreach activities and the preferred bridge type and approved the concrete box girder as the preferred bridge type for project design.

DISCUSSION:

Since May 2021, the project team has made significant progress on preliminary engineering and environmental review. Staff has continued to engage with project stakeholders for additional input, including the Los Gatos Union School District, Safe Routes to School Program, Complete Streets and Transportation Commission, Arts and Culture Commission, and others.

The design team expects to complete preliminary engineering and obtain environmental clearance in April 2024, after which work on final design will commence. Final design is anticipated to be complete by early 2025 at which time it will be ready for construction bidding if funding is available. The project is fully funded through final design.

The current estimate of the total construction cost is \$25 million. The Town will need to obtain construction funding prior to advertising the project for construction bids. The majority of the funding is anticipated to come from Federal and/or State grant programs. Based on staff's research and recent communication with the California Transportation Commission (CTC), Metropolitan Transportation Commission (MTC), and Valley Transportation Agency (VTA), staff recommends applying for the Active Transportation Program (ATP) and Safe Streets For All (SS4A) grant programs. The ATP and SS4A programs are anticipated to begin accepting applications in March 2024 and February 2024, respectively, with applications due in June or July 2024.

The grant applications are competitive and successful applications typically require numerous exhibits, schematics, photo essays, visual simulations, data analyses, and other documents. Staff requested a proposal from BKF to assist Town staff with the applications. BKF's proposal is provided in Exhibit B of Attachment 2. Staff believes the proposed scope of work and \$48,735 fee are reasonable and will significantly enhance the Town's competitiveness for the grants. As the project design consultant, BKF is ideally suited to provide these services. Staff recommends amending BKF's agreement for the additional services they can commence work on the applications as soon as possible.

PAGE 4 OF 5

SUBJECT: Highway 17 Bicycle/Pedestrian Overcrossing Project (CIP No. 818-0803)

DATE: February 15, 2024

DISCUSSION (continued):

The construction grant programs require a minimum local funding match of 20% of the total project cost in order to maximize the Town's competitiveness for the grants. The estimated total project cost is \$29 million (\$4 million for design plus \$25 million for construction), resulting in a required local match of \$5.8 million. The funding sources used for the existing project budget of \$4,457,880 (see fiscal table) qualify as local match; therefore, an additional \$1,342,120 in local match will be needed if the grant applications are successful. Staff will identify potential funding sources for the match through the Capital Improvement Program Budget that will be presented in April 2024. While Town funds may be needed for this match, staff is actively seeking additional Measure B funds which could limit the Town's General Fund contribution to less than the \$1,342,120.

CONCLUSION:

The Town Council's authorization of the first amendment to BKF's consultant agreement for the Highway 17 Bicycle/Pedestrian Overcrossing Project design would allow BKF to provide additional grant writing consulting services to submit construction phase funding grant applications for the ATP and SS4A grant programs on behalf of the Town.

If these applications are successful, additional funds will be required for the local match. Staff is working to identify potential sources for this match.

COORDINATION:

This report is coordinated with the Finance Department.

FISCAL IMPACT:

The current project budget, including approval of the BKF amendment, is provided in the table below. The proposed BKF amendment would not increase the overall project budget; it would come from the previously approved design contingency budget, decreasing it from \$300,000 to \$251,265. The budget reflects the cost of the feasibility study and project design phases. As shown in the table, there is an estimated \$601,745 surplus from those phases that can be allocated to the construction phase as part of the local match.

SUBJECT: Highway 17 Bicycle/Pedestrian Overcrossing Project (CIP No. 818-0803)

DATE: February 15, 2024

FISCAL IMPACT (continued):

Highway 17 Bicycle and Pedestrian Overcrossing Project		
CIP No. 818-0803		
	Budget	Costs
TDA Article 3	\$87,451	
2016 Measure B	\$2,754,900	
Traffic Impact Mitigation Fund	\$147,005	
GFAR	\$946,210	
GFAR/Development In-Lieu Fee	\$522,314	
Total Budget	\$4,457,880	
BKF Engineers - Feasibility Study		\$234,456
BKF Engineers - Final Design Existing Contract		\$3,000,000
BKF Engineers - First Amendment Requested with this Staff Report		\$48,735
Design Contingency		\$251,265
Independent Structural Review		\$50,000
Caltrans Cooperative Agreement		\$55,691
Part-Time Staff Cost		\$215,988
Total Expenditures		\$3,856,135
Remaining Budget for Construction Phase		\$601,745

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is statutorily exempt under Section 21080.25. A Notice of Exemption has been filed.

Attachments:

1. Location Map
2. First Amendment to Agreement for Consultant Services with BKF Engineers Inc. for the Highway 17 Bicycle and Pedestrian Overcrossing Project #19-818-0803 with Exhibit A (Original Agreement) and Exhibit B (Grant Writing Scope of Services)



HIGHWAY 17 BICYCLE AND PEDESTRIAN OVERCROSSING

LOCATION MAP

ATTACHMENT 1



FIRST AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES

This FIRST AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES is dated for identification this 20th day of February 2024 and amends that certain AGREEMENT FOR CONSULTANT SERVICES FOR THE HIGHWAY 17 BICYCLE AND PEDESTRIAN OVERCROSSING PROJECT #19-818-0803, dated May 20, 2021, made by and between the Town of Los Gatos, ("Town,") and BKF Engineers Inc. ("CONSULTANT") identified as a California corporation and whose address is 1730 N. First Street, Suite 600, San Jose, CA 95112.

RECITALS

- A. Town and CONSULTANT entered into an agreement for Consultant Services on May 20, 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 add to the scope of work to include grant writing services for construction phase grant applications for the Highway 17 Bicycle/Pedestrian Overcrossing Project.

AMENDMENT

- 1. ARTICLE II STATEMENT OF WORK is amended to ADD the following text:

Consultant shall provide services as described in that certain Proposal dated January 17, 2024, which is hereby incorporated by reference and attached hereto as Exhibit B.
- 2. ARTICLE V ALLOWABLE COSTS AND PAYMENTS, PART E. is amended to read as follows:

The total amount payable by LOCAL AGENCY for PHASE I shall not exceed \$3,048,735. The original not-to-exceed amount of the agreement of \$3,000,000 was increased by \$48,735 as compensation for the First Amendment.
- 3. All other terms and conditions of the Agreement remain in full force and effect.

Exhibit A Agreement for Consulting Services for the Highway 17 Bicycle and Pedestrian Overcrossing Project #19-818-0803 dated May 20, 2021

Exhibit B Proposal by BKF for Grant Writing Services for ATP and SS4A Grant Applications dated January 17, 2024

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

Town of Los Gatos, by:

CONSULTANT, by:

Laurel Prevetti
Town Manager

Jaggi Bhandal, Vice President, BKF

Department Approval:

Nicolle Burnham
Director of Parks and Public Works

Approved as to Form:

Attest:

Gabrielle Whelan
Town Attorney

Wendy Wood, CMC
Town Clerk

EXHIBIT A

AGREEMENT FOR CONSULTANT SERVICES

HIGHWAY 17 BICYCLE AND PEDESTRIAN OVERCROSSING PROJECT # 19-818-0803

ARTICLE I - INTRODUCTION

- A. This AGREEMENT is made and entered into on May 20, 2021 by and between the TOWN OF LOS GATOS, a California municipal corporation, hereinafter referred to as, LOCAL AGENCY and **BKF Engineers**, hereinafter referred to as, CONSULTANT, whose address is **1730 N. First Street, Suite 600, San Jose, CA 95112**. The CONSULTANT is incorporated in the State of California.

The Project Manager for the "CONSULTANT" will be **Natalina V. Bernardi, PE, LEED AP, Principal and Vice President**.

The Contract Administrator for LOCAL AGENCY will be WooJae Kim, Town Engineer.

This Agreement is made with reference to the following facts.

The LOCAL AGENCY desires to engage CONSULTANT to provide professional engineering services for the Highway 17 Bicycle and Pedestrian Overcrossing Project.

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

The CONSULTANT represents and warrants to LOCAL AGENCY that it possesses the distinct professional skills, qualifications, experience, and resources necessary and has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for CONSULTANT to practice its profession and to timely perform the services described in this Agreement. CONSULTANT acknowledges LOCAL AGENCY has relied upon these warranties to retain the CONSULTANT.

CONSULTANT shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws.

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

- B. The work to be performed under this AGREEMENT is described in Article II entitled Statement of Work and the approved CONSULTANT's Cost Proposal dated **05-06-21**. The approved CONSULTANT's Scope of Service (Exhibit A) and Cost Proposal (Exhibit B) is attached hereto and incorporated by reference. If there is any conflict between the approved Scope of Services or Cost Proposal and this AGREEMENT, this AGREEMENT shall take precedence.
- C. CONSULTANT agrees, to the fullest extent permitted by law, to save, keep, indemnify and hold harmless and defend the LOCAL AGENCY, its officers, agents, employees and volunteers from all damages, claims, demands, 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, errors, or omissions of the CONSULTANT, or any of the CONSULTANT'S officers, employees, or agents or any

sub-consultant. CONSULTANT will reimburse LOCAL AGENCY for any expenditure, including reasonable attorney fees, incurred by LOCAL AGENCY in defending against claims ultimately determined to be due to negligent acts, errors, or omissions of CONSULTANT.

- D. CONSULTANT and the agents and employees of CONSULTANT, in the performance of this contract, shall act in an independent capacity and not as officers or employees or agents of LOCAL AGENCY. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to LOCAL AGENCY 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.
- E. LOCAL AGENCY is not required to make any deductions or withholding from the compensation payable to CONSULTANT under the provisions of this AGREEMENT, and is not required to issue W-2 forms for income and employment tax purposes for any of CONSULTANT'S assigned personnel. CONSULTANT, in the performance of its obligation hereunder, is only subject to the control or direction of the LOCAL AGENCY as to the designation of tasks to be performed and the results to be accomplished.
- F. Any third party person(s) employed by CONSULTANT shall be entirely and exclusively under the direction, supervision, and control of CONSULTANT. CONSULTANT hereby indemnifies and holds LOCAL AGENCY harmless from any and all claims that may be made against LOCAL AGENCY based upon any contention by any third party that an employer-employee relationship exists by reason of this AGREEMENT.
- G. Except as expressly authorized herein, CONSULTAN'S obligations under this AGREEMENT are not assignable or transferable, and CONSULTANT shall not subcontract any work, without the prior written approval of the LOCAL AGENCY. However, claims for money due or which become due to CONSULTANT from LOCAL AGENCY under this AGREEMENT may be assigned to a financial institution or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the LOCAL AGENCY.
- H. CONSULTANT shall be as fully responsible to the LOCAL AGENCY for the negligent acts and omissions of its contractors and subcontractors or subconsultants, and of persons either directly or indirectly employed by them, in the same manner as persons directly employed by CONSULTANT.
- I. No alteration or variation of the terms of this contract shall be valid, unless made in writing and signed by the parties hereto; and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.
- J. The consideration to be paid to CONSULTANT as provided herein, shall be in compensation for all of CONSULTANT'S expenses incurred in the performance hereof, including travel and per diem, unless otherwise expressly so provided.

ARTICLE II STATEMENT OF WORK

CONSULTANT agrees to perform the services as outlined in "Exhibit A –Scope of Services" within the time frames specified therein, and "Exhibit B – Consultant's Cost Proposal" which are hereby

incorporated by reference and attached. In the performance of the Scope of Services for this contract, the responsible CONSULTANT professional engineer shall sign all plans, specifications and estimates and engineering data furnished under the AGREEMENT, including registration number.

ARTICLE III CONSULTANT'S REPORTS OR MEETINGS

- A. CONSULTANT shall submit progress reports at least once a month. The report should be sufficiently detailed for the LOCAL AGENCY'S Contract Administrator to determine, if CONSULTANT is performing to expectations, or is on schedule; to provide communication of interim findings, and to sufficiently address any difficulties or special problems encountered, so remedies can be developed.
- B. CONSULTANT's Project Manager shall meet with LOCAL AGENCY's Contract Administrator, as needed, to discuss progress on the AGREEMENT.
- C. This AGREEMENT provides for conferences as needed, visits to the site, and inspection of the work by representatives of the LOCAL AGENCY, State, and/or FHWA. Costs incurred by CONSULTANT for meetings, subsequent to the initial meeting shall be included in the CONSULTANTS fee.

ARTICLE IV PERFORMANCE PERIOD

- A. This contract shall go into effect on May 20, 2021 contingent upon approval by LOCAL AGENCY, and CONSULTANT shall commence work after notification to proceed by LOCAL AGENCY'S Contract Administrator. The contract shall end at the earlier of final Project construction or on 12/31/26 unless extended by contract amendment.
- B. CONSULTANT is advised that any recommendation for contract award is not binding on LOCAL AGENCY until the contract is fully executed and approved by LOCAL AGENCY.

ARTICLE V ALLOWABLE COSTS AND PAYMENTS

TASK 1 -

- A. The method of payment for PHASE I of this AGREEMENT will be based on lump sum. The total lump sum price paid to CONSULTANT will include compensation for all work and deliverables, including travel and equipment necessary to provide the services described in Article II Statement of Work. No additional compensation will be paid to CONSULTANT, unless there is a change in the scope of the work or the scope of the Project. In the instance of a change in the scope of work or scope of the Project, adjustment to the total lump sum compensation will be negotiated between CONSULTANT and LOCAL AGENCY. Adjustment in the total lump sum compensation will not be effective until authorized by AGREEMENT amendment and approved by LOCAL AGENCY.
- B. Progress payments may be made monthly in arrears based on the percentage of work completed by CONSULTANT. If CONSULTANT fails to submit the required deliverable items according to the schedule set forth in the Statement of Work, LOCAL AGENCY shall have the right to delay payment or terminate this AGREEMENT in accordance with the provisions of Article VI Termination.
- C. CONSULTANT shall not commence performance of work or services until this contract has been approved by LOCAL AGENCY and notification to proceed has been issued by LOCAL AGENCY'S Contract Administrator. No payment will be made prior to approval of any work, or for any work performed prior to approval of this AGREEMENT.
- D. CONSULTANT will be reimbursed within 30 days upon receipt by LOCAL AGENCY'S Contract Administrator of itemized invoices in duplicate. Invoices shall be submitted no later than 30 calendar days after the performance of work for which CONSULTANT is billing. Invoices shall detail the work performed on each phase and on each task as applicable. Invoices shall follow the format

stipulated for the approved Cost Proposal and shall reference this AGREEMENT number and Project title. Final invoice must contain the final cost and all credits due LOCAL AGENCY that include any equipment purchased under the provisions of Article XI Equipment Purchase of this contract. The final invoice must be submitted within 60-calendar days after completion of CONSULTANT's work, unless a later date is approved by the LOCAL AGENCY. Invoices shall be mailed to LOCAL AGENCY's Contract Administrator at the following address:

Town of Los Gatos Parks and Public Works Department
ATTN: WooJae Kim, Town Engineer
Highway 17 Bicycle and Pedestrian Overcrossing Project
41 Miles Avenue
Los Gatos, CA 95030

- E. The total amount payable by LOCAL AGENCY for PHASE I shall not exceed \$3,000,000 (Three million dollars).

PHASE II – PHASE II work shall not be awarded at this time. Future Phase II services, if requested, shall be incorporated to this agreement by contract amendment for approval by LOCAL AGENCY and the CONSULTANT. The following articles shall apply to a future Phase II contract amendment.

- A. The method of payment for Phase II shall be at the rate specified for each item, as described in this Article. The specified rate shall include full compensation to CONSULTANT for the item as described, including but not limited to, any repairs, maintenance, or insurance, and no further compensation will be allowed therefore.
- B. The specified rate to be paid for vehicle expense for CONSULTANT's field personnel, if any, shall be per approved Cost Proposal. The rates for fully equipped vehicle(s) shall be as specified in Article II Statement of Work, if applicable. The specified rate to be paid for equipment shall be, as listed in the approved Cost Proposal, if applicable.
- C. The method of payment for Phase II of this AGREEMENT, except those items to be paid for on a specified rate basis, will be based on cost per unit of work. LOCAL AGENCY will reimburse CONSULTANT for actual costs (including labor costs, employee benefits, travel, equipment-rental costs, overhead and other direct costs) incurred by CONSULTANT in performance of the work. CONSULTANT will not be reimbursed for actual costs that exceed the estimated wage rates, employee benefits, travel, equipment rental, overhead and other estimated costs set forth in the approved Cost Proposal, unless additional reimbursement is provided for, by contract amendment. In no event, will CONSULTANT be reimbursed for overhead costs at a rate that exceeds LOCAL AGENCY approved overhead rate set forth in the approved Cost Proposal. In the event, LOCAL AGENCY determines that changed work from that specified in the approved Cost Proposal and AGREEMENT is required; the actual costs reimbursable by LOCAL AGENCY may be adjusted by AGREEMENT amendment to accommodate the changed work. The maximum total cost as specified in Paragraph "J," shall not be exceeded unless authorized by AGREEMENT amendment.
- D. In addition to the allowable costs, LOCAL AGENCY will pay CONSULTANT a fixed fee of \$(0). The fixed fee is nonadjustable for the term of the AGREEMENT, except in the event of a significant change in the scope of work and such adjustment is made by AGREEMENT amendment.
- E. Reimbursement for transportation and subsistence costs shall not exceed the rates specified in the approved Cost Proposal.

- F. When milestone cost estimates are included in the approved Cost Proposal, CONSULTANT shall obtain prior written approval for a revised milestone cost estimate from the Contract Administrator before exceeding such cost estimate.
- G. Progress payments will be made monthly in arrears based on services provided and allowable incurred costs. A pro rata portion of CONSULTANT's fixed fee will be included in the monthly progress payments. If CONSULTANT fails to submit the required deliverable items according to the schedule set forth in the Statement of Work, LOCAL AGENCY shall have the right to delay payment or terminate this AGREEMENT in accordance with the provisions of Article VI Termination.
- H. No payment will be made prior to approval of any work, nor for any work performed prior to approval of this AGREEMENT.
- I. CONSULTANT will be reimbursed, as promptly as fiscal procedures will permit upon receipt by LOCAL AGENCY's Contract Administrator of itemized invoices in duplicate. Invoices shall be submitted no later than thirty (30) calendar days after the performance of work for which CONSULTANT is billing. Invoices shall detail the work performed on each milestone and each Project as applicable. Invoices shall follow the format stipulated for the approved Cost Proposal and shall reference this AGREEMENT number and Project title. Final invoice must contain the final cost and all credits due LOCAL AGENCY including any equipment purchased under the provisions of Article XI Equipment Purchase of this contract. The final invoice should be submitted within sixty (60) calendar days after completion of CONSULTANT's work. Invoices shall be mailed to LOCAL AGENCY's Contract Administrator at the following address:

Town of Los Gatos Parks and Public Works Department
 ATTN: Woo Jae Kim/Town Engineer
 Highway 17 Bicycle and Pedestrian Overcrossing Project
 41 Miles Avenue
 Los Gatos, CA 95030

- J. The total amount payable by LOCAL AGENCY for Phase II shall be as specified by a future contract amendment.
- K. Salary increases will be reimbursable if the new salary is within the salary range identified in the approved Cost Proposal and is approved by LOCAL AGENCY's Contract Administrator.
- L. For personnel subject to prevailing wage rates as described in the California Labor Code, all salary increases, which are the direct result of changes in the prevailing wage rates are reimbursable.

ARTICLE VI TERMINATION

- A. This AGREEMENT may be terminated by LOCAL AGENCY provided that LOCAL AGENCY gives not less than thirty (30) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate. Upon termination, LOCAL AGENCY shall be entitled to all work, including but not limited to, reports, investigations, appraisals, inventories, studies, analyses, drawing and data estimates performed to that date, whether complete or not.
- B. LOCAL AGENCY may temporarily suspend the AGREEMENT, at no additional cost to LOCAL AGENCY, provided that CONSULTANT is given written notice (delivered by certified mail, return receipt requested) of temporary suspension. If LOCAL AGENCY gives such notice of temporary suspension, CONSULTANT shall immediately suspend its activities under this AGREEMENT. A temporary suspension may be issued concurrent with the notice of termination. If the duration of the temporary suspension exceeds 180 calendar days, this AGREEMENT may be terminated by

CONSULTANT provided that CONSULTANT gives not less than thirty (30) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate.

- C. Notwithstanding any provisions of this AGREEMENT, CONSULTANT shall not be relieved of liability to LOCAL AGENCY for damages sustained by LOCAL AGENCY by virtue of any breach of this AGREEMENT by CONSULTANT, and LOCAL AGENCY may withhold any payments due to CONSULTANT until such time as the exact amount of damages, if any, due LOCAL AGENCY from CONSULTANT is determined.
- D. In the event of termination, CONSULTANT shall be compensated as provided for in this AGREEMENT. Upon termination, LOCAL AGENCY shall be entitled to all work, including but not limited to, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not.
- E. LOCAL AGENCY may terminate this contract with CONSULTANT should CONSULTANT fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination, LOCAL AGENCY may proceed with the work in any manner deemed proper by LOCAL AGENCY. If LOCAL AGENCY terminates this contract with CONSULTANT, LOCAL AGENCY shall pay CONSULTANT the sum due to CONSULTANT under this contract prior to termination, unless the cost of completion to LOCAL AGENCY exceeds the funds remaining in the contract. In which case the overage shall be deducted from any sum due CONSULTANT under this contract and the balance, if any, shall be paid to CONSULTANT upon demand.

ARTICLE VII COST PRINCIPLES AND ADMINISTRATIVE REQUIREMENTS

- A. The CONSULTANT agrees that 48 CFR Part 31, Contract Cost Principles and Procedures, shall be used to determine the allowability of individual terms of cost.
- B. CONSULTANT also agrees to comply with Federal procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- C. Any costs for which payment has been made to CONSULTANT that are determined by subsequent audit to be unallowable under 2 CFR, Part 200 or 48 CFR Part 31, are subject to repayment by CONSULTANT to LOCAL AGENCY.
- D. When a CONSULTANT or Subconsultant is a Non-Profit Organization or an Institution of Higher Education, the Cost Principles for Title 2 CRF Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards shall apply.

ARTICLE VIII RETENTION OF RECORDS/AUDIT

For the purpose of determining compliance with Government Code 8546.7; the CONSULTANT, Subconsultants, and LOCAL AGENCY shall maintain all books, documents, papers, accounting records, Independent CPA Audited Indirect Cost Rate workpapers, and other evidence pertaining to the performance of the AGREEMENT, including but not limited to, the costs of administering the AGREEMENT. All parties, including the CONSULTANT'S Independent CPA, shall make such materials available at their respective offices at all reasonable times during the AGREEMENT period and for five (5) years from the date of final payment under the AGREEMENT. LOCAL AGENCY, Caltrans Auditor, FHWA, VTA, or any duly authorized representative of the Federal Government having jurisdiction under Federal laws or regulations (including the basis of Federal funding in whole or in part) shall have access to any books, records, and documents of CONSULTANT, Subconsultants, and the CONSULTANT'S Independent CPA, that are pertinent to the AGREEMENT for audits, examinations, workpaper review, excerpts, and transactions, and copies thereof shall be furnished if requested without limitation.

ARTICLE IX AUDIT REVIEW PROCEDURES

- A. Any dispute concerning a question of fact arising under an interim or post audit of this AGREEMENT that is not disposed of by AGREEMENT, shall be reviewed by LOCAL AGENCY'S Chief Financial Officer.
- B. Not later than thirty (30) calendar days after issuance of the final audit report, CONSULTANT may request a review by LOCAL AGENCY'S Chief Financial Officer of unresolved audit issues. The request for review will be submitted in writing.
- C. Neither the pendency of a dispute nor its consideration by LOCAL AGENCY will excuse CONSULTANT from full and timely performance, in accordance with the terms of this AGREEMENT.
- D. CONSULTANT and subconsultant AGREEMENTS, including cost proposals and Indirect Cost Rates (ICR), may be subject to audits or reviews such as, but not limited to, an AGREEMENT audit, an incurred cost audit, an ICR Audit, or a CPA ICR audit work paper review. If selected for audit or review, the AGREEMENT, cost proposal and ICR and related work papers, if applicable, will be reviewed to verify compliance with 48 CFR, Part 31 and other related laws and regulations. In the instances of a CPA ICR audit work paper review it is CONSULTANT's responsibility to ensure federal, state, or local government officials are allowed full access to the CPA's work papers including making copies as necessary. The AGREEMENT, cost proposal, and ICR shall be adjusted by CONSULTANT and approved by LOCAL AGENCY contract administrator to conform to the audit or review recommendations. CONSULTANT agrees that individual terms of costs identified in the audit report shall be incorporated into the AGREEMENT by this reference if directed by LOCAL AGENCY at its sole discretion. Refusal by CONSULTANT to incorporate audit or review recommendations, or to ensure that the federal, LOCAL AGENCY or local governments have access to CPA work papers, will be considered a breach of AGREEMENT terms and cause for termination of the contract and disallowance of prior reimbursed costs.
- E. CONSULTANT Cost Proposal may be subject to a CPA ICR Audit Work Paper Review and/or audit by the Caltrans' Independent Office of Audits and Investigations (IOAI). IOAI, at its sole discretion, may review and/or audit and approve the CPA ICR documentation. The Cost Proposal shall be adjusted by the CONSULTANT and approved by the LOCAL AGENCY Contract Administrator to conform to the Work Paper Review recommendations included in the management letter or audit recommendations included in the audit report. Refusal by the CONSULTANT to incorporate the Work Paper Review recommendations included in the management letter or audit recommendations included in the audit report will be considered a breach of the AGREEMENT terms and cause for termination of the AGREEMENT and disallowance of prior reimbursed costs.
1. During a Caltrans' review of the ICR audit work papers created by the CONSULTANT's independent CPA, IOAI will work with the CPA and/or CONSULTANT toward a resolution of issues that arise during the review. Each party agrees to use its best efforts to resolve any audit disputes in a timely manner. If IOAI identifies significant issues during the review and is unable to issue a cognizant approval letter, LOCAL AGENCY will reimburse the CONSULTANT at an accepted ICR until a FAR (Federal Acquisition Regulation) compliant ICR {e.g. 48 CFR, part 31; GAGAS (Generally Accepted Auditing Standards); CAS (Cost Accounting Standards), if applicable; in accordance with procedures and guidelines of the American Association of State Highways and Transportation Officials (AASHTO) Audit Guide; and other applicable procedures and guidelines} is received and approved by IOAI.

Accepted rates will be as follows:

- a. If the proposed rate is less than one hundred and fifty percent (150%) - the accepted rate reimbursed will be ninety percent (90%) of the proposed rate.
 - b. If the proposed rate is between one hundred and fifty percent (150%) and two hundred percent (200%) - the provisional rate will be eighty five percent (85%) of the proposed rate.
 - c. If the proposed rate is greater than two hundred percent (200%) - the provisional rate will be seventy five percent (75%) of the proposed rate.
2. If IOAI is unable to issue a cognizant letter per paragraph E.1. above, IOAI may require CONSULTANT to submit a revised independent CPA-audited ICR and audit report within three (3) months of the effective date of the management letter. IOAI will then have up to six (6) months to review the CONSULTANT's and/or the independent CPA's revisions.
 3. If the CONSULTANT fails to comply with the provisions of this paragraph E, or if IOAI is still unable to issue a cognizant approval letter after the revised independent CPA-audited ICR is submitted, overhead cost reimbursement will be limited to the accepted ICR that was established upon initial rejection of the ICR and set forth in paragraph E.1. above for all rendered services. In this event, this accepted ICR will become the actual and final ICR for reimbursement purposes under this AGREEMENT.
 4. CONSULTANT may submit to LOCAL AGENCY final invoice only when all of the following items have occurred: (1) IOAI accepts or adjusts the original or revised independent CPA-audited ICR; (2) all work under this AGREEMENT has been completed to the satisfaction of LOCAL AGENCY; and, (3) IOAI has issued its final ICR review letter. The CONSULTANT MUST SUBMIT ITS FINAL INVOICE TO LOCAL AGENCY no later than sixty (60) calendar days after occurrence of the last of these items. The accepted ICR will apply to this AGREEMENT and all other agreements executed between LOCAL AGENCY and the CONSULTANT, either as a prime or subconsultant, with the same fiscal period ICR.

ARTICLE X SUBCONTRACTING

- A. Nothing contained in this AGREEMENT or otherwise, shall create any contractual relation between LOCAL AGENCY and any subconsultant(s), and no subcontract shall relieve the CONSULTANT of its responsibilities and obligations hereunder. The CONSULTANT agrees to be as fully responsible to LOCAL AGENCY for the acts and omissions of its subconsultant(s) and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by CONSULTANT. The CONSULTANT's obligation to pay its subconsultant(s) is an independent obligation from LOCAL AGENCY'S obligation to make payments to the CONSULTANT.
- B. The CONSULTANT shall perform the work contemplated with resources available within its own organization and no portion of the work shall be subcontracted without written authorization by LOCAL AGENCY's Contract Administrator, except that, which is expressly identified in the CONSULTANT'S approved Cost Proposal.
- C. Any subagreement entered into as a result of this AGREEMENT, shall contain all the provisions stipulated in this entire AGREEMENT to be applicable to Subconsultants unless otherwise noted.
- D. CONSULTANT shall pay its subconsultants within fifteen (15) calendar days from receipt of each payment made to CONSULTANT by LOCAL AGENCY..
- E. Any substitution of subconsultant(s) must be approved in writing by LOCAL AGENCY's Contract Administrator in advance of assigning work to a subconsultant(s).
- F. Prompt Progress Payment

CONSULTANT or subconsultant shall pay to any subconsultant, not later than fifteen (15) days after receipt of each progress payment, unless otherwise agreed to in writing, the respective amounts allowed CONSULTANT on account of the work performed by the subconsultants, to the extent of each subconsultant's interest therein. In the event that there is a good faith dispute over all or any portion of the amount due on a progress payment from CONSULTANT or subconsultant to a subconsultant, CONSULTANT or subconsultant may withhold no more than 150 percent of the disputed amount. Any violation of this requirement shall constitute a cause for disciplinary action and shall subject the licensee to a penalty, payable to the subconsultant, of 2 percent of the amount due per month for every month that payment is not made. In any action for the collection of funds wrongfully withheld, the prevailing party shall be entitled to his or her attorney's fees and costs. The sanctions authorized under this requirement shall be separate from, and in addition to, all other remedies, either civil, administrative, or criminal. This clause applies to both DBE and non-DBE subconsultants.

G. Prompt Payment of Withheld Funds to Subconsultants

The LOCAL AGENCY may hold retainage from CONSULTANT and shall make prompt and regular incremental acceptances of portions, as determined by the LOCAL AGENCY, of the contract work, and pay retainage to CONSULTANT based on these acceptances. The LOCAL AGENCY designates the method below to ensure prompt and full payment of any retainage kept by CONSULTANT or subconsultant to a subconsultant.

Method 3: The LOCAL AGENCY shall hold retainage from CONSULTANT and shall make prompt and regular incremental acceptances of portions, as determined by the LOCAL AGENCY of the contract work and pay retainage to CONSULTANT based on these acceptances. CONSULTANT or subconsultant shall return all monies withheld in retention from all subconsultants within 15 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by the LOCAL AGENCY. Any delay or postponement of payment may take place only for good cause and with the LOCAL AGENCY's prior written approval. Any violation of these provisions shall subject the violating CONSULTANT or subconsultant to the penalties, sanctions, and other remedies specified in Section 3321 of the California Civil Code. This requirement shall not be construed to limit or impair any contractual, administrative or judicial remedies otherwise available to CONSULTANT or subconsultant in the event of a dispute involving late payment or nonpayment by CONSULTANT; deficient subconsultant performance and/or noncompliance by a subconsultant. This clause applies to both DBE and non-DBE subconsultants.

Any violation of these provisions shall subject the violating CONSULTANT or subconsultant to the penalties, sanctions and other remedies specified therein. These requirements shall not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to CONSULTANT or subconsultant in the event of a dispute involving late payment or nonpayment by CONSULTANT, deficient subcontract performance, or noncompliance by a subconsultant.

ARTICLE XI EQUIPMENT PURCHASE

- A. Prior authorization in writing, by LOCAL AGENCY's Contract Administrator shall be required before CONSULTANT enters into any unbudgeted purchase order, or subcontract exceeding five thousand dollars (\$5,000) for supplies, equipment, or CONSULTANT services. CONSULTANT shall provide an evaluation of the necessity or desirability of incurring such costs.
- B. For purchase of any item, service or consulting work not covered in CONSULTANT's approved Cost Proposal and exceeding five thousand dollars (\$5,000) prior authorization by LOCAL AGENCY's Contract Administrator; three competitive quotations must be submitted with the request, or the absence of proposal must be adequately justified.

- C. Any equipment purchased with funds provided under the terms of this AGREEMENT is subject to the following:
1. "CONSULTANT shall maintain an inventory of all nonexpendable property. Nonexpendable property is defined as having a useful life of at least two years and an acquisition cost of \$5,000 or more. If the purchased equipment needs replacement and is sold or traded in, LOCAL AGENCY shall receive a proper refund or credit at the conclusion of the AGREEMENT, or if the AGREEMENT is terminated, CONSULTANT may either keep the equipment and credit LOCAL AGENCY in an amount equal to its fair market value, or sell such equipment at the best price obtainable at a public or private sale, in accordance with established LOCAL AGENCY procedures; and credit LOCAL AGENCY in an amount equal to the sales price. If CONSULTANT elects to keep the equipment, fair market value shall be determined at CONSULTANT's expense, on the basis of a competent independent appraisal of such equipment. Appraisals shall be obtained from an appraiser mutually agreeable to by LOCAL AGENCY and CONSULTANT, if it is determined to sell the equipment, the terms and conditions of such sale must be approved in advance by LOCAL AGENCY.
 2. Regulation 2 CFR, Part 200 requires a credit to Federal funds when participating equipment with a fair market value greater than five thousand dollars (\$5,000) is credited to the Project.

ARTICLE XII STATE PREVAILING WAGE RATES

- A. No CONSULTANT or subconsultant may be awarded an AGREEMENT containing public work elements unless registered with the Department of Industrial Relations (DIR) pursuant to Labor Code §1725.5. Registration with DIR must be maintained throughout the entire term of this AGREEMENT, including any subsequent amendments.
- B. The CONSULTANT shall comply with all of the applicable provisions of the California Labor Code requiring the payment of prevailing wages. The General Prevailing Wage Rate Determinations applicable to work under this AGREEMENT are available and on file with the Department of Transportation's Regional/District Labor Compliance Officer (<https://dot.ca.gov/programs/construction/labor-compliance>). These wage rates are made a specific part of this AGREEMENT by reference pursuant to Labor Code §1773.2 and will be applicable to work performed at a construction Project site. Prevailing wages will be applicable to all inspection work performed at LOCAL AGENCY construction sites, at LOCAL AGENCY facilities and at off-site locations that are set up by the construction contractor or one of its subcontractors solely and specifically to serve LOCAL AGENCY Projects. Prevailing wage requirements do not apply to inspection work performed at the facilities of vendors and commercial materials suppliers that provide goods and services to the general public.
- C. General Prevailing Wage Rate Determinations applicable to this Project may also be obtained from the Department of Industrial Relations website at <http://www.dir.ca.gov>.
- D. Payroll Records
 1. Each CONSULTANT and subconsultant shall keep accurate certified payroll records and supporting documents as mandated by Labor Code §1776 and as defined in 8 CCR §16000 showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the CONSULTANT or subconsultant in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:
 - a. The information contained in the payroll record is true and correct.

- b. The employer has complied with the requirements of Labor Code §1771, §1811, and §1815 for any work performed by his or her employees on the public works Project.
2. The payroll records enumerated under paragraph (1) above shall be certified as correct by the CONSULTANT under penalty of perjury. The payroll records and all supporting documents shall be made available for inspection and copying by LOCAL AGENCY representatives at all reasonable hours at the principal office of the CONSULTANT. The CONSULTANT shall provide copies of certified payrolls or permit inspection of its records as follows:
- a. A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or the employee's authorized representative on request.
 - b. A certified copy of all payroll records enumerated in paragraph (1) above, shall be made available for inspection or furnished upon request to a representative of LOCAL AGENCY, the Division of Labor Standards Enforcement and the Division of Apprenticeship Standards of the Department of Industrial Relations. Certified payrolls submitted to LOCAL AGENCY, the Division of Labor Standards Enforcement and the Division of Apprenticeship Standards shall not be altered or obliterated by the CONSULTANT.
 - c. The public shall not be given access to certified payroll records by the CONSULTANT. The CONSULTANT is required to forward any requests for certified payrolls to the LOCAL AGENCY Contract Administrator by both email and regular mail on the business day following receipt of the request.
3. Each CONSULTANT shall submit a certified copy of the records enumerated in paragraph (1) above, to the entity that requested the records within ten (10) calendar days after receipt of a written request.
4. Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by LOCAL AGENCY shall be marked or obliterated in such a manner as to prevent disclosure of each individual's name, address, and social security number. The name and address of the CONSULTANT or subconsultant performing the work shall not be marked or obliterated.
5. The CONSULTANT shall inform LOCAL AGENCY of the location of the records enumerated under paragraph (1) above, including the street address, city and county, and shall, within five (5) working days, provide a notice of a change of location and address.
6. The CONSULTANT or subconsultant shall have ten (10) calendar days in which to comply subsequent to receipt of written notice requesting the records enumerated in paragraph (1) above. In the event the CONSULTANT or subconsultant fails to comply within the ten (10) day period, he or she shall, as a penalty to LOCAL AGENCY, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Such penalties shall be withheld by LOCAL AGENCY from payments then due. CONSULTANT is not subject to a penalty assessment pursuant to this section due to the failure of a subconsultant to comply with this section.
- E. When prevailing wage rates apply, the CONSULTANT is responsible for verifying compliance with certified payroll requirements. Invoice payment will not be made until the invoice is approved by the LOCAL AGENCY Contract Administrator.
- F. Penalty
1. The CONSULTANT and any of its Subconsultants shall comply with Labor Code §1774 and §1775. Pursuant to Labor Code §1775, the CONSULTANT and any subconsultant shall forfeit to the LOCAL AGENCY a penalty of not more than two hundred dollars (\$200) for each calendar day, or

portion thereof, for each worker paid less than the prevailing rates as determined by the Director of DIR for the work or craft in which the worker is employed for any public work done under the AGREEMENT by the CONSULTANT or by its subconsultant in violation of the requirements of the Labor Code and in particular, Labor Code §§1770 to 1780, inclusive.

2. The amount of this forfeiture shall be determined by the Labor Commissioner and shall be based on consideration of mistake, inadvertence, or neglect of the CONSULTANT or subconsultant in failing to pay the correct rate of prevailing wages, or the previous record of the CONSULTANT or subconsultant in meeting their respective prevailing wage obligations, or the willful failure by the CONSULTANT or subconsultant to pay the correct rates of prevailing wages. A mistake, inadvertence, or neglect in failing to pay the correct rates of prevailing wages is not excusable if the CONSULTANT or subconsultant had knowledge of the obligations under the Labor Code. The CONSULTANT is responsible for paying the appropriate rate, including any escalations that take place during the term of the AGREEMENT.
3. In addition to the penalty and pursuant to Labor Code §1775, the difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the CONSULTANT or subconsultant.
4. If a worker employed by a subconsultant on a public works Project is not paid the general prevailing per diem wages by the subconsultant, the prime CONSULTANT of the Project is not liable for the penalties described above unless the prime CONSULTANT had knowledge of that failure of the subconsultant to pay the specified prevailing rate of wages to those workers or unless the prime CONSULTANT fails to comply with all of the following requirements:
 - a. The AGREEMENT executed between the CONSULTANT and the subconsultant for the performance of work on public works Projects shall include a copy of the requirements in Labor Code §§ 1771, 1775, 1776, 1777.5, 1813, and 1815.
 - b. The CONSULTANT shall monitor the payment of the specified general prevailing rate of per diem wages by the subconsultant to the employees by periodic review of the certified payroll records of the Sub-consultant.
 - c. Upon becoming aware of the Sub-consultant's failure to pay the specified prevailing rate of wages to the subconsultant's workers, the CONSULTANT shall diligently take corrective action to halt or rectify the failure, including but not limited to, retaining sufficient funds due the subconsultant for work performed on the public works Project.
 - d. Prior to making final payment to the subconsultant for work performed on the public works Project, the CONSULTANT shall obtain an affidavit signed under penalty of perjury from the subconsultant that the subconsultant had paid the specified general prevailing rate of per diem wages to the subconsultant's employees on the public works Project and any amounts due pursuant to Labor Code §1813.
5. Pursuant to Labor Code §1775, LOCAL AGENCY shall notify the CONSULTANT on a public works Project within fifteen (15) calendar days of receipt of a complaint that a subconsultant has failed to pay workers the general prevailing rate of per diem wages.
6. If LOCAL AGENCY determines that employees of a subconsultant were not paid the general prevailing rate of per diem wages and if LOCAL AGENCY did not retain sufficient money under the AGREEMENT to pay those employees the balance of wages owed under the general prevailing rate of per diem wages, the CONSULTANT shall withhold an amount of moneys due

the subconsultant sufficient to pay those employees the general prevailing rate of per diem wages if requested by LOCAL AGENCY.

G. Hours of Labor

Eight (8) hours labor constitutes a legal day's work. The CONSULTANT shall forfeit, as a penalty to the LOCAL AGENCY, twenty-five dollars (\$25) for each worker employed in the execution of the AGREEMENT by the CONSULTANT or any of its Subconsultants for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code, and in particular §§1810 to 1815 thereof, inclusive, except that work performed by employees in excess of eight (8) hours per day, and forty (40) hours during any one week, shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day and forty (40) hours in any week, at not less than one and one-half (1.5) times the basic rate of pay, as provided in §1815.

H. Employment of Apprentices

1. Where either the prime AGREEMENT or the subagreement exceeds thirty thousand dollars (\$30,000), the CONSULTANT and any subconsultants under him or her shall comply with all applicable requirements of Labor Code §§ 1777.5, 1777.6 and 1777.7 in the employment of apprentices.
2. CONSULTANTS and subconsultants are required to comply with all Labor Code requirements regarding the employment of apprentices, including mandatory ratios of journey level to apprentice workers. Prior to commencement of work, CONSULTANT and subconsultants are advised to contact the DIR Division of Apprenticeship Standards website at <https://www.dir.ca.gov/das/>, for additional information regarding the employment of apprentices and for the specific journey-to- apprentice ratios for the AGREEMENT work. The CONSULTANT is responsible for all subconsultants' compliance with these requirements. Penalties are specified in Labor Code §1777.7.

ARTICLE XIII CONFLICT OF INTEREST

- A. During the term of this AGREEMENT, the CONSULTANT shall disclose any financial, business, or other relationship with LOCAL AGENCY that may have an impact upon the outcome of this AGREEMENT or any ensuing LOCAL AGENCY construction Project. The CONSULTANT shall also list current clients who may have a financial interest in the outcome of this AGREEMENT or any ensuing LOCAL AGENCY construction Project which will follow.
- B. CONSULTANT certifies that it has disclosed to LOCAL AGENCY any actual, apparent, or potential conflicts of interest that may exist relative to the services to be provided pursuant to this AGREEMENT. CONSULTANT agrees to advise LOCAL AGENCY of any actual, apparent or potential conflicts of interest that may develop subsequent to the date of execution of this AGREEMENT. CONSULTANT further agrees to complete any statements of economic interest if required by either LOCAL AGENCY ordinance or State law.
- C. The CONSULTANT hereby certifies that it does not now have nor shall it acquire any financial or business interest that would conflict with the performance of services under this AGREEMENT.
- D. The CONSULTANT hereby certifies that the CONSULTANT or subconsultant and any firm affiliated with the CONSULTANT or subconsultant that bids on any construction contract or on any Agreement to provide construction inspection for any construction Project resulting from this AGREEMENT, has established necessary controls to ensure a conflict of interest does not exist. An affiliated firm is one, which is subject to the control of the same persons, through joint ownership or otherwise.

ARTICLE XIV REBATES, KICKBACKS OR OTHER UNLAWFUL CONSIDERATION

CONSULTANT warrants that this AGREEMENT was not obtained or secured through rebates kickbacks or other unlawful consideration, either promised or paid to any LOCAL AGENCY employee. For breach or violation of this warranty, LOCAL AGENCY shall have the right in its discretion; to terminate the AGREEMENT without liability; to pay only for the value of the work actually performed; or to deduct from the AGREEMENT price; or otherwise recover the full amount of such rebate, kickback or other unlawful consideration.

ARTICLE XV PROHIBITION OF EXPENDING LOCAL AGENCY STATE OR FEDERAL FUNDS FOR LOBBYING

- A. CONSULTANT certifies to the best of his or her knowledge and belief that:
1. No state, federal or local agency appropriated funds have been paid, or will be paid by-or-on behalf of CONSULTANT to any person for influencing or attempting to influence an officer or employee of any state or federal agency; a Member of the State Legislature or United States Congress; an officer or employee of the Legislature or Congress; or any employee of a Member of the Legislature or Congress, in connection with the awarding of any state or federal contract; the making of any state or federal grant; the making of any state or federal loan; the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any state or federal contract, grant, loan, or cooperative agreement.
 2. If any funds other than federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency; a Member of Congress; an officer or employee of Congress, or an employee of a Member of Congress; in connection with this federal contract, grant, loan, or cooperative agreement; CONSULTANT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- B. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than ten thousand dollars (\$10,000) and not more than one hundred thousand dollars (\$100,000) for each such failure.
- C. CONSULTANT also agrees by signing this document that he or she shall require that the language of this certification be included in all lower-tier subagreements, which exceed one hundred thousand dollars (\$100,000) and that all such sub recipients shall certify and disclose accordingly.

ARTICLE XVI NON DISCRIMINATION CLAUSE AND STATEMENT OF COMPLIANCE

- A. The CONSULTANT's signature affixed herein and dated shall constitute a certification under penalty of perjury under the laws of the State of California that the CONSULTANT has, unless exempt, complied with the nondiscrimination program requirements of Gov. Code §12990 and 2 CCR § 8103.
- B. During the performance of this AGREEMENT, CONSULTANT and its subconsultants shall not deny the AGREEMENT's benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. CONSULTANT and subconsultants shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

- C. CONSULTANT and subconsultants shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 et seq.), the applicable regulations promulgated there under (2 CCR §11000 et seq.), the provisions of Gov. Code §§11135-11139.5, and the regulations or standards adopted by LOCAL AGENCY to implement such article. The applicable regulations of the Fair Employment and Housing Commission implementing Gov. Code §12990 (a-f), set forth 2 CCR §§8100-8504, are incorporated into this AGREEMENT by reference and made a part hereof as if set forth in full.
- D. CONSULTANT shall permit access by representatives of the Department of Fair Employment and Housing and the LOCAL AGENCY upon reasonable notice at any time during the normal business hours, but in no case less than twenty-four (24) hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or LOCAL AGENCY shall require to ascertain compliance with this clause.
- E. CONSULTANT and its subconsultants shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.
- F. CONSULTANT shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this AGREEMENT.
- G. The CONSULTANT, with regard to the work performed under this AGREEMENT, shall act in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. §2000d et seq.). Title VI provides that the recipients of federal assistance will implement and maintain a policy of nondiscrimination in which no person in the United States shall, on the basis of race, color, national origin, religion, sex, age, disability, be excluded from participation in, denied the benefits of or subject to discrimination under any program or activity by the recipients of federal assistance or their assignees and successors in interest.
- H. The CONSULTANT shall comply with regulations relative to non-discrimination in federally-assisted programs of the U.S. Department of Transportation (49 CFR Part 21 - Effectuation of Title VI of the Civil Rights Act of 1964). Specifically, the CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by 49 CFR §21.5, including employment practices and the selection and retention of Subconsultants.
- I. CONSULTANT, subrecipient or subconsultant will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR 26 on the basis of race, color, sex, or national origin. In administering the LOCAL AGENCY components of the DBE Program Plan, CONSULTANT, subrecipient or subconsultant will not, directly, or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE Program Plan with respect to individuals of a particular race, color, sex, or national origin.

ARTICLE XVII DEBARMENT AND SUSPENSION CERTIFICATION

- A. The CONSULTANT's signature affixed herein shall constitute a certification under penalty of perjury under the laws of the State of California, that the CONSULTANT or any person associated therewith in the capacity of owner, partner, director, officer or manager:
 - 1. Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency;
 - 2. Has not been suspended, debarred, voluntarily excluded, or determined ineligible by any federal agency within the past three (3) years;
 - 3. Does not have a proposed debarment pending; and

4. Has not been indicted, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three (3) years.
- B. Any exceptions to this certification must be disclosed to LOCAL AGENCY. Exceptions will not necessarily result in denial of recommendation for award, but will be considered in determining responsibility. Disclosures must indicate the party to whom the exceptions apply, the initiating agency, and the dates of agency action.
- C. Exceptions to the Federal Government Excluded Parties List System maintained by the U.S. General Services Administration are to be determined by FHWA.

ARTICLE XVIII DISADVANTAGED BUSINESS ENTERPRISES (DBE) PARTICIPATION

- A. CONSULTANT, subrecipient (LOCAL AGENCY), or subconsultant shall take necessary and reasonable steps to ensure that DBEs have opportunities to participate in the contract (49 CFR 26). To ensure equal participation of DBEs provided in 49 CFR 26.5, The LOCAL AGENCY shows a contract goal for DBEs. CONSULTANT shall make work available to DBEs and select work parts consistent with available DBE subconsultants and suppliers.

CONSULTANT shall meet the DBE goal shown elsewhere in these special provisions or demonstrate that they made adequate good faith efforts to meet this goal. It is CONSULTANT's responsibility to verify that the DBE firm is certified as DBE at date of proposal opening and document the record by printing out the California Unified Certification Program (CUCP) data for each DBE firm. A list of DBEs certified by the CUCP can be found [here](#).

All DBE participation will count toward the California Department of Transportation's federally mandated statewide overall DBE goal. Credit for materials or supplies CONSULTANT purchases from DBEs counts towards the goal in the following manner:

- 100 percent counts if the materials or supplies are obtained from a DBE manufacturer.
- 60 percent counts if the materials or supplies are purchased from a DBE regular dealer.
- Only fees, commissions, and charges for assistance in the procurement and delivery of materials or supplies count if obtained from a DBE that is neither a manufacturer nor regular dealer. 49CFR26.55 defines "manufacturer" and "regular dealer."

This AGREEMENT is subject to 49 CFR Part 26 entitled "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs". CONSULTANTS who enter into a federally-funded agreement will assist the LOCAL AGENCY in a good faith effort to achieve California's statewide overall DBE goal.

- B. The goal for DBE participation for this AGREEMENT is **12%**. Participation by DBE CONSULTANT or subconsultants shall be in accordance with information contained in Exhibit 10-O2: Consultant Contract DBE Commitment attached hereto and incorporated as part of the AGREEMENT. If a DBE subconsultant is unable to perform, CONSULTANT must make a good faith effort to replace him/her with another DBE subconsultant, if the goal is not otherwise met.
- C. CONSULTANT can meet the DBE participation goal by either documenting commitments to DBEs to meet the AGREEMENT goal, or by documenting adequate good faith efforts to meet the AGREEMENT goal. An adequate good faith effort means that the CONSULTANT must show that it took all necessary and reasonable steps to achieve a DBE goal that, by their scope, intensity, and appropriateness to the objective, could reasonably be expected to meet the DBE goal. If CONSULTANT has not met the DBE goal, complete and submit Exhibit 15-H: DBE Information – Good

Faith Efforts to document efforts to meet the goal. Refer to 49 CFR Part 26 for guidance regarding evaluation of good faith efforts to meet the DBE goal.

D. Contract Assurance Under 49 CFR 26.13(b):

CONSULTANT, subrecipient or subconsultant shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. CONSULTANT shall carry out applicable requirements of 49 CFR 26 in the award and administration of federal-aid contracts.

Failure by the CONSULTANT to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate, which may include, but is not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or
- (4) Disqualifying CONSULTANT from future proposing as non-responsible

E. Termination and Substitution of DBE Subconsultants

CONSULTANT shall utilize the specific DBEs listed to perform the work and supply the materials for which each is listed unless CONSULTANT or DBE subconsultant obtains the LOCAL AGENCY's written consent. CONSULTANT shall not terminate or substitute a listed DBE for convenience and perform the work with their own forces or obtain materials from other sources without authorization from the LOCAL AGENCY. Unless the LOCAL AGENCY's consent is provided, the CONSULTANT shall not be entitled to any payment for work or material unless it is performed or supplied by the listed DBE on the Exhibit 10-02 Consultant Contract DBE Commitment form, included in the Bid.

The LOCAL AGENCY authorizes a request to use other forces or sources of materials if CONSULTANT shows any of the following justifications:

1. Listed DBE fails or refuses to execute a written contract based on plans and specifications for the Project.
2. The LOCAL AGENCY stipulated that a bond is a condition of executing the subcontract and the listed DBE fails to meet the LOCAL AGENCY's bond requirements.
3. Work requires a consultant's license and listed DBE does not have a valid license under Contractors License Law.
4. Listed DBE fails or refuses to perform the work or furnish the listed materials (failing or refusing to perform is not an allowable reason to remove a DBE if the failure or refusal is a result of bad faith or discrimination).
5. Listed DBE's work is unsatisfactory and not in compliance with the contract.
6. Listed DBE is ineligible to work on the Project because of suspension or debarment.
7. Listed DBE becomes bankrupt or insolvent.
8. Listed DBE voluntarily withdraws with written notice from the Contract
9. Listed DBE is ineligible to receive credit for the type of work required.
10. Listed DBE owner dies or becomes disabled resulting in the inability to perform the work on the Contract.
11. The LOCAL AGENCY determines other documented good cause.

CONSULTANT shall notify the original DBE of the intent to use other forces or material sources and provide the reasons and provide the DBE with 5 days to respond to the notice and advise CONSULTANT and the LOCAL AGENCY of the reasons why the use of other forces or sources of materials should not occur.

CONSULTANT's request to use other forces or material sources must include:

1. One or more of the reasons listed in the preceding paragraph.
2. Notices from CONSULTANT to the DBE regarding the request.
3. Notices from the DBEs to CONSULTANT regarding the request.

If a listed DBE is terminated or substituted, CONSULTANT must make good faith efforts to find another DBE to substitute for the original DBE. The substitute DBE must perform at least the same amount of work as the original DBE under the contract to the extent needed to meet or exceed the DBE goal.

F. Commitment and Utilization

The LOCAL AGENCY's DBE program must include a monitoring and enforcement mechanism to ensure that DBE commitments reconcile to DBE utilization.

The LOCAL AGENCY shall request CONSULTANT to:

1. Notify the LOCAL AGENCY's contract administrator or designated representative of any changes to its anticipated DBE participation
2. Provide this notification before starting the affected work
3. Maintain records including:
 - Name and business address of each 1st-tier subconsultant
 - Name and business address of each DBE subconsultant, DBE vendor, and DBE trucking company, regardless of tier
 - Date of payment and total amount paid to each business (see Exhibit 9-F *Monthly Disadvantaged Business Enterprise Payment*)

If CONSULTANT is a DBE CONSULTANT, they shall include the date of work performed by their own forces and the corresponding value of the work.

If a DBE is decertified before completing its work, the DBE must notify CONSULTANT in writing of the decertification date. If a business becomes a certified DBE before completing its work, the business must notify CONSULTANT in writing of the certification date. CONSULTANT shall submit the notifications to the LOCAL AGENCY. On work completion, CONSULTANT shall complete a Disadvantaged Business Enterprises (DBE) Certification Status Change, Exhibit 17-O, form and submit the form to the LOCAL AGENCY within 30 days of contract acceptance.

Upon work completion, CONSULTANT shall complete Exhibit 17-F Final Report – Utilization of Disadvantaged Business Enterprises (DBE), First-Tier Subcontractors and submit it to the LOCAL AGENCY within 90 days of contract acceptance. The LOCAL AGENCY will withhold \$10,000 until the form is submitted. The LOCAL AGENCY will release the withhold upon submission of the completed form.

In the LOCAL AGENCY's reports of DBE participation to Caltrans, the LOCAL AGENCY must display both commitments and attainments.

- G. A DBE is only eligible to be counted toward the AGREEMENT goal if it performs a commercially useful function (CUF) on the AGREEMENT. CUF must be evaluated on an agreement by agreement basis. A DBE performs a Commercially Useful Function (CUF) when it is responsible for execution of the work of the AGREEMENT and is carrying out its responsibilities by actually performing, managing, and supervising the work involved. To perform a CUF, the DBE must also be responsible, with respect to materials and supplies used on the AGREEMENT, for negotiating price, determining

quality and quantity, ordering the material and installing (where applicable), and paying for the material itself. To determine whether a DBE is performing a CUF, evaluate the amount of work subcontracted, industry practices, whether the amount the firm is to be paid under the AGREEMENT is commensurate with the work it is actually performing, and other relevant factors.

- H. A DBE does not perform a CUF if its role is limited to that of an extra participant in a transaction, AGREEMENT, or Project through which funds are passed in order to obtain the appearance of DBE participation. In determining whether a DBE is such an extra participant, examine similar transactions, particularly those in which DBEs do not participate.
- I. If a DBE does not perform or exercise responsibility for at least thirty percent (30%) of the total cost of its AGREEMENT with its own work force, or the DBE subcontracts a greater portion of the work of the AGREEMENT than would be expected on the basis of normal industry practice for the type of work involved, it will be presumed that it is not performing a CUF.
- J. CONSULTANT shall maintain records of materials purchased or supplied from all subcontracts entered into with certified DBEs. The records shall show the name and business address of each DBE or vendor and the total dollar amount actually paid each DBE or vendor, regardless of tier. The records shall show the date of payment and the total dollar figure paid to all firms. DBE CONSULTANT's shall also show the date of work performed by their own forces along with the corresponding dollar value of the work.
- K. If a DBE subconsultant is decertified during the life of the AGREEMENT, the decertified subconsultant shall notify CONSULTANT in writing with the date of decertification. If a subconsultant becomes a certified DBE during the life of the AGREEMENT, the subconsultant shall notify CONSULTANT in writing with the date of certification. Any changes should be reported to LOCAL AGENCY's Contract Administrator within thirty (30) calendar days.
- L. After submitting an invoice for reimbursement that includes a payment to a DBE, but no later than the 10th of the following month, the prime contractor/consultant shall complete and email the Exhibit 9- F: Disadvantaged Business Enterprise Running Tally of Payments to business.support.unit@dot.ca.gov with a copy to the Agency.
- M. Any subcontract entered into as a result of this AGREEMENT shall contain all of the provisions of this section.

ARTICLE XIX INSURANCE

- A. Prior to commencement of the work described herein, CONSULTANT shall furnish LOCAL AGENCY a Certificate of Insurance in compliance with the following:

Minimum Scope of Insurance:

- i. Consultant agrees to have and maintain, for the duration of the contract, General Comprehensive 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, bodily injury liability insurance herein provided for, which shall be in effect at all times during the term of this AGREEMENT.
- iii. 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.
- iv. Consultant shall provide to the LOCAL AGENCY all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the LOCAL AGENCY before work commences. The Certificate of Insurance will provide: 1. That the insurer will not cancel the insured's coverage without thirty (30) calendar days prior written notice to LOCAL AGENCY. 2. That LOCAL AGENCY, its officers, agents, employees, and servants are included as additional insureds, but only insofar as the operations under this AGREEMENT are concerned. 3. That LOCAL AGENCY will not be responsible for any premiums or assessments on the policy.
- v. 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 LOCAL AGENCY, 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 LOCAL AGENCY, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the LOCAL AGENCY, 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 LOCAL AGENCY, 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.

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 LOCAL AGENCY. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

In the event said insurance coverage expires at any time or times during the term of this

AGREEMENT, CONSULTANT agrees to provide a new Certificate of Insurance evidencing insurance coverage as provided for herein, for not less than either the remainder of the term of the AGREEMENT, or for a period of not less than one (1) year. New Certificates of Insurance are subject to the approval of LOCAL AGENCY. In the event CONSULTANT fails to keep in effect at all times insurance coverage as herein provided, LOCAL AGENCY may, in addition to any other remedies it may have, terminate this AGREEMENT upon occurrence of such event.

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 LOCAL AGENCY 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.

- B. CONSULTANT agrees that the insurance herein provided for, shall be in effect at all times during the term of this contract. In the event said insurance coverage expires at any time or times during the term of this contract, CONSULTANT agrees to provide at least thirty (30) days prior notice to said expiration date; and a new Certificate of Insurance evidencing insurance coverage as provided for herein, for not less than either the remainder of the term of the contract, or for a period of not less than one (1) year. New Certificates of Insurance are subject to the approval of LOCAL AGENCY. In the event CONSULTANT fails to keep in effect at all times insurance coverage as herein provided, LOCAL AGENCY may, in addition to any other remedies it may have, terminate this contract upon occurrence of such event.

ARTICLE XX FUNDING REQUIREMENTS

- A. It is mutually understood between the parties that this AGREEMENT may have been written before ascertaining the availability of funds or appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays that would occur if the AGREEMENT were executed after that determination was made.
- B. This AGREEMENT is valid and enforceable only, if sufficient funds are made available to LOCAL AGENCY for the purpose of this AGREEMENT. In addition, this AGREEMENT is subject to any additional restrictions, limitations, conditions, or any statute enacted by the Congress, State Legislature, or LOCAL AGENCY governing board that may affect the provisions, terms, or funding of this AGREEMENT in any manner.
- C. It is mutually agreed that if sufficient funds are not appropriated, this AGREEMENT may be amended to reflect any reduction in funds.
- D. LOCAL AGENCY has the option to terminate the AGREEMENT pursuant to Article VI, or by mutual agreement to amend the AGREEMENT to reflect any reduction of funds.

ARTICLE XXI CHANGE IN TERMS

- A. This AGREEMENT may be amended only by mutual written agreement of the parties.
- B. CONSULTANT shall only commence work covered by an amendment after the amendment is executed and notification to proceed has been provided by LOCAL AGENCY'S Contract Administrator.
- C. There shall be no change in CONSULTANT'S Project Manager or members of the Project team, as listed in the approved Cost Proposal, which is a part of this AGREEMENT without prior written approval by LOCAL AGENCY'S Contract Administrator.

ARTICLE XXII CONTINGENT FEE

CONSULTANT warrants, by execution of this AGREEMENT that no person or selling agency has been employed, or retained, to solicit or secure this AGREEMENT upon an agreement or understanding, for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees, or bona fide established commercial or selling agencies maintained by CONSULTANT for the purpose of securing business. For breach or violation of this warranty, LOCAL AGENCY has the right to annul this contract without liability; pay only for the value of the work actually performed, or in its discretion to deduct from the contract price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

ARTICLE XXII DISPUTES

Prior to either party commencing any legal action under this AGREEMENT, the parties agree to try in good faith, to settle any dispute amicably between them. If a dispute has not been settled after forty-five (45) days of good-faith negotiations and as may be otherwise provided herein, then either party may commence legal action against the other.

- A. Any dispute, other than audit, concerning a question of fact arising under this AGREEMENT that is not disposed of by agreement shall be decided by a committee consisting of LOCAL AGENCY's Contract Administrator and Parks and Public Works Director, who may consider written or verbal information submitted by CONSULTANT.
- B. Not later than thirty (30) calendar days after completion of all deliverables necessary to complete the plans, specifications and estimate, CONSULTANT may request review by LOCAL AGENCY Governing Board of unresolved claims or disputes, other than audit. The request for review will be submitted in writing.
- C. Neither the pendency of a dispute, nor its consideration by the committee will excuse CONSULTANT from full and timely performance in accordance with the terms of this AGREEMENT.

ARTICLE XXIV INSPECTION OF WORK

CONSULTANT and any subconsultant shall permit LOCAL AGENCY, the State, and the FHWA if federal participating funds are used in this AGREEMENT; to review and inspect the Project activities and files at all reasonable times during the performance period of this AGREEMENT.

ARTICLE XXV SAFETY

- A. CONSULTANT shall comply with OSHA regulations applicable to CONSULTANT regarding necessary safety equipment or procedures. CONSULTANT shall comply with safety instructions issued by LOCAL AGENCY Safety Officer and other LOCAL AGENCY representatives. CONSULTANT personnel shall wear hard hats and safety vests at all times while working on the construction Project site.
- B. Pursuant to the authority contained in Vehicle Code §591, LOCAL AGENCY has determined that such areas are within the limits of the Project and are open to public traffic. CONSULTANT shall comply with all of the requirements set forth in Divisions 11, 12, 13, 14, and 15 of the Vehicle Code. CONSULTANT shall take all reasonably necessary precautions for safe operation of its vehicles and the protection of the traveling public from injury and damage from such vehicles.
- C. Any subcontract entered into as a result of this contract, shall contain all of the provisions of this Article.
- D. CONSULTANT must have a Division of Occupational Safety and Health (CAL-OSHA) permit(s), as outlined in California Labor Code Sections 6500 and 6705, prior to the initiation of any practices,

work, method, operation, or process related to the construction or excavation of trenches which are five feet or deeper

ARTICLE XXVI OWNERSHIP OF DATA

- A. It is mutually agreed that all materials prepared by CONSULTANT under this AGREEMENT shall become the property of City, and CONSULTANT shall have no property right therein whatsoever. Immediately upon termination, City shall be entitled to, and CONSULTANT shall deliver to City, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not, and other such materials as may have been prepared or accumulated to date by CONSULTANT in performing this AGREEMENT which is not CONSULTANT's privileged information, as defined by law, or CONSULTANT's personnel information, along with all other property belonging exclusively to City which is in CONSULTANT's possession. Publication of the information derived from work performed or data obtained in connection with services rendered under this AGREEMENT must be approved in writing by City.
- B. Additionally, it is agreed that the Parties intend this to be an AGREEMENT for services and each considers the products and results of the services to be rendered by CONSULTANT hereunder to be work made for hire. CONSULTANT acknowledges and agrees that the work (and all rights therein, including, without limitation, copyright) belongs to and shall be the sole and exclusive property of City without restriction or limitation upon its use or dissemination by City.
- C. Nothing herein shall constitute or be construed to be any representation by CONSULTANT that the work product is suitable in any way for any other Project except the one detailed in this Contract. Any reuse by City for another Project or Project location shall be at City's sole risk.
- D. Applicable patent rights provisions regarding rights to inventions shall be included in the contracts as appropriate (48 CFR 27 Subpart 27.3 - Patent Rights under Government Contracts for federal-aid contracts).
- E. LOCAL AGENCY may permit copyrighting reports or other agreement products. If copyrights are permitted; the AGREEMENT shall provide that the FHWA shall have the royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use; and to authorize others to use, the work for government purposes.

ARTICLE XXVII CLAIMS FILED BY LOCAL AGENCY'S CONSTRUCTION CONTRACTOR

- A. If claims are filed by LOCAL AGENCY's construction contractor relating to work performed by CONSULTANT's personnel, and additional information or assistance from CONSULTANT's personnel is required in order to evaluate or defend against such claims; CONSULTANT agrees to make its personnel available for consultation with LOCAL AGENCY'S construction contract administration and legal staff and for testimony, if necessary, at depositions and at trial or arbitration proceedings.
- B. CONSULTANT's personnel that LOCAL AGENCY considers essential to assist in defending against construction contractor claims will be made available on reasonable notice from LOCAL AGENCY. Consultation or testimony will be reimbursed at the same rates, including travel costs that are being paid for CONSULTANT's personnel services under this AGREEMENT.
- C. Services of CONSULTANT's personnel in connection with LOCAL AGENCY's construction contractor claims will be performed pursuant to a written contract amendment, if necessary, extending the termination date of this AGREEMENT in order to resolve the construction claims.

ARTICLE XXVIII CONFIDENTIALITY OF DATA

- A. All financial, statistical, personal, technical, or other data and information relative to LOCAL AGENCY's operations, which are designated confidential by LOCAL AGENCY and made available to

CONSULTANT in order to carry out this AGREEMENT, shall be protected by CONSULTANT from unauthorized use and disclosure.

- B. Permission to disclose information on one occasion, or public hearing held by LOCAL AGENCY relating to the AGREEMENT, shall not authorize CONSULTANT to further disclose such information, or disseminate the same on any other occasion.
- C. CONSULTANT shall not comment publicly to the press or any other media regarding the AGREEMENT or LOCAL AGENCY's actions on the same, except to LOCAL AGENCY's staff, CONSULTANT's own personnel involved in the performance of this AGREEMENT, at public hearings, or in response to questions from a Legislative committee.
- D. CONSULTANT shall not issue any news release or public relations item of any nature, whatsoever, regarding work performed or to be performed under this AGREEMENT without prior review of the contents thereof by LOCAL AGENCY, and receipt of LOCAL AGENCY'S written permission.
- E. All information related to the construction estimate is confidential, and shall not be disclosed by CONSULTANT to any entity, other than LOCAL AGENCY, Caltrans, and/or FHWA. All of the materials prepared or assembled by CONSULTANT pursuant to performance of this Contract are confidential and CONSULTANT agrees that they shall not be made available to any individual or organization without the prior written approval of City or except by court order. If CONSULTANT or any of its officers, employees, or subcontractors does voluntarily provide information in violation of this Contract, City has the right to reimbursement and indemnity from CONSULTANT for any damages caused by CONSULTANT releasing the information, including, but not limited to, City's attorney's fees and disbursements, including without limitation experts' fees and disbursements.

ARTICLE XXIX NATIONAL LABOR RELATIONS BOARD CERTIFICATION

In accordance with Public Contract Code Section 10296, CONSULTANT hereby states under penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against CONSULTANT within the immediately preceding two-year period, because of CONSULTANT's failure to comply with an order of a federal court that orders CONSULTANT to comply with an order of the National Labor Relations Board.

ARTICLE XXX EVALUATION OF CONSULTANT

CONSULTANT's performance will be evaluated by LOCAL AGENCY. A copy of the evaluation will be sent to CONSULTANT for comments. The evaluation together with the comments shall be retained as part of the contract record.

ARTICLE XXXI PROMPT PAYMENT FROM THE LOCAL AGENCY TO CONSULTANT

The LOCAL AGENCY shall make any progress payment within 30 days after receipt of an undisputed and properly submitted payment request from CONSULTANT on a professional service contract. If the LOCAL AGENCY fails to pay promptly, the LOCAL AGENCY shall pay interest to the contractor, which accrues at the rate of 10 percent per annum on the principal amount of a money judgment remaining unsatisfied. Upon receipt of a payment request, the LOCAL AGENCY shall act in accordance with both of the following:

- 1) Each payment request shall be reviewed by the LOCAL AGENCY as soon as practicable after receipt for the purpose of determining that the payment request is a proper payment request.
- 2) Any payment request determined not to be a proper payment request suitable for payment shall be returned to CONSULTANT as soon as practicable, but not later than seven (7) days, after receipt. A request returned pursuant to this paragraph shall be accompanied by a document setting forth in writing the reasons why the payment request is not proper.

ARTICLE XXXII NOTIFICATION

All notices hereunder and communications regarding interpretation of the terms of this AGREEMENT and changes thereto, shall be effected by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

CONSULTANT: Natalina V. Bernardi, PE
(NAME)
ATTN: Jaggi Bhandal
(Project Manager)
1730 N. First Street, Suite 600
San Jose, CA 95112
(ADDRESS)

LOCAL AGENCY: Parks and Public Works Department
ATTN: WooJae Kim, Town Engineer, Contract Administrator
41 Miles Avenue
Los Gatos, CA 95030

ARTICLE XXXIII CONTRACT

The two parties to this AGREEMENT, who are the before named CONSULTANT and the before named LOCAL AGENCY, hereby agree that this AGREEMENT constitutes the entire AGREEMENT which is made and concluded in duplicate between the two parties. Both of these parties for and in consideration of the payments to be made, conditions mentioned, and work to be performed; each agree to diligently perform in accordance with the terms and conditions of this AGREEMENT as evidenced by the signatures below.

ATTACHMENTS:

- EXHIBIT A – SCOPE OF SERVICES
- EXHIBIT B – CONSULTANT’S COST PROPOSAL
- EXHIBIT 10-O2 - Consultant Contract DBE Information

ARTICLE XXXIV SIGNATURES

Recommended by Department Head:

DocuSigned by:

Matt Morley 5/13/2021

Matt Morley, Parks and Public Works Director

IN WITNESS WHEREOF, THE LOCAL AGENCY AND CONSULTANT HAVE EXECUTED THIS AGREEMENT.

TOWN OF LOS GATOS by:

DocuSigned by:

Laurel Prevetti 5/20/2021

Laurel Prevetti, Town Manager

CONSULTANT by:

DocuSigned by:

Natalina V. Bernardi 5/12/2021

Signature

Natalina V. Bernardi, Principal / Vice President

Printed Name and Title

Approved as to Form:

DocuSigned by:

Robert W. Schultz 5/18/2021

Robert Schultz, Town Attorney

Attest:

DocuSigned by:

Shelley Neis 5/20/2021

Shelley Neis, CMC, Town Clerk

PROJECT SCOPE OF SERVICES

PHASE I - ENGINEERING DESIGN SERVICES AND ENVIRONMENTAL CLEARANCES:

The BKF Team will provide all design services, including but not limited to: Project management; preliminary engineering; environmental studies and clearances; utility coordination and right-of-way; permits and coordination with other agencies; surveys and mapping; geotechnical investigations and reports; structural and final design and development of all contract documents; bid support and obtaining the authorization to proceed to construction from Caltrans for the Highway 17 Bicycle and Pedestrian Overcrossing Project as more specifically described as follows. Where appropriate professional engineer shall sign all plans, specifications and estimates and engineering data furnished under the scope of services, including registration number.

- **Task A.1 Project Management** - The BKF Team will provide the necessary Project coordination, administration, management and interfacing with the Town, Caltrans, and other internal/external stakeholders to achieve Project objective. The BKF Team will proactively provide direction to the Town regarding the Project tasks necessary to deliver the federally funded Project consistent with Caltrans permitting requirements and federal reimbursement requirements. The BKF Team will be responsible for Project management activities throughout the life of the contract. The scope of these activities includes, but is not limited to,
 - provide, distribute, and maintain contact information for all Project team members
 - coordinate and schedule meetings/conference calls as needed
 - prepare and distribute meeting minutes
 - itemize, track, and pursue all Project action items to completion
 - develop and maintain the Project schedule, report on Project progress
 - manage Subconsultant activities to remain on schedule,
 - supervise, coordinate, and monitor design for conformance with all current applicable design standards from the Town, AASHTO, Caltrans Design Standards and Specifications, California Building Code, and any affected utilities
 - supervise, coordinate, and monitor the design for conformance with permit requirements from Caltrans, VTA, and utility companies
 - conduct field reviews as needed
 - prepare and track Town's submissions to Caltrans
 - provide internal quality control checks and document quality control actions conducted for the Project
 - conduct cross-checking to avoid potential conflicts between various subconsultant's work
 - develop Project filing and record keeping system for Project files for a period of 5 years
 - develop a list of Project stakeholders for coordination during Project design
 - assist the Town with grant funding pursuits for project construction. BKF understands that the Town will lead these funding pursuit efforts, but will provide minimal support (project information, exhibits, etc).

Deliverables: Meeting minutes, schedule, progress reports, action item logs, tracking spreadsheets, Caltrans submissions and other items resulting from the BKF Team's Project management duties

- **Task A.2 Data Collection and Review** - The BKF Team will obtain and collect data as needed to develop general Project design concepts and related activities needed to establish the parameters for final design, such as, existing topography/geometrics, grading and drainage considerations, geotechnical/retaining wall considerations, structural engineering and proposed bridge structure, ADA considerations, extent of required demolition activities, construction phasing/staging, environmental and future maintenance considerations. The scope of these activities includes, but is not limited to, (items to be provided by the Town or items on the Town's Project webpage are as indicated below).
 - Complete an extensive site review/existing conditions assessment of the Project area
 - Collect and review existing background information regarding the Project including:
 - Town's adopted Bicycle and Pedestrian Master Plan and Update (see Attachment 3)
 - Highway 17 Bicycle and Pedestrian Overcrossing Feasibility Analysis (see Attachment 3)



EXHIBIT A - PROJECT SCOPE OF SERVICES

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- Funding Agreement between the Town of Los Gatos and Santa Clara Valley Transportation Agency for the Bicycle and Pedestrian Overcrossing Over Highway 17 (see Attachment 3)
- Caltrans Local Procedures Manual
- Plans for existing utilities in Project area
- Development plans for adjacent properties – (Town to provide)
- Proposed developments in the Project vicinity (Town to provide) and potential Project impacts
- Street improvement plans, including signalized intersections (Town to provide)
- Aerial photos and any available mapping, including digitized topography
- Survey control data
- ROW information, including Caltrans right of way documents, existing easements, etc.
- Existing as-built information from the Town, Caltrans, property owners, local agencies, utility companies, and other organizations
- Existing Blossom Hill Road Highway 17 Overcrossing bridge structure plans and geotechnical information
- Geologic and soil literature in the Project vicinity
- Design standards and codes applicable to the Project
- Town's Standard Specifications and Details for Construction, 2010 Caltrans Standard Specifications and Standard Plans, and applicable portions of the MUTCD and California MUTCD, and other controlling design standards as appropriate
- Americans with Disabilities Act (ADA) requirements
- Connect Los Gatos webpage and Highway 17 Bicycle and Pedestrian Overcrossing Project page
- Minutes from Project related community meetings
- Based on existing conditions and Project objectives, determine required permits and permit requirements necessary for successful completion of Project and review permit applications and requirements
- Based on the data collected and site evaluations, review the preliminary layout as presented in the feasibility study, verify assumptions, and confirm consistency with the Project's objectives and budget.
- Based on information collected, prepare a summary or diagram of existing conditions highlighting any special/potential conditions that may affect the final design (opportunities and constraints diagram)

Deliverables: Video of existing site conditions, listing of all potentially required permits, opportunities and constraints diagram

- **Task A.3 Surveys and Base Mapping** - The BKF Team will be responsible for data collection, and all mapping and surveying necessary to complete a comprehensive base map and other plans as indicated below. The scope of a comprehensive base map and survey includes setting Project benchmarks and establishing control for Project layout and construction, aerial photogrammetry, design level topographic surveys, identification of all public right-of-way, adjacent parcels, property lines, easements, and existing utility locations. The extent of the topographical surveying and mapping shall extend a minimum of 10' or more beyond the existing Blossom Hill Road right of way to show adequate conforms to existing conditions and proper future drainage. Existing conditions mapping shall include appropriate data collected in Task A.2.
- The BKF Team shall conduct a detailed field survey to review and record existing conditions in the Project area and shall identify any unusual or special conditions that may affect the design or construction of the Project. The field survey for the Project area shall include at a minimum, the location of all existing above and below grade facilities, including but not limited to, roadways, signing/stripping, medians, traffic signals and appurtenances, fire hydrants, street lights, retaining walls, sidewalks, curbs, gutters, ramps, SR 17 overcrossing structure including the embankments and structural components, fences, gates, utilities, flood control facilities, waterways, outfalls, trees



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- greater than 6" DBH, and any existing irrigation facilities.
- The BKF Team shall review data and survey information collected with proposed Project layout and shall complete physical verification of utility locations in areas of potential conflict. The BKF Team shall obtain all permits and approvals necessary to complete the potholing operations. Results of potholing shall be included on the Utilities Base Map.
 - Based on the survey and data collected, the BKF Team shall prepare one or more existing conditions base maps, at a scale of 1"=20' for use in the Project design and community meetings, including
 - Existing Conditions Base Map
 - Existing Utilities Base Map
 - Existing Tree Plan - the BKF Team shall prepare a separate plan showing the location and number of existing trees over 6" DBH, including size, species, and location.
 - Right of Way Map – showing location of all property lines and easements within or immediately adjacent to the Project area.

Deliverables: Survey data sheets, base map(s) and plans in AutoCAD format- including Existing Conditions Base Map, Existing Utilities Base Map, Tree Locations and Right of Way Map

- **Task A.4 Stakeholder Coordination and Project Permits** - The BKF Team shall identify all Project stakeholders and shall take actions necessary to coordinate Project design with the Town and Project stakeholders. Meetings with the stakeholders, including the Town, Town Council and Commissions, community members, Caltrans, VTA, any affected utilities, and any affected private properties will be included in this scope of work and shall include preparing and providing supporting documents, reports, and exhibits. The BKF Team shall determine the need for permits to allow for the ultimate construction of the Project, including a Caltrans encroachment permit, and any other permits deemed necessary for construction access and staging areas and shall prepare required applications, documents, and reports to allow the Town to obtain the Project permits in a timely manner. Design of the Project is to remain within the existing public and Caltrans right of way, however, the BKF Team will identify any conform or other activities that may need to temporarily take place on private property, and will coordinate with adjacent property owners to obtain clearances for such activities. The BKF Team shall coordination permits necessary for geotechnical drilling operations and USA clearances.

Caltrans Coordination: The BKF Team will take the lead and coordinate with Caltrans and the Town to prepare a Project Initiation Document (PID), Project Study Report-Project Development Study (PSR-PSD), Project Approval & Environmental Document (PA&ED), and final PS&E including all reports and documentation required by Caltrans in order to obtain a Caltrans encroachment permit for the Project. To start the coordination process, BKF will assist the Town in obtaining a Cooperative Agreement with Caltrans to start the PID phase. The PID shall comply with the Caltrans standard PSR-PDS requirements and will include the overall site plan and typical conceptual cross-sections for the alternatives identified in the feasibility study. The BKF Team will assist the Town in the development of the necessary Cooperative Agreements with Caltrans for the PID, PA/ED, and PS&E phases. The BKF Team will schedule and hold meetings as needed with Caltrans and shall also schedule and hold regular Project team coordination meetings with Caltrans and shall prepare the meeting agendas, minutes, and action items. It will be the BKF Team's responsibility to prepare, implement and monitor a realistic schedule of the activities necessary, to lead the Town through the PID, PA/ED, and PS&E phases of the Project. BKF will also assist the Town in the execution of a Maintenance Agreement for the proposed project improvements and supporting exhibits necessary to complete the agreement.

Deliverables: Approved PID, PA/ED, and PS&E; Project team meeting agendas, minutes, action item lists, Caltrans encroachment permit for Project construction.

Selection of Preferred Bridge Type: The feasibility study has identified three feasible types of bridge structures for consideration. The BKF Team understands that the Town



plans to only move forward with the concrete and steel truss bridge options identified in the feasibility study. BKF will develop each concept further and shall assist the Town in the presentation of these two alternatives to the community, the Town's Complete Streets and Transportation Commission and the Town Council. The BKF Team will lead the Town's effort to develop a consensus regarding the final bridge type for advancing into the final design process. This process is to take place concurrently with the development of the Project Initiation Document (PID), and shall result in the Town Council's selection of the final bridge type prior to the completion of the PID phase. The following tasks are anticipated for the selection of the preferred bridge structure:

- Prepare a Principal Span Structure Selection Matrix including structure type, anticipated costs, key opportunities and constraints for each bridge type
- Define embankments (if any), retaining walls/sound walls (if any), supports, main span and approach structure geometrics
- Geometric alignment and clearances, including bridge and approaches with a focus on geometric plans through Caltrans right of way. The geometric design for the bridge and approaches through Caltrans right of way will be developed based on project objectives, the constraints and the Town's and Caltrans design standards. Adequate detail will be provided so that assessments and evaluations can be made and discussed.
- Refine each alternative to show impacts to adjacent properties and relationship to adjacent property lines
- Provide diagrams and plans showing the movement of bicycle and pedestrians across the structures and through the adjacent intersections and across bridge structure
- Develop additional perspectives for each bridge structure showing:
 - Viewer friendly plans showing proposed alignment, profiles, and cross-sections of each bridge alternative
 - Visual simulation/view of each bridge structure from both south and northbound SR 17
 - Visual simulation/view of each bridge from the user's perspective both east and west bound directions
 - Potential additional architectural features or opportunities for each bridge type including pedestrian and bicycle railings, lighting concepts, and potential incorporation of public art features.
 - Landscape and urban design concepts
 - Refine basic cost estimate for each bridge type
- Assist the Town in a community workshop(s) to review bridge types and determine community preference
- Assist the Town in presentations to the Parks and Recreation Commission, the Complete Streets and Transportation Commission, and Town Council to determine the final bridge type.

In advance of the 35% phase, the BKF Team will develop Bridge APS submittal for the Town's and Caltrans review and approval. The team will perform necessary modeling and analysis to support member sizing. The Bridge APS shall be performed in accordance with Caltrans Bridge Memo to Designers 1-8. The APS shall consist of one structure plan sheet showing general structure layout details and estimated cost, preliminary geotechnical memorandum, APS checklists, design memorandum, and itemized cost estimates. There will be no APS sheets developed for the retaining structures unless these walls are very unusual in characteristic and type.

Deliverables: Opportunities and constraints diagrams, visual simulations, plans, profiles, cross-section, meeting presentations, cost estimates, APS.

Community Engagement: With assistance from the BKF Team, Town staff will implement and lead the Project's Community Engagement Plan. The BKF Team shall develop and implement a robust community engagement process, attend and provide support to Town staff in public outreach efforts, and facilitate community meetings to obtain input on the proposed design. The BKF Team will develop all necessary meeting materials including graphics, presentations slides, handouts, drawings, graphic boards, etc. for each meeting, as



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appropriate. BKF will conduct a "pre-meeting planning session" with the Town via teleconference before each meeting to review materials. The BKF Team will provide minutes for all meetings. A minimum of eighteen (18) public outreach activities are anticipated per the RFP. The following public activities are preliminary proposed into three broad phases: 1) Technical Translation Phase to build and test educational materials, 2) Stakeholder Engagement Phase to interact directly with specific key groups such as adjacent homeowners, nearby schools, and other specific organizations, to address their key concerns and 3) General Public Phase to engage the broader public to ensure understanding of the project, the community preferences, and forthcoming design and construction schedule. The following list includes public meetings and other engagement activities anticipated during and after the Structural Design and Aesthetic Evaluation Study. Specific community engagement activities required of the BKF Team are anticipated to include the following:

- Stakeholder Engagement Materials: The BKF Team will provide supporting documents and exhibits for the Town's use in stakeholder notifications.
- Stakeholder and Contact Database: The BKF Team shall collaborate with Town staff to build onto any existing contact list to include key individuals, organizations, and agencies to engage.
- Community Engagement Strategy: Working with Town staff, the BKF Team shall define key outreach activities, their sequence, and their likely schedule.
- Project Informational Materials: The BKF Team shall develop materials to help educate the community about the project and potentially promote input activities, typically including a Project Fact Sheet, FAQ sheet, and flyer template, or other information that can be posted to the Town's website.
- Stakeholder Interviews: The BKF Team shall interview specific individuals and community champions representing key stakeholder groups or constituencies early in the process to identify concerns and early design preferences or parameters.
- Stakeholder Group Meetings: The BKF Team shall coordinate and present at stakeholder meetings. Among the possibilities include advisory group meetings, neighborhood group meetings, the chamber of commerce, school PTA meetings, service clubs (Kiwanis, Rotary, Lions, etc.), or employee groups.
- Community Meeting and Workshops: The BKF Team and Town shall develop a list of key Project milestones for community input and workshops. The Town shall arrange venues – if health guidelines allow - for workshops and shall notify stakeholders of meetings and workshops, however the BKF Team will be prepared to facilitate the community discussion/workshops and Commission/Council presentations and shall provide supporting documentation and visual aids. Workshops and meetings will be conducted as virtual events if shelter in place protocols remain. Visual aids shall include renderings and visual simulations of major Project elements. All Project materials shall include the appropriate Measure B logo and acknowledgements. The BKF Team will provide meeting summaries and follow up on outstanding comments or issues. It is anticipated that the community meetings, workshops, and presentations will be required at the following Project milestones:
 - Preferred Bridge Type Selection – Two (2) community workshops, plus four (4) Council or other Commission presentations
 - Community/Commission Design Reviews– minimum of two (2) each at PID, PA/ED, 35% design, 65% design, and 95% design
 - Town Council presentation at 35% and at 100% complete PS&E
- On-line Engagement: the BKF Team shall provide periodic progress updates for the Town to post on the Project web-page.
- Online Preference Setting Activity: To reach the broader Los Gatos community beyond those attending in-person, an online activity, potentially a graphics – or map-based survey is proposed to help garner community input and ideas, and to help hone in on a design alternative.
- Town Council Meetings: The BKF Team shall attend and assist in presentations in up to a total of two (2) Town Council meetings. These meetings shall be planned at the Town's staff's discretion.

Deliverables: Workshops and presentations (18 total), agendas, visual aids/visual simulations, renderings, meeting summaries, follow-up as needed,



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VTA Coordination: the BKF Team assumes the Town will facilitate all coordination efforts with the VTA for this Project, however, BKF will provide support as outlined below:

- Include insurance coverage and endorsements as required by VTA funding agreement. The Project must include Measure B branding/logo in work released to the public and in project construction/specifications.
- The BKF Team shall allow VTA a minimum of thirty (30) calendar days to review and provide comments and shall include such review time in the master Project schedule. VTA's comments must be considered in the final design phase of the Project. The BKF Team shall provide back-up information as necessary for any VTA comment that will not be incorporated into the final design documents. BKF assumes that the Town will lead/facilitate reviews with the VTA.
- Submit to the Town all records including invoices, miscellaneous invoices, and force account charges as substantiation for invoices submitted to VTA for reimbursement hereunder.
- Maintain financial records, books, documents, papers, accounting records, and other evidence pertaining to costs related to the Project for five (5) years. The BKF Team shall make such records available to VTA and the Town upon written request for review and audit purposes. Financial audits may be performed at VTA's sole discretion.

Deliverables: Written responses to VTA review comments.

Utility Coordination – The complete effort for utility coordination is to include accurately identifying and mapping of existing utilities, identifying and defining any relocations or modifications required by the Project, and documenting utilities in accordance with Caltrans policies, and coordinating any future utility requirements for the Project.

- Coordinate with all utility companies early in Project to identify and confirm any potential conflicts with the Project.
- Submit proposed plans to utility companies as necessary for review in accordance with utility requirements.
- Complete potholing to verify location of utilities in potential conflict areas.
- Coordinate any necessary utility relocations, including and temporary relocation of the utility facilities, as needed, for bridge installation or other construction considerations.
- Coordinate with PG&E and the SJWC for future power and water service points needed for the Project.
- Develop and maintain a list of utility contacts and relocation tracking database for the Project design and construction activities.
- Prepare Utility A, B, and C letters.
- Conduct utility coordination meetings, prepare agendas, minutes, and track action items.
- Prepare utility conflict maps clearly delineating existing and proposed utilities in current and final locations.
- Provide support to the Town for the utility relocation process, determining liability for the costs associated with necessary relocations.
- Prepare necessary Utility Agreements.
- Incorporate relocation activities into Project schedule.
- Certify that all utility conflicts are addressed and other actions necessary to obtain the Utility Certification as part of the ROW Certification.

Deliverables: A, B, C, letters and utility certifications, agreements, permits, clearances as required to obtain the Caltrans encroachment permit and for construction of the Project, meeting minutes, utility contact list.

- **Task A.5 Environmental Studies and Documentation – CEQA and NEPA**

The BKF Team will complete all required environmental reviews and obtain all environmental clearances to allow the Project to move forward into construction. All environmental documents and reports, studies and public noticing shall be conducted according to the



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provisions of the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA).

For CEQA clearance, David J. Powers & Associates, Inc. (DJP&A) will prepare an Initial Study pursuant to the requirements of CEQA and the Town of Los Gatos. This scope assumes the Initial Study will not be circulated for public review; instead, upon completion of the Initial Study, the Town will determine the project is categorically or statutorily exempt from the provisions of CEQA. In addition, with the recent passing of Senate Bill 288, Public Resources Code Section 21080.20 now exempts bicycle and pedestrian facility projects. Therefore, DJP&A believes the project would be statutorily exempt under CEQA. For the purposes of this proposal, the BKF Team assumes the Town will be designated as the CEQA lead agency.

NEPA clearance will be required due to the future federal funding for construction of the Project. The BKF Team will work with Caltrans (the lead for the NEPA process) and the Town, and complete all technical memorandums and studies as identified by Caltrans through the Preliminary Environmental Studies (PES) and Field Review process. For the purpose of this proposal, the BKF Team assumes the appropriate filing for NEPA will be a Categorical Exclusion under NEPA (23 CFR 771.117; (c) (3): Construction of bicycle and pedestrian lanes, paths, and facilities.

Based on the DJP&A's recent experience working on Caltrans Local Assistance Projects in the greater Bay Area, DJP&A believes Caltrans will require preparation of the following technical memos for the bicycle and pedestrian overcrossing. The actual studies to be completed will be determined by Caltrans upon completion of the PES and field review meeting:

- Traffic Technical Memo
- Air Quality PM2.5 Exemption
- Water Quality Technical Memo
- Natural Environmental Study (Minimal Impact)
- Archaeological Survey Report
- Equipment Staging Technical Memo
- Initial Site Assessment
- Visual Impact Assessment (Moderate Impact)

DJP&A will prepare the air quality, traffic, equipment staging, and water quality memos based on information provided by the Town and BKF.

The Natural Environmental Study (Minimal Impact), Archaeological Survey Report and Historic Property Survey Report, and Visual Impact Assessment (Moderate Impact) will be prepared by H.T. Harvey & Associates, Archaeological Historic Consultants, and Earthview Sciences, respectively, under contract to DJP&A.

The Natural Environmental Study (Minimal Impact) will characterize the existing conditions, and determine the potential project impacts to sensitive biological resources. A wetland delineation is not included in this scope.

The Archeological Survey Report will include a summary of records search results and Native American consultations. The Historic Property Survey Report (HPSR) will report the findings of any documented historic resources located within the project limits and a summary of the findings of the Archeological Survey Report, which will be included as an attachment to the HPSR.

The Visual Impact Assessment will evaluate up to three views, based on photosimulations to be prepared under separate contract and provided to DJP&A. Earthview Sciences will participate in consultation with Caltrans and Town staff for viewpoint selection.

The Phase I Initial Site Assessment will be prepared by Parikh for the proposed project. ASTM recommends a 1.0-mile radius for the data search. Environmental Data Research Inc. (EDR Inc.) report study will be ordered using an approximate center of the project. The ISA



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study will be prepared to identify potential hazardous waste sites and evaluate environmental factors that may have impacted the soil groundwater quality within the project limits. The study will include data collection and documents research including historical land use based on study of aerial photographs and other relevant documents. No field exploration and/or testing are included in this phase of the work.

The studies and memos will be prepared based on Caltrans' Standard Environmental Reference (SER) and submitted to the Town and BKF for review. DJP&A will revise the memos once and submit them back to the Town for submittal to Caltrans. Based upon review comments by Caltrans, DJP&A and its subconsultants (H.T. Harvey & Associates, Archaeological Historic Consultants, and Earthview Sciences), with concurrence from the Town, will revise the memos once for resubmittal to Caltrans. Once the memos are deemed complete by Caltrans, Caltrans will issue the NEPA Categorical Exclusion for use by the Town in obtaining federal funding.

Note the technical memos and reports will also be used to support the CEQA Categorical Exemption.

For the purpose of this proposal, the BKF Team assumes the following:

- The Project will not include work outside of existing Town or Caltrans right-of-way.
- The NEPA and CEQA process will be limited to the evaluation of one build alternative.
- The Project description will not change.
- The Project will not impact threatened or endangered plant or animal species, or habitat utilized by such species.
- No private property will be affected by the Project.
- The Project will use Tier 4 construction equipment and construction air quality analysis will be qualitative.
- All construction staging will occur on paved surfaces within Town right-of-way.
- BKF will provide information on tree location and diameter.
- BKF will provide information on construction staging, duration, equipment use, etc.
- Completion of an Extended Phase I (i.e., subsurface archaeological testing) will not be required.

Regulatory Agency Permits – The BKF Team assumes the project will not need regulatory agency permits from the San Francisco Regional Water Quality Control Board or California Department of Fish and Wildlife because there are no wetlands or riparian habitat within or immediately adjacent to the project alignment.

Deliverables to include: Initial Study, Notice of Exemption, Preliminary Environmental Studies form, traffic technical memo, air quality PM2.5 exemption confirmation, water quality technical memo, Natural Environmental Study (Minimal Impact), Archaeological Survey Report, Equipment Staging Technical Memo, Initial Site Assessment Visual Impact Assessment (Moderate Impact).

- **Task A.6 Geotechnical Investigations and Reports** - The BKF Team will conduct geotechnical investigations as necessary to ensure that all geotechnical data within the Project area that may affect the final design and construction of the Project are identified and addressed per the Caltrans encroachment permit requirements and in the final design of the Project. The specific project elements that will require geotechnical studies are listed below:
 - New bridge POC structure, Caltrans Review
 - Retaining Walls, embankments, slopes and trail pavement (Non-Caltrans ROW)

The following proposed geotechnical studies are planned to be performed during PA/ED Phase:

- **Preliminary Foundation Report (PFR):** Preliminary Foundation Report will be prepared for the POC over Highway 17. The PFR will be prepared in accordance with Caltrans guidelines and will include discussions on potential



geotechnical/geologic impacts and mitigations on a broad basis including but not limited to slope stability, geology, seismic impacts, erosion, groundwater conditions, etc. for the proposed bridge structure. Certain design assumptions are made as to the type of foundations, approximate pile length. Generally, the geotechnical issues relevant to the proposed project are presented in a qualitative manner with no specific design recommendations. Subsequently, during the PS&E phase a more detailed Foundation Report will be prepared for the bridge.

- **Preliminary Geotechnical Design Report (PGDR):** The project proposes to include retaining walls and slope cuts, embankments and pavement for the trail work. However, this work is outside of the Caltrans ROW. To simplify the process, Parikh will prepare a combined report that covers these elements as a PGDR.

A Preliminary Geotechnical Design Report is proposed for the roadway pavement, retaining walls, slopes and other civil design features. The review will be based on readily available data including as-built Log of Test Borings from the previous geotechnical reports and other Agency records. The potential geotechnical/geologic impacts and mitigations will be discussed on a broad basis including but not limited to slope stability, geology, seismic impacts, erosion, groundwater conditions, etc. for the proposed project. Wall foundation types will be based on Caltrans standard design guidelines. Generally, the geotechnical issues relevant to the proposed project are presented in a qualitative manner with no specific design recommendations.

Overall scope of work during PS&E Phase will include preparation of a Geotechnical Design Report for the roadway work, slopes, retaining walls and embankments. A separate foundation report will be prepared for the overcrossing of Highway 17. The proposed retaining walls are not located within the Caltrans right-of-way; therefore, separate foundation reports are NOT proposed for each of these walls.

The following proposed geotechnical studies are planned to be performed during PS&E Phase:

- **Foundation Report and Log of Test Borings (Bridge):** Parikh will prepare foundation report and log of test borings for the POC structure. Existing borings and CPT data from the Caltrans database will be used as a reference. Additional borings will be required for the new structure. Following is a task breakdown for the proposed work.
 - Research and Data Collection: Review of readily available geologic and soil literature in the vicinity of the site including review of any as-builts drawings and existing LOTB.
 - Permits/USA Clearances: Comply with the Caltrans Permit requirements. Encroachment permits will be processed with Caltrans for field investigations within Caltrans R/W. The BKF Team assumes encroachments within the Town will follow is streamlined process with fees waived.
 - Field locate the borings and call for USA clearance.
 - Field Exploration: Due to limited access, steep terrain and need for deeper exploration portable rigs are not feasible. There are three potential locations identified for the bridge project. One median boring will be included in this program that will require potentially night work and lane closures. This will be dictated by the Permit Engineer. The borings are proposed to a depth of 100' or refusal. One exploration per working shift is assumed. These explorations will provide an evaluation of subsurface conditions for the proposed structures. Traffic control is assumed for 1 shift.
 - The boring locations will depend upon the available access and the boring data from previous studies. We anticipate using a truck-mounted rig for majority of the work. Coordination and encroachment/permit to enter is to be provided by the client. Some private access and permits may be required.
 - Classify and continuously log subsurface soil conditions encountered in



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each test boring at the time of drilling. Obtain "relatively undisturbed" and bulk samples of substrata from test borings. The borings will be drilled and capped in accordance with the permit requirements.

- Laboratory Testing: Perform laboratory tests on representative soil samples such as moisture density, consolidation tests, unconfined compression, gradation analyses, corrosion tests and Plasticity Index test, as necessary.
- Soils Analysis/Evaluation: Perform engineering analyses and develop design recommendations for the proposed structure foundation design. The design should follow AASHTO LRFD specifications (8th edition, September 2017) with California amendment 2019.
- Prepare Draft Preliminary Foundation Reports (Type Selection) for the bridge structure. Prepare preliminary recommendations for the overcrossing and provide Draft Foundation Report with the LOTB. The foundation design will be based on analyses using Caltrans seismic design and LRFD guidelines.
- Discuss seismic considerations, evaluate the liquefaction potential and comment on the site soil conditions from this standpoint. Information related to Caltrans Seismic design criteria (SDC v 2.0) shall be provided. Information related to the recently revised Seismic design guidelines (2019) and the ARS curves (using Caltrans ARS online tool) will be provided.
- Prepare Foundation Report for the overcrossing structure. LOTB will be prepared using the general plan as a base map.

▪ **Geotechnical Design Report (one report within Town right-of-way):**

PARIKH will prepare a separate Geotechnical Design Report (GDR). The GDR will include retaining walls, slope stability analyses and trail. Detail scope for preparing this report is as follows:

- Research and Data Collection: Review of additional available geologic and soil literature in the vicinity of the site.
- Permits/USA Clearances: Work will comply with the Town's Permit requirements. Encroachment permits (Town/private) will be provided by the client.
- Boring locations will be located for USA clearance.
- Field Exploration: The boring program will include 4 explorations to 30 feet deep for the proposed walls and the slopes. These are planned with track mounted field equipment. These explorations will provide an evaluation of subsurface conditions for the proposed cut and fill walls and slopes. The boring locations will depend upon the available access and any permit conditions. No traffic control is assumed at this time as most of the work will be off the travel areas.
- Classify and log subsurface soil conditions encountered in each test boring at the time of drilling. Obtain "relatively undisturbed" and bulk samples of substrata from test borings. The borings will be drilled and capped in accordance with the permit requirements. Generally, the borings are required to be backfilled with cement grout.
- Laboratory Testing: Perform laboratory tests on representative soil samples such as moisture density, unconfined compression, gradation analyses, corrosion tests and Plasticity Index test, as necessary.
- Soils Analysis/Evaluation: Perform engineering analyses and develop design recommendations for the proposed retaining walls, slopes, embankments, and pavement design.
- Prepare Draft Geotechnical Design Report: Prepare preliminary recommendations including retaining wall design parameters, possible MSE wall option, slope stability recommendations and pavement section. Draft LOTB will be included in the report.
- Prepare final Geotechnical Design Report: Final GDR will include response to review comments from agency. Final design recommendations will be based on the updated design requirements. Log of Test Borings will be prepared using the general plan as a base map.



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- **Prepare Phase II ISA:** The Phase II ISA will include the following field activities and laboratory analysis:
 - Field Activities will include the following:
 - Advance up to 8 hand-auger borings to 2.5 ft bgs.
 - Collect 3 soil samples per boring (total 24 samples)
 - Analytical Laboratory Analyses (Standard Laboratory Turnaround Time):
 - 18 soil samples for Total Lead
 - 6 soil samples for CAM 17 Metals
 - 8 samples for TPHg
 - 8 samples for TPHd/mo
 - 4 samples for Organochlorine Pesticides
 - 1 sample for Volatile Organic Compounds
 - 1 sample for Semi-Volatile Organic Compounds
 - 1 sample for Polychlorinated Biphenyls
 - 4 samples for Naturally Occurring Asbestos
 - Prepare Site Investigation Report

Deliverables: Draft and Final Preliminary Geotechnical Design Report (PGDR), Draft and Final Preliminary Foundation Report (PFR), Draft Geotechnical Design Report (Town right-of-way), Draft Foundation Report for POC (Caltrans), Final Geotechnical Design Report (Town right-of-way), Final Foundation Report for POC (Caltrans).

- **Task A.7 35% PS&E** – The preliminary 35% design is intended to allow the Town, Caltrans, the community, and other stakeholders to review and comment based upon the basic design concepts early in the design process to minimize change in subsequent tasks. Plan development shall be based on the base mapping, data collection, and other determinations that are developed through the Environmental and PID and PA/ED phases. The BKF Team shall prepare the 35% design and submit to stakeholders for review and comment at community, commission, and Council meetings. Stakeholder comments shall be addressed in writing by the BKF Team prior to continuation of the design to the next level.

For scoping purposes, the BKF Team assumes that the basic structural configuration and concept, is limited to the concrete box girder and steel truss options identified in the Feasibility Study will be the preferred bridge type over Highway 17. The preliminary 35% design will include the following:

Preliminary Transportation Management Plan (TMP): TJKM will prepare a TMP Data Sheet to include proper cost, scope, and scheduling of the TMP activities at this early stage of development as required by the Caltrans PSR-PDS guidelines.

Basis of Design Memorandum: The BKF Team will confirm the applicable Town, Caltrans, other applicable jurisdictional standards and guidelines to be implemented and considered for the design of the pedestrian and bicycle overcrossing. The applicable standards and criteria set for the Project design will be described and culminated in a Design Basis Memorandum.

Preliminary Plans: The BKF Team shall refine the initial concept designs and prepare preliminary design plans (35%) for the preferred alternative based on community and Town input showing architectural and civil plans, structure elevations, sections, any artwork, lighting, and fence/railing elements, horizontal control lines, vertical profiles and super-elevations, grading and drainage, structure location and wall limits, utility impacts, and right-of-way/construction easement impacts.

Preliminary Cost Estimates: The BKF Team shall prepare preliminary construction cost estimate for the project in accordance with Caltrans guidelines including Caltrans Bridge Memo to Designers 1-8 and Section 11 of the Caltrans Bridge Design Aids. Use Caltrans Cost Estimate form for bridge item.

Bridge Type Selection Report: The BKF Team will analyze the structure type selection before extensive structural design work is performed and prepare a Bridge Type Selection



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Report (TSR) in accordance with Caltrans guidelines. The TSR will include a Bridge General Plan, Bridge Site Data Submittal, Foundation Plan, Construction Cost Estimate and Type Selection Memo. This work will be developed using Section 10, "Type Selection," of the Caltrans Bridge Design Aids, and Section 1-29, "Type Selection Review Meeting," of the Caltrans Bridge Memo to Designers. The BKF Team will submit the TSR for Caltrans review, and will present the proposed structure to Caltrans at a Bridge Type Selection Meeting. The BKF Team will conduct one (1) "pre-meeting planning session" teleconference with the Town. The BKF Team will finalize the TSR based on input received in the meeting. The TSR General Plan and Foundation Plan will be incorporated into the 35% Plan Submittal.

35% submittal, at a minimum, is anticipated to include the following:

- **PSR-PDS and Supporting Documents**
 - Purpose and Need
 - Geometric Approval Plans (Typicals and Horizontal and Vertical Alignments)
 - Identify Design Exceptions
 - Preliminary Drainage Report
 - PID Level Storm Water Data Report (SWDR)
 - Preliminary Transportation Management Plan (TMP)
 - Traffic Engineering Performance Assessment (TEPA) – The BKF Team assumes a formal TEPA is not required and minimal efforts to address the Traffic section in the PSR-PDS will suffice since the Project does not propose to alter traffic operations. Although a formal traffic analysis will not be required by Caltrans, BKF assumes a traffic memo to address the anticipated traffic signal modifications at West and East Roberts Road intersections will be required as part of the project scope. This analysis would be limited to Town review only and opening year operations.
 - Preliminary Geotechnical Memo and Preliminary Site Investigation
 - Biological/Cultural Records Searches
 - Preliminary Environmental Assessment Report (PEAR)
 - Construction and Support Cost Estimates
 - PID Draft Narratives/Sections
 - Administrative Draft PSR/PDS
 - Draft PSR/PDS with comments incorporated
 - Final PSR/PDS

- **PR and Supporting Documents** – For scoping purposes, the BKF Team assumes only one (1) alignment alternative and one (1) bridge type will be evaluated in the Project Report and supporting documents, which will include the following:
 - Geometric Approval Plans (Typicals and Horizontal and Vertical Alignments)
 - Design Exception Report
 - Utility Policy Exception
 - Preliminary Drainage Report
 - Storm Water Data Report (SWDR)
 - Transportation Management Plan (TMP)
 - Traffic Operations Analysis Report (TOAR) - The BKF Team assumes a formal TOAR is not required and minimal efforts to address the Traffic section in the PR will suffice since the Project does not propose to alter traffic operations. Although a formal traffic analysis will not be required by Caltrans, BKF assumes a traffic memo to address the anticipated traffic signal modifications at West and East Roberts Road intersections will be required as part of the project scope. This analysis would be limited to Town review only and opening year operations.
 - Right of Way Data Sheet (R/W Data Sheet)
 - Structures Advance Planning Study (APS)
 - Cost Estimate
 - Risk Management Plan
 - PR Draft Narrative/Sections
 - Administrative Draft Project Report
 - Updated/Finalized Supporting Documents
 - Draft Project Report with comments incorporated



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- Final Draft Project Report
- **35% PS&E** – The 35% PS&E submittal will be limited to the development of the Geometric Approval Drawings to obtain Caltrans Design approval of the Project's alignment design and features, including nonstandard design features.
 - Horizontal and vertical alignment plans
 -
 - Typical trail cross sections
 - Preliminary bridge plans (structural and architectural), typical cross sections, and details
 - Preliminary and Final Type Selection Reports
 - Preliminary retaining wall plans, details, and cross sections
 - Tree removal/Tree Protection plan
 - Independent quality control check including a review of the 35% plans and specifications for accuracy and conformance to applicable design standards and codes, constructability, and potential for value engineering/cost savings measures.
- **Task A.8 Final Design** – Based on the 35% PS&E documents and resolved comments, and following Caltrans approval of the PA/ED, the BKF Team will prepare the PS&E for the 65%, 95% and Final 100% submittals. PS&E shall be submitted to the Town of Los Gatos - Parks and Public Works Department at 65%, 95% and 100% complete. At each submittal stage, the items listed in Task A.7 shall be completed to the appropriate level of design. At each state, 3 hard copy sets of D-size (24"x36") plans and 3 hard copy sets of B-size (11"x17") plans shall be submitted along with electronic copies prepared in PDF format. At each stage 3 hard copies of the Specifications, Special Provisions, and Cost Estimates shall be provided along with electronic copies in MS Word/Excel. After each submittal, the BKF Team will allow appropriate time frames for identified stakeholders to review the submittal and return comments. All comments provided shall be addressed in writing prior to beginning work on the following submittal.

Based on the work from the previous 35% PS&E, and upon review and approval of the same by the Town, the BKF Team shall prepare and submit 65% design plans and updated cost estimates. The BKF Team will prepare the necessary design plan sheets for the 65% PS&E submittal, which includes the following:

- Title Sheet, Vicinity Map, and Key Map
- Typical Sections
- Layout Plans
- Profiles/Superelevations
- Grading Plans
- Demolition Plans
- Drainage Plans and Profiles
- Stormwater Management Plans and Details
- Temporary Water Pollution Control Plans and Details
- Utility Plans, Profiles, and Details – BKF assumes water line design work will not be required as part of this scope. BKF recognizes the San Jose Water Company (SJWC) has expressed a desire to relocate their line onto the new bridge and will coordinate with SJWC to accommodate this line on the new structure, however, all design details to include this on the structure and any specific reinforcement/attachment details will be completed by SJWC.
- Construction Details
- Stage Construction Plans
- Traffic Handling Plans
- Pavement Delineation Plans
- Signing Plans
- Electrical Plans and Details
- Traffic Signal Plans and Conductor Schedules – modifications are assumed at the Roberts Road West and East intersections. BKF assumes the Town can provide existing as-built drawings for these existing traffic signals.



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- Tree Removal/Protection Plans
- Planting and Irrigation Plans

Anticipated structural design drawings include but are not limited to:

- General Plan
- Structure Plan
- Deck Contours
- Foundation Plan
- Abutment Layout and Details
- Retaining Wall Layout and Details
- Bent Layout and Details
- Typical Sections
- Girder Layout and Details
- Approach Ramp Details
- Log of Test Borings
- Project specifications, special provisions and estimates

The Structural PS&E packages will be prepared in accordance with Caltrans processes/procedures. The structural design calculations will be performed in accordance with the most current California bridge practices and the following bridge design codes and manuals:

- Caltrans Standard Plans and Specifications
- Caltrans Bridge Design and Detailing Manuals
- American Association of State Highway and Transportation Officials Load and Resistance Factor Design (AASHTO LRFD) Bridge Design Specifications
- California Amendments to the AASHTO LRFD Bridge Design Specifications
- AASHTO LRFD Guide Specifications for the Design of Pedestrian Bridges
- Caltrans Seismic Design Criteria (SDC)

The proposed design will be coordinated with anticipated projects (i.e. Senior Housing Center northeast of existing Blossom Hill Overcrossing, SJWC Water line upgrade, Public Art Program, etc) located within the Project site limits, assuming their schedule progresses on a similar timeline as the proposed project design.

BKF assumes the Town of Los Gatos will Advertise, Award, and Administer (AAA) the construction of the proposed structure. As a result, BKF will not prepare additional Caltrans documents (Quantity Sheets, Survey files, RE files, etc.) that are typically required by Caltrans when Caltrans AAA's a construction contract.

BKF's subconsultant, TJKM, will prepare a TMP report to support construction activities proposed in the PS&E phase. The TMP is a method for minimizing activity-related traffic delay and accidents by the effective application of traditional traffic handling practices and an innovative combination of public and motorist information, demand management, incident management, system management, construction strategies, alternate route, and other strategies. During the final design phase, TJKM will propose lane closures on both Highway 17 and Blossom Hill Road, if needed, to support the construction of the bike and pedestrian overcrossing structure. The TMP report will be started at 65% PS&E and will be updated accordingly during 95% PS&E, and 100% PS&E. The BKF Team assumes no substantial impacts will be created with a full closure on Highway 17 and no detour will be needed during construction in the scope of work given the scope of work assumes the construction of a cast-in-place concrete structure with falsework, or steel truss structure. As a result, an approval or formal presentation with the Caltrans District Lane Closure Review Committee (DLCRC) will not be required and design approval can occur solely with the Caltrans TMP group during design approval.

Project Specifications and Special Provisions: The BKF Team shall prepare technical specifications and special provisions for all bid items including bid alternates. Documents shall be developed in accordance with federal, state and local requirements in all subsequent final design tasks. General conditions shall follow the Town and Caltrans requirements. The BKF Team shall prepare special provisions based on Caltrans Standard



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Special Provisions, Caltrans Standard Specifications, and Town construction contract standards. Special provisions shall follow the 2018 format of the Caltrans Standard Specifications and Standard Special provisions (SSP's)

Cost Estimate: The BKF Team shall prepare an engineer's estimate of probable construction cost for 65% design using both Caltrans and the Team's professional experience. Estimate shall include construction costs that reflect current market conditions, the bid items, utility relocation costs (if any), environmental mitigation costs, and contingencies.

65% submittal shall include all plan sheets developed to a minimum 65% complete stage and shall have been reviewed by the BKF Team for quality control, and coordination and consistency between plan sheets. Specifications and Special Provisions at the 65% level shall include a complete table of contents with all special provisions necessary for the construction of the Project identified. The construction cost estimate shall be prepared and shall include an appropriate estimating contingency.

It is the BKF Team's understanding that the 65% structural submittal package that consists of structural plans and specifications, and structural calculations will be reviewed by a Structural Engineer registered in the State of California and hired by the Town outside of this proposal.

BKF Team's Independent Structures Check of PS&E: As required by the Caltrans Office of Specially Funded Projects (OSFP), an independent check of the bridge design and drawings will be performed. The independent check will include independent structural calculations and independent quantities calculations and will be performed by an engineer who was not involved in the design of the bridge. The independent check will be performed concurrently with the Caltrans review of the 65% PS&E.

The BKF Team shall ensure all activities necessary to comply with regulations of the State Water Resources Control Board, including the requirements for the National Pollutant Discharge Elimination System permitting process, preparation of Project Registration Documents (PRDs) by a licensed qualified stormwater pollution prevention plan (SWPPP) developer (QSD), submittal of information to the Stormwater Multi Application Permit Tracking System (SMARTS), preparing landscape plans in accordance with Model Water Efficient Landscape Ordinance (MWELo), obtaining the WDID Project number, processing any other applicable documents, studies, waivers, and payment of all fees is addressed by the BKF Team and/or included in the construction Project specifications for completion during construction.

Once the Town receives the final 65% PS&E submittal, the BKF Team shall schedule a meeting with the Town and PDT members to review the revisions on the final 65% PS&E submittal package. Following this review session, the BKF Team shall prepare the 95% PS&E submittal. All comments from the 65% PS&E submittal review shall have been addressed.

95% submittal shall be the fully developed set of contract documents including all plans sheets, Specifications and Special Provisions, details, and other contract documents necessary for the construction of the Project. The construction cost estimate shall be finalized and shall include a 10% estimating contingency. The BKF Team will have conducted an internal quality control review of the plans, Specifications, Special Provisions, and construction cost estimate prior to submitting the 95% complete set and shall ensure that the contract documents are well coordinated, and information is consistent between all documents.

Following submission and review of the 95% submittal, The BKF Team will prepare and provide the Town with the final contract documents 100% for use in the construction bid process. All contract documents (plans, Specifications, Special Provisions, and estimates) are to be signed by the appropriately licensed professional engineer in responsible charge of the design.



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Once the Town receives the final 95% PS&E submittal, the BKF Team shall schedule a meeting with the Town and PDT members to review the revisions on the final 95% PS&E package. Following this review session, the Team shall prepare the 100% PS&E package.

The BKF Team shall also ensure that all design calculations, deliverables, and other works are independently verified to ensure accuracy. All exhibits, plans, and reports should be checked, corrected, and backed checked for accuracy and completeness prior to submitting documents to the Town and other agencies for review.

The PS&E must be approved prior to submission to Caltrans District Local Assistance. The BKF Team shall assist the Town in obtaining Caltrans approval of the Project PS&E for compliance with all applicable federal and state regulations and procedures. A preliminary "PS&E Checklist" form, included as Exhibit 12-D in Chapter 12 (Plans, Specifications & Estimate) of Caltrans' Local Assistance Procedures Manual, which summarizes the items requiring local agency compliance and identifies critical federal requirements shall be prepared by the BKF Team. With prior approval and consent from the Town, the BKF Team shall prepare the final Project PS&E Checklist, PS&E approval letter (Exhibit 12-C, LAPM Chapter 12), and preliminary estimate to be submitted to the Caltrans District Local Assistance Engineer (DLAE) along with a completed E-76 - "Request for Authorization" to proceed with construction.

The BKF Team shall provide an electronic copy of the final contract documents, a signed and stamped mylar copy of the final approved plans, and a hard copy of the final signed, approved, and stamped Specifications, Special Provisions, and construction cost estimate. The electronic copy of the plans shall be provided as both AutoCAD files and PDF files, and the electronic copy of the specifications and estimate shall be provided in both Microsoft Word/Excel format and PDF format. Town of Los Gatos - Parks and Public Works Department will be responsible for making copies of contract documents and will distribute to plan rooms and contractors in advance of the bid phase.

Deliverables: Plans, Specifications, Special Provisions, and estimates for Town review at 35%, 65%, 95% design stages; final contract documents, SWPPP, WDID Project number

Right of Way, Utility and ADA Certifications – BKF assumes that temporary and permanent right of way will not be required for the Project. The BKF Team shall verify and prepare the appropriate Right of Way, Utility, and ADA certifications to advance the Project to the construction phase using procedures outlined in the Caltrans Local Assistance Procedures Manual. All property lines are to be shown on the design and construction documents.

Deliverables: Utility Clearance, Right of Way and ADA Certifications

- **Task A.9 Construction Phase Authorization** – The BKF Team shall assist the Town in the preparation of the Request for Authorization to advance Project to Construction using procedures outlined in the Caltrans Local Assistance Procedures Manual and shall complete any items necessary to obtain authorization for the Town to proceed with construction.

Deliverables: Caltrans Encroachment Permit, Authorization from Caltrans to proceed with construction (E-76)

PHASE II – CONSTRUCTION SUPPORT SERVICES (FUTURE SCOPE OF SERVICES):

As part of Phase II, the BKF Team will provide design support services to the Town during construction of the Project as noted below. The scope of work outlined below assumes the Town will advertise, award, and administer (AAA) construction of the project.

- **Task B.1 Project Management**

The BKF Team will provide all the necessary Project coordination, administration, management and interfacing with the Town, Caltrans, and other internal/external stakeholders to achieve Project objective. The BKF Team shall proactively provide direction



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to the Town regarding the Project tasks necessary to deliver the federally funded Project consistent with Caltrans permitting requirements and federal reimbursement requirements. The BKF Team will be responsible for Project management activities throughout the life of the contract. The scope of these activities includes, but is not limited to,

- provide, distribute, and maintain contact information for all Project team members
- coordinate and schedule meetings/conference calls as needed
- prepare and distribute meeting minutes
- itemize, track, and pursue all Project action items to completion
- develop and maintain the Project schedule, report on Project progress
- supervise, coordinate, and monitor the construction for conformance with permit requirements from Caltrans, VTA, and utility companies
- conduct field reviews as needed,
- prepare all submissions for the Town's submittal to Caltrans
- provide internal quality control checks and document quality control actions conducted for the Project
- conduct cross-checking to avoid potential conflicts between various subconsultant's work
- develop Project filing and record keeping system for Project files for a period of 5 years
- develop a list of Project stakeholders for coordination during Project design
- provide the Town with required documents required for compliance with the Measure B funding Agreement between the Town and VTA, including but not limited to progress reports, reimbursement forms, etc.)
- provide monthly Project updates for posting on the Project page of the Town's website

Deliverables: Meeting minutes, schedule, progress reports, action item logs, tracking spreadsheets, Caltrans submissions and other items resulting from the BKF Team's Project management duties

- **Task B.2 Bid Support Services** –The BKF Team shall respond in writing to questions that arise during the bid phase and shall prepare addendums, if necessary, which will be distributed by the Town of Los Gatos - Parks and Public Works Department. Each addendum shall also address cost implications to the Project construction cost estimate. The BKF Team shall prepare written responses to questions received and addenda in a format that can be easily posted to the Town's website. Following completion of bid stage, The BKF Team shall incorporate any addenda into the final contract documents and shall prepare the final "Conformed Contract Documents". The BKF Team shall provide an electronic copy of the final Conformed Contract Documents, a signed and stamped mylar copy of the final conformed plans, and a hard copy of the final signed, approved, and stamped conformed Specifications, Special Provisions, and cost estimate. The electronic copy of the plans shall be provided as both AutoCAD files and PDF files, and the electronic copy of the specifications and estimate shall be provided in both Microsoft Word/Excel format and PDF format.
- **Task B.3 Construction Support Services** – The BKF Team shall be prepared to provide the following construction support services:
 - Review of submittals and shop drawings for compliance with Contract Documents
 - Review and response to Requests for Information, Requests for Change Orders, Quotes from Contractor
 - Review of Contract Change Orders
 - Review and tracking of results from materials testing for conformation to Contract Documents
 - Field review and geotechnical monitoring during bridge installation
 - Structural review and field monitoring during bridge installation
 - Prepare design modifications if necessary due to unforeseen conditions

Assumptions:

1. The BKF Team assumes a formal Traffic Engineering Performance Assessment (TEPA) will not be needed for PSR/PDS phase.
2. It is assumed that a formal Traffic Operation Report (TOAR) will not be needed for



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PA/ED phase. In the event that lane modifications are needed to accommodate the new pathway where roadway widths are constrained, the BKF Team will analyze intersection delay/level of service for two intersections of Blossom Hill Road/Roberts Road West/Vasona Park Road and Blossom Hill Road/Roberts Road East in the Town of Los Gatos with and without project (up to one build alternative) for existing conditions. Travel demand forecasting and future analysis are NOT included in this scope and fee under this task. If a more comprehensive TOAR is required, additional work will be required warranting a fee amendment.

3. PS&E Submittals will be provided at 35%, 65%, 95%, and 100% completion levels. Agency reviews are limited to one round of comments consolidated to one set of redline plan, specification and estimate redline comments per agency. BKF understands minor comments may be received outside of these formal reviews and will do its best to incorporate comments into the noted completion levels when reasonable. Substantial comments not received within reasonable timeframes will be evaluated on a case-by-case basis with the Town as they may require additional efforts not identified within this proposal. Project Reports will be limited to one draft and one final version of each report.
4. For planning and budgeting purposes the 35% and Final design scope of services have been estimated assuming the basic structural configuration and concept outlined in the conceptual Study for a concrete and structural steel truss bridge option. These design scope will be reviewed with the Town at the completion of Task A.6 to ensure that all required design services are adequately addressed.
5. The Construction Support Services scope will be reviewed with the Town at the completion of Final Design to ensure that all required services are adequately addressed.
6. Formal Caltrans Value Engineering services will not be required since the project is projected to be less than the \$40 million per bridge project threshold.
7. The Town will assign a Resident Engineer (RE) to the project that will be responsible for day to day oversight of the Town's Contractor and all inspections required by the Project Documents. It is assumed that the Town RE will have all of the necessary experience, expertise and authority to manage the day to day oversight of the project, coordinate with outside agencies (such as Caltrans, County, Utilities, etc.) and to perform all necessary inspections and shop drawing reviews not otherwise identified as being performed by the Design Team.
8. In addition to the quality assurance and control measures required as part of this scope, BKF Team recommends that the Town retain their RE prior to completion of the 95% PS&E submittal and that the Town RE perform a constructability, bidability, and cost verification of the 95% plans, specifications, and estimates.
9. Structural construction support work is limited to major items of work only as outlined herein. Minor and construction management and administration elements will be reviewed by the Town RE.
10. All correspondence, shop drawing submittals and RFIs for Design Team review will be routed and coordinated through the RE to BKF and then BCA.
11. As outlined in the Caltrans Standard Specification requirements, shop drawing reviews are provided for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. Review of such submittals is not conducted for the purpose of determining the accuracy and completeness of other details such as dimensions and quantities or for substantiating instructions for installation or performance of equipment or systems designed by the Contractor all of which remain the responsibility of the Contractor to the extent required by the Contract Documents. The BKF Team review shall not constitute approval of safety precautions or, unless otherwise specifically stated by the BKF Team, of construction means, methods, techniques, sequences or procedures. The BKF Team's review of a specific item shall not indicate approval of an assembly of which the item is a component. The contract documents prepared by BKF will clearly identify the Contractor's responsibilities in these areas.
12. Record Drawings will be prepared from one consolidated master mark-up set of Town RE red line comments provided to the BKF Team by the Town RE. Record Drawings will be prepared per project drafting standards in AutoCad format and it is assumed that Caltrans will not require transition of Record Drawings into Microstation format.
13. Construction staking, construction inspection, and post-construction survey of the



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proposed improvements are excluded from this proposal.

14. Phase I shall be completed within a reasonable timeframe. Following the notice to proceed, the assumed timeframe for completing Phase I scope as outlined within the proposal is approximately 40 months (Preliminary Engineering/Environmental Approval – 24 months; Final Design – 12 months; Construction Phase Authorization – 4 months). Key milestones and their approximate durations are further outlined below:
 - a. Task 5 Environmental Studies and Documentation – 16 months
 - b. Task 7 Preliminary Design - 35% PS&E Submittal – 24 months
 - i. PSR-PDS – 10 months
 - ii. PR – 14 months
 - c. Task 8 Final Design – 12 months
 - i. 65% PS&E – 6 months
 - ii. 95% PS&E – 4 months
 - iii. 100% PS&E – 2 months
 - d. Task 9 Construction Phase Authorization – 4 months



EXHIBIT B - COST PROPOSAL

Highway 17 Bicycle and Pedestrian Overcrossing Project

BKF Engineers, 5/6/2021

Phase I - Engineering Design Services and Environmental Approval	TOTAL NOT TO EXCEED
Task A.1 Project Management and Administration	\$ 176,115
Task A.2 Data Collection and Review	\$ 57,281
Task A.3 Surveying and Base Mapping	\$ 119,790
Task A.4 Stakeholder Coordination and Project Permits	\$ 453,756
Task A.5 Environmental Studies and Documentation - CEQA and NEPA	\$ 138,883
Task A.6 Geotechnical Engineering	\$ 202,215
Task A.7 Preliminary Design - 35% PS&E Submittal	\$ 655,460
Task A.8 Final Design	\$ 1,146,561
Task A.9 Construction Phase Authorization	\$ 49,939
Total Not To Exceed	\$ 3,000,000
Phase II - Construction Support - (FUTURE SCOPE OF SERVICES)	
Task B.1 Project Management and Administration	\$ 192,013
Task B.2 Bidding Phase	\$ 37,545
Task B.3 Additional Reports and Services	\$ 482,426
Total	\$ 711,984

Phase I Assumptions:

1. Town will be the CEQA Lead Agency.
2. Scope does not identify any community or public hearing meetings for environmental process.
3. No ABC Mapping Process will be required.
4. Utility Potholing budget identified is an allowance; potholing fees exceeding this balance will be reimbursed by the Town.
5. Permit Application and Filing Fees will be borne by the Town.
6. Town will hire a firm to perform the structural independent check.
7. PG&E and CPUC Encroachment Processing is not required.
8. All proposed project improvements are located within the public right of way.
9. Town will provide Title Reports if required.
10. Town will administer the construction contract; Caltrans will not RTL the project and thus DOE review not required.
11. A three year project schedule has been assumed for the Preliminary Engineering, Environmental Approval and Final Design Phase.
12. Design effort is based on a concrete or steel structure within the Caltrans right of way.
13. 401/404 Regulatory Permits are not required.
14. Only one round of comment response will be received from each agency at each milestone submittal. BKF understands minor comments may be received outside of these formal reviews and will do its best to incorporate comments into the noted design completion levels when reasonable. Substantial comments not received within reasonable timeframes will be evaluated on a case-by-case basis with the Town as they may require additional efforts not identified within this scope of services.
15. There will only be one iteration on the 100% PS&E package, which will serve as the Final PS&E package

Phase II Assumptions:

1. Construction Support Services are provided for reference only. Future construction support services will be negotiated following completion of design and are not a part of the current contract scope of services..
2. The estimated effort for Design Services During Construction is an estimated allowance only and will depend on final design of the bridge and project improvements.
3. Construction Inspection services are excluded. BKF assumes the Town will hire a Resident Engineer to administer construction and inspection.
4. Contractor will provide red lined mark-ups for as-built record drawings
5. A one and half year construction schedule has been assumed for Construction.

EXHIBIT 10-02 CONSULTANT CONTRACT DBE COMMITMENT

1. Local Agency: Town of Los Gatos 2. Contract DBE Goal: 12%
 3. Highway 17 Bicycle and Pedestrian Overcrossing Project
 4. Project Location: Town of Los Gatos
 5. Consultant's Name: BKF Engineers 6. Prime Certified DBE: No 7. Total Contract Award Amount: \$3,000,000
 8. Total Dollar Amount for ALL Subconsultants: \$1,340,016 9. Total Number of ALL Subconsultants: 8 Tier 1 Subs (+1 ODC Subs)

7. Description of Work, Service, or Materials Supplied	8. DBE Certification Number	9. DBE Contact Information	10. DBE \$
Environmental Engineering- CEQA/NEPA	VTA #38205	Akoni Danielsen - <u>David J. Powers & Associates, Inc</u> , 1871 The Alameda, Ste 200, CA 95126	\$97,227.73
Geotechnical Engineering Services	20259	Gary Parkh - <u>Parikh Consultants Inc</u> , 1497 N Milpitas Blvd., Milpitas, CA 95035	\$198,986.89
Traffic Engineering	40772	Nayan Amin - <u>TJKM Transportation Consultants</u> , 2055 Gateway Pl #400, Sann Jose, CA 95110	\$62,926.53
Traffic Control	38321	Kellie Avila - <u>Avila Traffic Safety</u> , 8365 El Camino Real, Atascadero, CA 93422	\$4,000.00
Local Agency to Complete this Section		11. TOTAL CLAIMED DBE PARTICIPATION	\$363,141.15
17. Local Agency Contract Number: <u>19-818-0803</u> 18. Federal-Aid Project Number: 19. Proposed Contract Execution Date: <u>April 16, 2021</u> 20. Consultant's Ranking after Evaluation: <u>#1</u> Local Agency certifies that all DBE certifications are valid and information on this form is complete and accurate. <i>MCC</i>		IMPORTANT: Identify all DBE firms being claimed for credit, regardless of tier. Written confirmation of each listed DBE is required. 12. Preparer's Signature: <i>[Signature]</i> 13. Date: 01/14/2021 14. Preparer's Name: <u>Natalina Bernardi</u> 15. Phone: 408-467-1932 16. Preparer's Title: <u>Principal and Vice President</u>	

ADA Notice: For individuals with sensory disabilities, this document is available in alternate formats. For information call (916) 654-6410 or TDD (916) 654- 3880 or write Records and Forms Management, 1120 N Street, MS-89, Sacramento, CA 95814.

EXHIBIT B



January 17, 2024

Sean Rose, Special Projects Manager
Town of Los Gatos, Parks & Public Works Department
41 Miles Avenue, Los Gatos CA 95030
Transmitted Via Email: SRose@losgatosca.gov

Subject: Proposal for Grant Writing Services for SS4A and ATP Grant Applications for the - Highway 17 Bicycle and Pedestrian Overcrossing (BPOC) Project_(Project)

Dear Sean:

BKF Engineers is excited to submit this proposal to provide grant writing services for of the Town of Los Gatos' (Client, Town) applications to the Department of Transportation's (DOT) Safe Streets for All (SS4A) program, and Caltrans' Active Transportation Program (ATP). Our Grants and Funding Services Team (Team) has extensive experience in preparing successful federal and state grant applications and looks forward to working with the Town to develop compelling grant applications that effectively highlight the Project's many benefits and positions them for success. The Team recently submitted an SS4A application and is proud to have secured \$17.5 million for a Bikeway and Streetscape Improvement Project.

These services will involve utilizing our experience and training to produce well-written grant proposals according to the conditions outlined in **Exhibit A - Terms** and costs listed herein and in **Exhibit B - Fees**. BKF will diligently gather information and craft the proposals in accordance with the goals and objectives provided by Client, as well as the guidelines and requirements of the funding agencies (DOT and Caltrans).

If requested, BKF will provide Grant Reporting and/or Grant Compliance services once this grant has been submitted and/or approved for funding. These additional services are not included in this proposal and will be the subject of a separate agreement.

PROJECT UNDERSTANDING

BKF understands that Client is asking BKF's Grants Team to develop, write and submit the next cycle of the SS4A and ATP grant applications. The Highway 17 Bicycle and Pedestrian Overcrossing Project (BPOC) aims to enhance safety and connectivity for pedestrians and bicyclists in Los Gatos. This involves constructing a new bridge over Highway 17, thus uniting the East and West parts of the town. The project is pivotal in providing a safe route to school, promoting sustainable transportation, and ensuring public safety. Despite its critical role, the project currently faces a funding shortfall for construction, making the pursuit of grant opportunities essential.

SCOPE OF SERVICES

Task 1: Grant Writing – BKF will provide comprehensive grant writing services to Client, encompassing all necessary activities to develop well-structured and compelling grant proposals for both the SS4A and the ATP applications. These grant writing services include, but are not limited to providing, the following subtasks:

- **Action Plan:** The preparation of an Action Plan is a critical part of our grant application process. The Action Plan will serve as a roadmap, outlining all tasks, responsibilities, and deliverables for each grant. This will ensure that both parties have a clear understanding of their roles and expectations, facilitating a smooth and efficient grant application process.

- **Narrative/Deliverables Content:** This includes preparing grant application narratives and assisting Client in compiling and organizing all required deliverables, attachments, supporting documents, letters of support, board resolutions and other requested attachments.
- **Project Maps:** GIS team will prepare the project maps to reflect conditions and plans.
- **Engineering Support:** BKF’s engineers will provide additional engineering support for both applications. This can include performing traffic safety data analysis and collision assessments to demonstrate safety needs; and developing project plans, exhibits, schedules, updated cost data, and other technical documents required for the applications.
- **Additional Improvements:** In our review for additional improvements, we will meticulously evaluate every section of the application, cross-referencing with the latest guidelines and requirements. This ensures that the application not only meets the minimum requirements but also stands out in areas like innovation, sustainability, and community impact.
- **Analyzing the SS4A and ATP grants:** Review guidelines requirements, scoring and evaluation criteria to ensure compliance and maximize the proposal's competitiveness.
- **Collaborating with Client:** to gather relevant project details, goals, outcomes, and supporting documentation for all deliverables required for the grant application.
- **Letter of Support:** BKF assumes the Town will coordinate with supporting public agencies (Caltrans, VTA, MTC, etc.) to obtain Letters of Support to include with the grant applications. BKF will prepare an LOS template for Client to send to the relevant stakeholders.
- **Reviewing and Revising:** Revising the draft proposal based on Client's feedback and incorporating any necessary revisions to enhance its quality and effectiveness. BKF will provide up to three iterations of each narrative as requested, including a final, polished draft for submission.
- **Budget and Financial Analysis:** Assisting Client in developing a comprehensive budget that accurately reflects the project's financial needs and aligns with grant guidelines. While BKF will assist Client in developing the budget and related items, Client is ultimately responsible for providing accurate and complete supporting data, and approving final budget for submission.
- **Packaging:** Providing guidance and recommendations on packaging the grant proposal for submission, including submission procedures, deadlines, and any additional requirements specified by the funding agency. Packaging the grant proposal for timely submission to the funding agency on behalf of Client after Client approves final narrative, budget and deliverables.
- **PROFESSIONAL SERVICES FEE**

BKF will conduct the Task outlined herein, billed as a Lump Sum, not to exceed as follows:

Task	Description	Fee
1	~SS4A Grant Writing and Proposal Development	\$21,215
	~Engineering Technical Support for applications: Timeline, Milestones, Maps, Budget, Feasibility, etc.	\$2,500
	~ATP Grant Writing and Proposal Development	\$22,520
	~Engineering Technical Support for applications: Timeline, Milestones, Maps, Budget, Feasibility, etc.	\$2,500
Total Fee		\$48,735



Thank you for the opportunity to present this proposal and Letter Agreement. We look forward to assisting in the funding development of this project. Please contact me at 323.309.9728 if you have any questions. Otherwise, please sign below to authorize us to proceed.

Sincerely,

BKF Engineers



Doug Fleming
Director of Funding Strategies

Authorized to proceed per the terms described herein:

Print Name

Signature

Title

Date



Exhibit A – Terms

TERMS:

Grant Writing – Once the notice-to-proceed is given, BKF will create an Action Plan (Plan) for each grant application, outlining tasks, deliverables, expectations, and both internal and external due dates. Our Action Plan promotes effective collaboration and timely submissions. The Plan will detail expectations of both parties, as required to develop and submit a complete application package prior to the grant deadline. Client acknowledges and agrees to provide BKF with accurate and timely information, relevant project details, and any additional materials necessary for the completion of the grant proposal. Client shall also review and provide feedback on draft versions of the proposal in a timely manner. BKF's ability to prepare a complete application package outlined in the Plan will depend on deliverables needed from Client within the timeframes agreed upon. Client's failure to provide the requested materials by the agreed dates in the Action Plan may hinder BKF's ability to submit the completed application package by the final due date.

Additional Terms – BKF's services are limited to those expressly set forth in this letter. It is understood that BKF will have no other obligations or responsibilities except as provided herein, or as otherwise agreed to in writing. For any additional services, such as grant reporting or grant compliance, BKF will provide a written addendum outlining the revised scope along with any necessary adjustments to the retainer. Additional services will not be performed until formally authorized in writing (e.g. signed agreement, e-mail recognition) by Client.

In providing services under this agreement, BKF shall perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality. In executing these Tasks, BKF will operate as independently as requested, while also maintaining close communication with staff to ensure seamless coordination throughout the proposal development process. While BKF is committed to delivering a high-quality grant proposal, it is important to acknowledge that the success of the grant application and the awarding of funds are dependent on many factors beyond the control of a grant writer or firm. BKF cannot guarantee the ultimate success or outcome of the grant application process, including the approval or funding of the grant.

This agreement may be terminated by either party at any time for any reason with 7 days written notice. If client elects to terminate this agreement before our services are complete, BKF will issue a final invoice proportional to the services which were provided up to the date which services were terminated and client agrees to pay said invoice within 30 days of receipt. This Agreement shall be governed by and construed in accordance with the laws of California. Any disputes arising out of or in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts of California.



Exhibit B – Fees

FEES AND PAYMENT:

Grant Writing – BKF’s grant writing services are subject to the referenced fee structure. The fees cover the comprehensive grant writing services specified in Task 1 of this Agreement. For each grant, BKF has formulated a not-to-exceed cost estimate that outlines the steps required to complete the grant application and produce and submit a complete grant proposal package. Each grant application preparation and submittal will be billed on a lump sum/flat fee basis. Payment will be invoiced upon submission of the final grant package to the funding agency and due within 30 days upon receipt. Any additional services outside of this Task will be billed on an hourly basis and subject to a separate agreement.



Updates to the Proposed FY 2024/25 Budget Documents

Item 5.

Based on additional staff review, the following updates are recommended to include in the final FY 2024/25 Operating and Capital Budget and FY 2024/25-FY 2028/29 Capital Improvement Plan (CIP) documents:

Proposed Operating & Capital Summary Budget FY 2024/25

Page A-24 – Remove “POA” under Safety Management from the table.

Page C-4 – Chart Horizontal Axis should be titled FY 2015/16 through FY 2024/25.

Page C-5 – Include the amount of the Waste Hauler Permit fee: While collections are estimated to stay at prior year levels, the revenue shifted from Franchise Fees to Licenses and Permits. **The FY 2024/25 estimates collection is \$2,366,630.**

Page C-18 and Page C- 24 Add Footnote to the Tables. ***Effective FY 2024/25 Garbage Franchise Fees are Reclassified to License and Permits. The FY 2024/25 Proposed Budget includes \$2,366,630 Waste Hauler Permit Fee.**

Page C-41 – Correct FY 2023/24 Estimated column for One-Time ARC ICC. The amount should be \$866,281 as the \$877,614 amount should exclude the \$11,333 included in the FY 2024/25 Proposed column. Additionally, the total for the FY 2023/24 Estimated column will be updated to \$1,545,281 which will now match the FY 2023/24 Estimated Spending row in the General Fund Council Priorities – Economic Recover Reserve Tracking table.
Correct capitalization: (“One-time - Adult Recreation Center Interim Community Center” to “One-Time - Adult Recreation Center Interim Community Center”).

Page C-51 - Correct spelling: (“FY 2023/2” spelled “FY 223/24”).

Page C-52 - Correct spelling: (to “ensure” spelled “toensure”).

Page D-283 – Change language under program purpose to state: Administration’s core services are to provide administrative and managerial oversight for program and services, clerical and administrative assistance for day-to-day operations, personnel management, purchasing and physical plant maintenance, fiscal management and budget preparation, **coordination with the Friends of Los Gatos Library Board**, and support for the Library Board and the Arts and Culture Commission.

Proposed FY 2024/25 – 2028-29 Capital Improvement Program (CIP) Budget

Page A-4 - Correct spelling in chart (“Underground” spelled as “Undeground”).

Page A-9 - Add a footnote to projects Storm Drainage Repairs and TMO Roof Repairs to clarify that the projects are new to the CIP document but estimated to start in FY 2023/24. Therefore, related expenditures are characterized as carryforward.

***Project anticipated to start in FY 2023/24**

Page C-8 – Adjust VTA Allocation – Measure B and Other GFAR line-item amounts. Total GFAR, Source/Use of funds remain unchanged.

STREET REPAIR & RESURFACING											Project 811-9901
SOURCE OF FUNDS	Prior Year Actuals	2023/24 Estimated	Estimated Carryfwd to 2024/25	2024/25 New Funding	2024/25 Budget (w/ Carryforward)	2025/26 Proposed	2026/27 Proposed	2027/28 Proposed	2028/29 Proposed	Total Project	
GFAR											
Vehicle License Fee - 2010 Measure B	\$ 1,616,628	\$ 180,000	\$ 180,000	\$ 180,000	\$ 360,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 2,876,628	
VTA Allocation - Measure B	-	683,680	385,753	857,873	1,243,626	857,873	857,873	857,873	857,873	5,358,797	
Other GFAR	\$ 12,433,958	1,575,457	1,977,198	998,381	2,975,579	998,381	998,381	998,381	998,381	20,978,518	
TOTAL GFAR FUND	14,050,586	2,439,136	2,542,951	2,036,254	4,579,205	2,036,254	2,036,254	2,036,254	2,036,254	29,213,943	
GRANTS & AWARDS	230,000	-	-	-	-	-	-	-	-	230,000	
GAS TAX											
Road Maintenance and Rehab Account (RMRA)	-	803,626	-	859,033	859,033	859,033	859,033	859,033	859,033	5,098,791	
Other Gas Tax & Prop 42	12,187,867	660,974	1,681,514	819,552	2,501,066	819,552	819,552	819,552	819,552	18,628,116	
TOTAL GAS TAX FUND	12,187,867	1,464,600	1,681,514	1,678,585	3,360,099	1,678,585	1,678,585	1,678,585	1,678,585	23,726,907	
TOTAL SOURCE OF FUNDS	\$ 26,468,453	\$ 3,903,736	\$ 4,224,465	\$ 3,714,839	\$ 7,939,304	\$ 3,714,839	\$ 3,714,839	\$ 3,714,839	\$ 3,714,839	\$ 53,170,849	
USE OF FUNDS											
GFAR											
Salaries and Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Services/Supplies/Equipment	-	-	-	-	-	-	-	-	-	-	
Site Acquisition & Preparation	-	-	-	-	-	-	-	-	-	-	
Consultant Services	-	-	-	-	-	-	-	-	-	-	
Project Construction Expenses	14,050,586	2,439,136	2,542,951	2,036,254	4,579,205	2,036,254	2,036,254	2,036,254	2,036,254	29,213,943	
TOTAL GFAR	\$ 14,050,586	\$ 2,439,136	\$ 2,542,951	\$ 2,036,254	\$ 4,579,205	\$ 2,036,254	\$ 2,036,254	\$ 2,036,254	\$ 2,036,254	\$ 29,213,943	
GRANTS & AWARDS											
Salaries and Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Services/Supplies/Equipment	-	-	-	-	-	-	-	-	-	-	
Site Acquisition & Preparation	-	-	-	-	-	-	-	-	-	-	
Consultant Services	-	-	-	-	-	-	-	-	-	-	
Project Construction Expenses	230,000	-	-	-	-	-	-	-	-	230,000	
TOTAL GRANTS & AWARDS	\$ 230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,000	
GAS TAX & PROP 42											
Salaries and Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Services/Supplies/Equipment	-	-	-	-	-	-	-	-	-	-	
Site Acquisition & Preparation	-	-	-	-	-	-	-	-	-	-	
Consultant Services	-	-	-	-	-	-	-	-	-	-	
Project Construction Expenses	12,187,867	1,464,600	1,681,514	1,678,585	3,360,099	1,678,585	1,678,585	1,678,585	1,678,585	23,726,907	
TOTAL GAS TAX & PROP 42	\$ 12,187,867	\$ 1,464,600	\$ 1,681,514	\$ 1,678,585	\$ 3,360,099	\$ 1,678,585	\$ 1,678,585	\$ 1,678,585	\$ 1,678,585	\$ 23,726,907	
TOTAL USE OF FUNDS	\$ 26,468,453	\$ 3,903,736	\$ 4,224,465	\$ 3,714,839	\$ 7,939,304	\$ 3,714,839	\$ 3,714,839	\$ 3,714,839	\$ 3,714,839	\$ 53,170,849	

Page C-35 - FY 2024/25 Budget and Carryforward should total \$8,821,334. The \$8,381,333 displayed did not include 0435 Storm Drainage Mapping (\$450,001).

FY 2024/25 - 2028/29 CAPITAL IMPROVEMENT PROGRAM							
STREET IMPROVEMENT PROJECTS							
	Expended Through 2023/24	2024/25 Budget & Carryfwd*	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total Budgeted
<i>Carryforward Projects</i>							
9921 Curb, Gutter & Sidewalk Maintenance	\$ 5,197,835	\$ 621,147	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 7,018,982
0218 Shannon Road Ped & Bikeway Improvements	369,421	1,937,809	-	-	-	-	2,307,230
0225 Utility Undergrounding Improvements	2,852	299,573	-	-	-	-	302,425
0227 Traffic Signal Modernization	2,542,401	94,858	-	-	-	-	2,637,259
0235 Downtown Streetscape Revitalization/Economic Recovery Efforts	2,289,007	552,633	-	-	-	-	2,841,640
0237 State Route 17 Corridor Congestion Relief Project	600,000	867,000	600,000	600,000	600,000	600,000	3,867,000
0240 Winchester Class IV Bikeway	942,062	-	-	-	-	-	942,062
0241 Kennedy Sidewalk & Bike Lanes - LGB to Englewood	-	2,365,376	-	-	-	-	2,365,376
0242 Parking Program Implementation	278,629	488,826	-	-	-	-	767,455
0414 Stormwater System - Pollution Prevention Compliance	61,469	36,531	-	-	-	-	98,000
0420 Annual Storm Drain Improvements	291,181	252,219	-	-	-	-	543,400
0421 Loma Street Drainage	-	350,000	496,300	-	-	-	846,300
0422 Harwood/Belridge Drainage Study	-	100,000	-	-	-	-	100,000
0423 709 University Avenue Drainage System Replacement	-	200,000	-	-	-	-	200,000
0424 333 University Inlet Capacity Improvements	-	50,000	-	-	-	-	50,000
0705 Downtown Parking Lots Seal Coat & Restriping	84,839	65,161	-	10,000	-	10,000	170,000
0708 Parking Lot 4 Repair/Waterproofing	199,800	50,200	-	-	-	-	250,000
<i>New Projects</i>							
0244 Overlook Road Tree Replacement	-	40,000	-	-	-	-	40,000
0425 Storm Drainage Mapping	-	450,001	-	-	-	-	450,001
Total Street Improvement Projects	\$ 12,859,495	\$ -8,371,333	\$ 1,396,300	\$ 910,000	\$ 900,000	\$ 910,000	\$ 25,347,129
		\$ 8,821,334					

D – 29 – Updated the Source of Funds section as the ‘Total Source of Funds’ row was not correctly footing.

TRAILHEAD CONNECTOR											Project 832-4505
SOURCE OF FUNDS	Prior Year Actuals	2023/24 Estimated	Estimated Carryfwd to 2024/25	2024/25 New Funding	2024/25 Budget (w/ Carryforward)	2025/26 Proposed	2026/27 Proposed	2027/28 Proposed	2028/29 Proposed	Total Project	
GFAR	\$ 349,000	\$ 422,594	\$ 696,374	\$ -	\$ 696,374	\$ -	\$ -	\$ -	\$ -	\$ 1,467,968	
GRANTS & AWARDS											
MTC OBAG	343,000	311,809	5,881,191	-	5,881,191	-	-	-	-	6,536,000	
TFCA	-	-	755,921	-	755,921	-	-	-	-	755,921	
Measure B - 2016	-	249,656	443,844	-	443,844	-	-	-	-	693,500	
TDA Article 3	-	-	68,884	-	68,884	-	-	-	-	68,884	
TOTAL SOURCE OF FUNDS	\$ 692,000	\$ 984,059	\$ 7,846,214	\$ -	\$ 7,846,214	\$ -	\$ -	\$ -	\$ -	\$ 9,522,273	
USE OF FUNDS	Prior Year Actuals	2023/24 Estimated	Estimated Carryfwd to 2024/25	2024/25 New Funding	2024/25 Budget (w/ Carryforward)	2025/26 Proposed	2026/27 Proposed	2027/28 Proposed	2028/29 Proposed	Total Project	
GFAR											
Salaries and Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Services/Supplies/Equipment	-	-	-	-	-	-	-	-	-	-	
Site Acquisition & Preparation	-	-	-	-	-	-	-	-	-	-	
Consultant Services	-	-	-	-	-	-	-	-	-	-	
Project Construction Expenses	349,000	422,594	696,374	-	696,374	-	-	-	-	1,467,968	
TOTAL GFAR	\$ 349,000	\$ 422,594	\$ 696,374	\$ -	\$ 696,374	\$ -	\$ -	\$ -	\$ -	\$ 1,467,968	
GRANTS & AWARDS											
Salaries and Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Services/Supplies/Equipment	-	-	-	-	-	-	-	-	-	-	
Site Acquisition & Preparation	-	-	-	-	-	-	-	-	-	-	
Consultant Services	-	-	-	-	-	-	-	-	-	-	
Project Construction Expenses	343,000	7,584,305	126,579	-	126,579	-	-	-	-	8,053,884	
TOTAL GRANTS & AWARDS	\$ 343,000	\$ 7,584,305	\$ 126,579	\$ -	\$ 126,579	\$ -	\$ -	\$ -	\$ -	\$ 8,053,884	
TOTAL USE OF FUNDS	\$ 692,000	\$ 8,006,899	\$ 822,953	\$ -	\$ 822,953	\$ -	\$ -	\$ -	\$ -	\$ 9,521,852	

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [REDACTED]
Subject: open questions
Date: Thursday, May 9, 2024 1:56:08 PM

[EXTERNAL SENDER]

Gitta,

Can you please provide the following information:

1. How much is the reclass of franchise fees to license and permits? Is the historical amount flowing through franchise fees the same as what has been included in the planned FY 2025 license and permits? By my rough estimate, it looked like there was a decrease in the FY 2025 plan as compared to history.
2. How much pass through revenue is flowing through Town Services? Can you provide both the historical and the FY 2025 plan so I can back this out of the plan?
3. Were you able to prove the carryforward capital number of \$26,746,967?

Thank you,

Phil Koen



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 05/13/2024

ITEM NO: 6

Item 6.

DATE: May 7, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive Actuarial Presentation on CalPERS Analysis – 6/30/2022 Valuation Report by Foster & Foster Actuaries and Consultants and Recommend Amortization Bases for Future Potential Additional Discretionary Payments (ADPs)

RECOMMENDATION:

Receive Actuarial Presentation on CalPERS Analysis – 6/30/2022 Valuation Report by Foster & Foster Actuaries and Consultants and recommend amortization bases for future potential Additional Discretionary Payments (ADPs).

BACKGROUND:

The Town’s pension plans are administered by the Board of Administration of the California Public Employees’ Retirement System (CalPERS). The Board of Administration is responsible for the management and control of CalPERS and maintains exclusive control of the administration and investment of pension funds. In addition, CalPERS actuaries are responsible for the provision of actuarial valuations for the Town’s pension plans. Sworn employees are covered under the Safety Plan which is a pooled plan, while all other employees are covered in the Miscellaneous Plan, which is a separate plan. The Miscellaneous Plan is administered by CalPERS in the Public Employees’ Retirement Fund (PERF).

Recognizing the importance of the Town’s pension obligations and projected increases in future pension costs, starting in 2018 the Town contracted Bartel and Associates to perform an annual review of the actuarial valuation reports provided by CalPERS. Foster & Foster Actuaries and Consultants (formerly Bartel and Associates) is an industry leader in providing actuarial related services to California local governments.

PREPARED BY: Gitta Ungvari
Finance Director

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

PAGE 2 OF 2

SUBJECT: Actuarial Presentation on CalPERS Analysis – 6/30/2021 Valuation Report by Foster & Foster Actuaries and Consultants

DATE: March 6, 2023

DISCUSSION:

Foster & Foster has prepared an analysis of the status of the Town's pension plans for its Miscellaneous and Safety employees as provided in Attachment 1. The Town Actuarial Consultants are attending the meeting to review the following key issues regarding the Town's pension plans:

- An introduction to actuarial valuations
- An introduction to the development of expected returns
- A review of 6/30/2022 valuations and subsequent projections
- Recommended amortization bases for potential future ADPs

The presentation slides are contained in Attachment 2.

CONCLUSION:

The Finance Commission is welcome to ask questions of the Consultants and make recommendation(s) to the Town Pension and Other Post-Employment Benefits Trusts Oversight Committee regarding potential future ADPs. The Town Council sits as the Oversight Committee.

COORDINATION:

This report has been coordinated with the Town Manager's Office.

FISCAL IMPACT:

None.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. CalPERS Analysis – 6/30/2022 Valuation Report by Foster & Foster Actuaries and Consultants
2. Actuarial Presentation on CalPERS Analysis – 6/30/2022 Valuation Report by Foster & Foster Actuaries and Consultants



**TOWN OF LOS GATOS
CALPERS MISCELLANEOUS & SAFETY PLANS**



CalPERS Analysis – 6/30/22 Valuation

**Doug Pryor, ASA, EA, MAAA
Matthew Childs
Foster & Foster, Inc.**

April 23, 2024

Contents

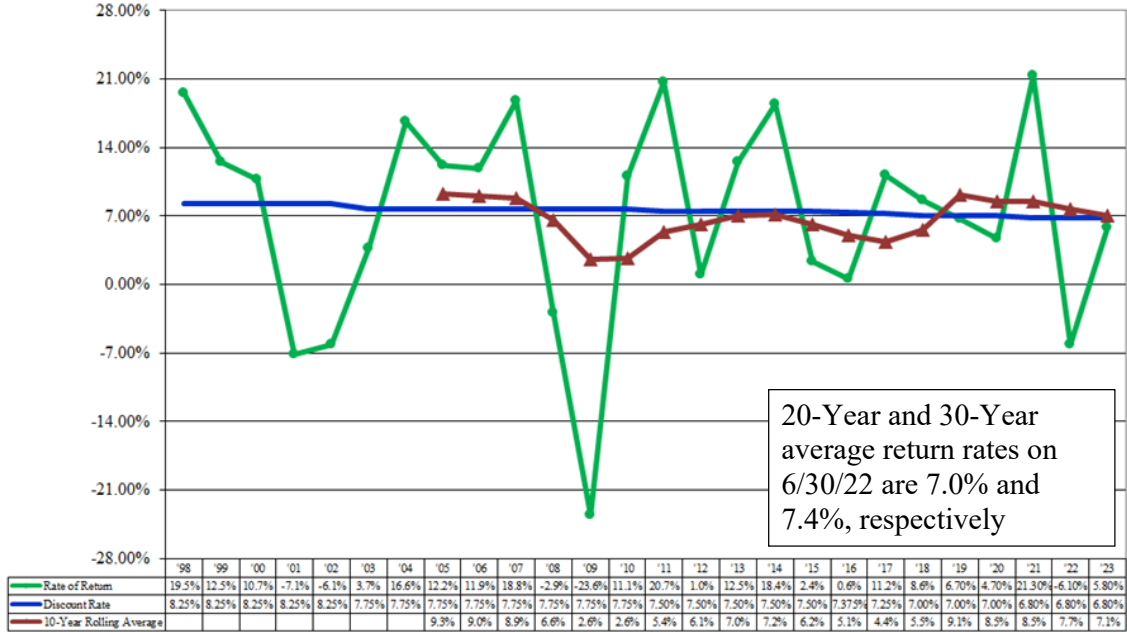
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INVESTMENT RETURN

Item 6.

Annual Return on Market Value of Assets



Discount rates are expected returns net of administrative expenses.
 2013/14 through 2021/22 “money-weighted” returns reported in CalPERS AFRC (without lags on private equity and real estate) are 18.3%, 2.2%, 0.5%, 11.2%, 8.4%, 6.5%, 5.0%, 22.4%, -7.5% respectively.



April 23, 2024

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TOWN BENEFITS

- At CalPERS, Enhanced Benefits implemented using all (future & prior) service
- Typically not negotiated with cost sharing
- Town of Los Gatos

	Tier 1	Tier 2	PEPRA
Miscellaneous	2.5%@55 FAE1	2%@60 FAE3 (9/15/12)	2%@62 FAE3
Safety	3%@50 FAE1	N/A	2.7%@57 FAE3

- Benefit = (Years of County Service) x Percentage x FAE
 - Percentage varies by retirement age (see following charts)
 - FAE1 is highest one year (typically final) average earnings
 - FAE3 is highest three years (typically final three) average earnings
- PEPRA tier implemented for new employees hired after 1/1/13
 - Employee pays half of total normal cost
 - 2024 Compensation limit
 - Social Security participants: \$151,446
 - Non-Social Security participants: \$181,734



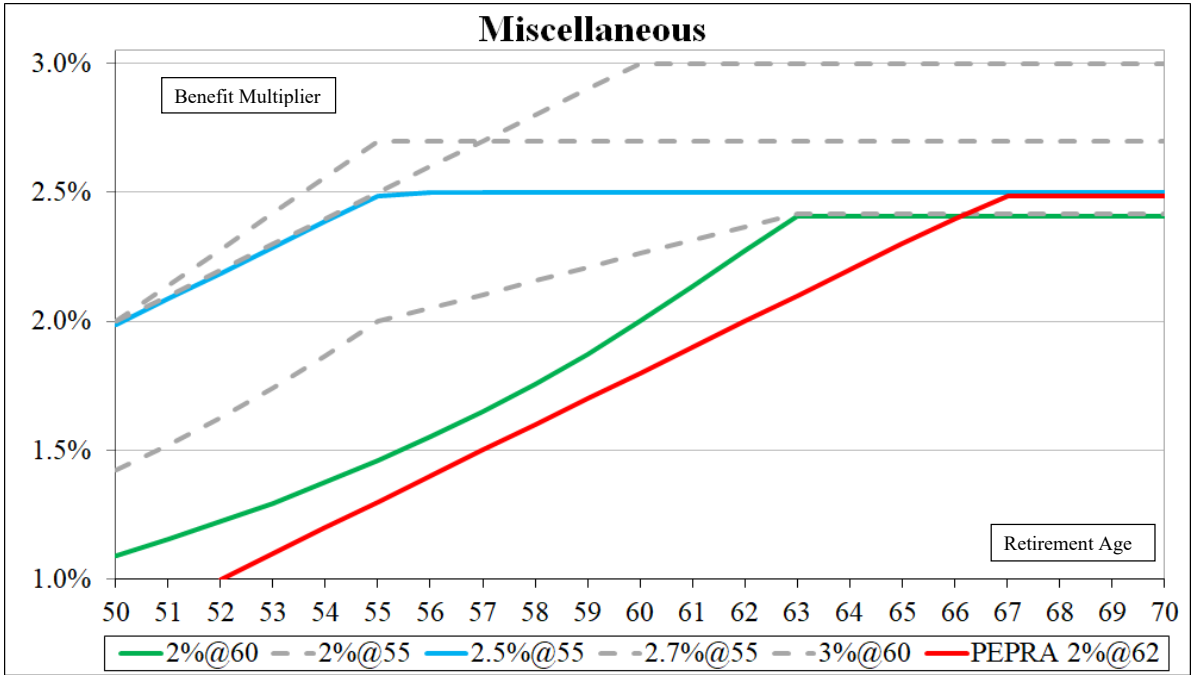
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TOWN BENEFITS

Item 6.

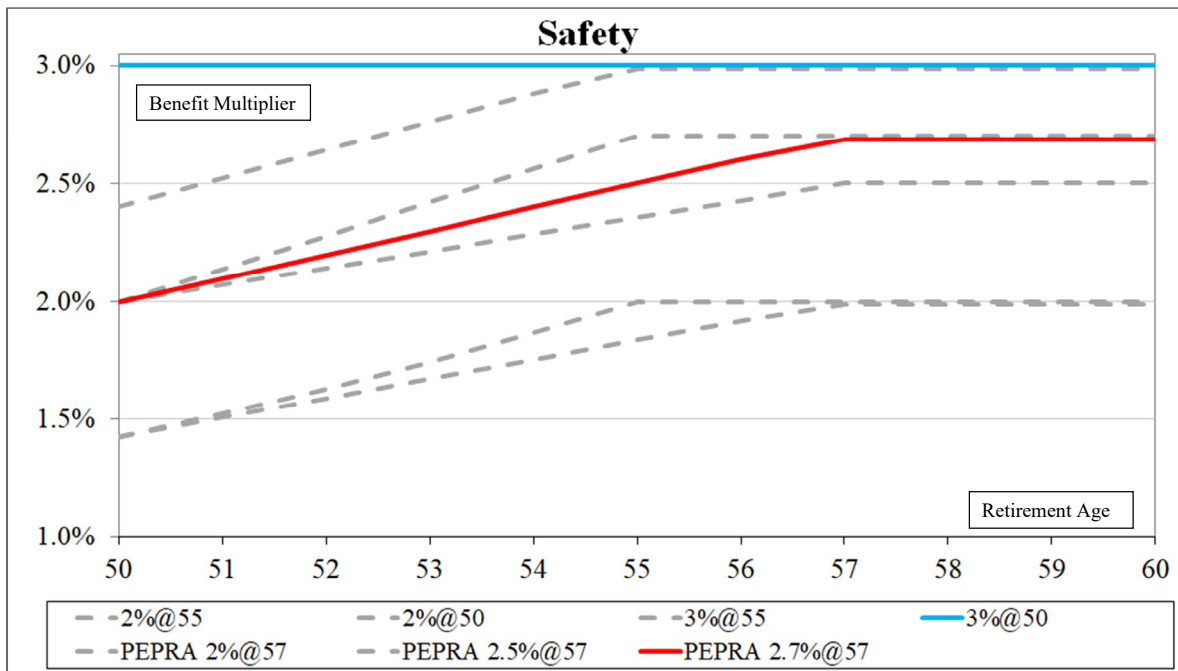


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TOWN BENEFITS



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DEMOGRAPHICS

Item 6.

- Around the State
 - Large retiree liability compared to actives
 - State average: 59% for Miscellaneous, 67% for Safety
 - Declining active population and increasing number of retirees
 - Higher percentage of retiree liability increases contribution volatility

- Town of Los Gatos percentage of liability belonging to retirees:
 - Miscellaneous 67%
 - Safety 75%



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RISK MITIGATION

Overview

- Move to more conservative investments over time to reduce volatility/risk
 - Only when investment return is better than expected
 - Lower discount rate in concert

Excess Investment Return	Reduction in Discount Rate
<i>If the actual investment returns exceed the discount rate by:</i>	<i>Then the discount rate will be reduced by:</i>
2%	0.05%
7%	0.10%
10%	0.15%
13%	0.20%
17%	0.25%

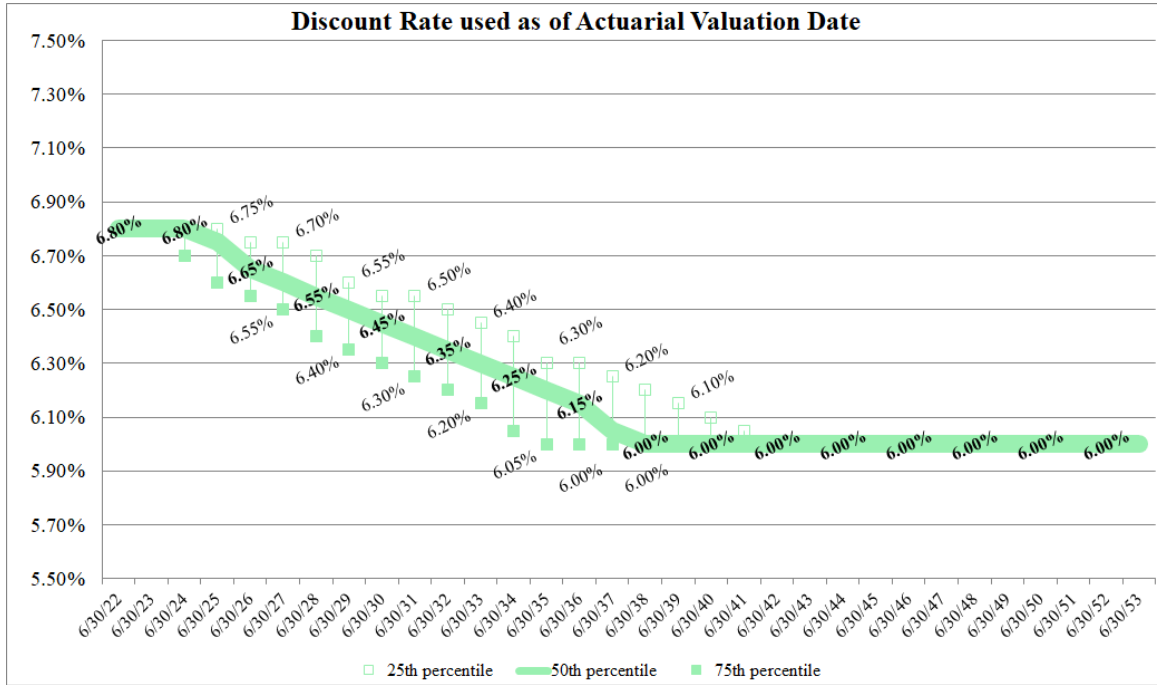
- Essentially use ≈50% of investment gains to pay for cost increases
- Likely get to 6.0% discount rate over 20+ years
 - Risk mitigation suspended from 6/30/16 to 6/30/18 valuation
 - Did not trigger for 6/30/19 or 6/30/20 valuations
- First triggered for 6/30/21 valuation – 6.8% discount rate
- Not triggered for 6/30/22 valuation



RISK MITIGATION

Item 6.

Projection



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RISK MITIGATION

Portfolio Target Allocations

Asset Classification	Prior Portfolio	11/17/21 Portfolio
Liquidity	1%	-
Real Assets	13%	15%
Private Debt	-	5%
EM Sov Bonds	1%	5%
High Yield	4%	5%
Investment Grade Corp.	6%	10%
Mtge-backed Securities	7%	5%
Treasury	10%	5%
Private Equity	8%	13%
Global Equity ¹	50%	42%
Leverage	-	(5)%
Total	100%	100%
Standard Deviation	11.2%	12.0%

¹ Cap and non-cap weighted combined for this table; actual portfolios have specific allocations for each classification.



SUMMARY OF DEMOGRAPHIC INFORMATION

Item 6.

Miscellaneous

	2002	2012	2021	2022
Actives				
■ Counts	140	116	119	107
■ Average				
• Age	45	47	45	46
• Town Service	8	10	8	8
• PERSable Wages	\$59,400	\$78,800	\$100,600	\$103,700
■ Total PERSable Wages	8,300,000	9,100,000	12,000,000	11,100,000
Inactive Members				
■ Counts				
• Transferred	78	82	101	105
• Separated	64	73	91	104
• Retired				
➤ Service	115	161	220	228
➤ Disability	8	9	13	13
➤ Beneficiaries	<u>16</u>	<u>15</u>	<u>22</u>	<u>22</u>
➤ Total	139	185	255	263
■ Average Annual Town Provided Pension for Service Retirees ²	\$10,400	\$21,500	\$27,000	\$28,100

² Average pension based on Town service & Town benefit formula; not representative of long-service employees.



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SUMMARY OF DEMOGRAPHIC INFORMATION

Safety

	2002	2012	2021	2022
Actives				
■ Counts	46	38	37	37
■ Average				
• Age	38	n/a	42	40
• City Service	9	n/a	10	10
• PERSable Wages	\$ 78,900	\$ 132,600	\$ 149,900	\$ 146,400
■ Total PERSable Wages	3,600,000	4,800,000	5,500,000	5,400,000
Inactive Members				
■ Counts				
• Transferred	22	15	13	12
• Separated	5	3	3	7
• Receiving Payments	33	59	88	91



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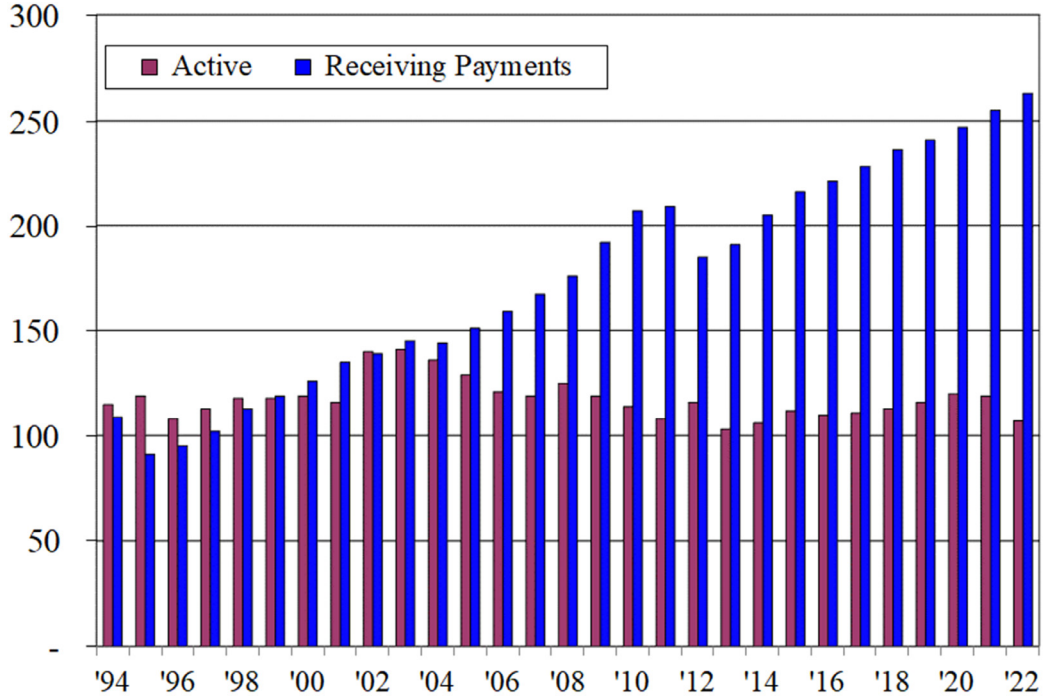
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SUMMARY OF DEMOGRAPHIC INFORMATION

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Miscellaneous



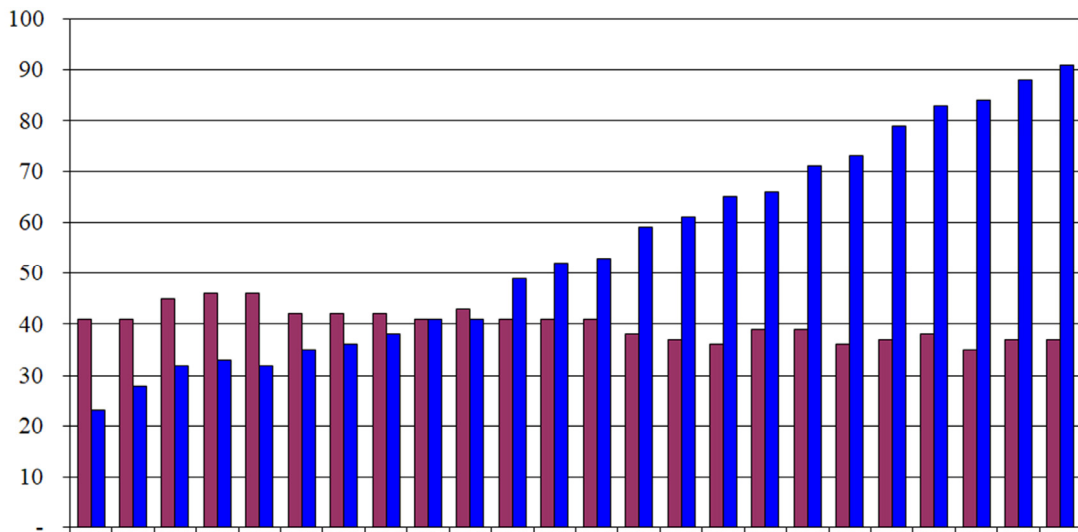
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SUMMARY OF DEMOGRAPHIC INFORMATION

Safety



■ Actives	41	41	45	46	46	42	42	42	41	43	41	41	41	38	37	36	39	39	36	37	38	35	37	37
■ Receiving Payments	23	28	32	33	32	35	36	38	41	41	49	52	53	59	61	65	66	71	73	79	83	84	88	91



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PLAN FUNDED STATUS

Item 6.

Miscellaneous

	<u>June 30, 2021</u>	<u>June 30, 2022</u>
■ Actuarial Accrued Liability		
● Active	\$ 27,800,000	\$ 26,700,000
● Retiree	78,800,000	84,000,000
● Inactive	<u>15,000,000</u>	<u>15,500,000</u>
● Total	121,600,000	126,200,000
■ Assets	<u>106,200,000</u>	<u>95,800,000</u>
■ Unfunded Liability	15,400,000	30,400,000
■ Funded Ratio	87.3%	75.9%
■ Average funded ratio for CalPERS Public Agency Miscellaneous Plans	83.7%	75.0%



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PLAN FUNDED STATUS

Safety

	<u>June 30, 2021</u>	<u>June 30, 2022</u>
■ Actuarial Accrued Liability		
● Active	\$ 23,700,000	\$ 23,400,000
● Retiree	80,400,000	83,300,000
● Inactive	<u>4,000,000</u>	<u>4,600,000</u>
● Total	108,100,000	111,300,000
■ Assets	<u>86,800,000</u>	<u>76,700,000</u>
■ Unfunded Liability	21,300,000	34,600,000
■ Funded Ratio	80.3%	69.0%
■ Average funded ratio for CalPERS Public Agency Safety Plans	80.9%	73.0%



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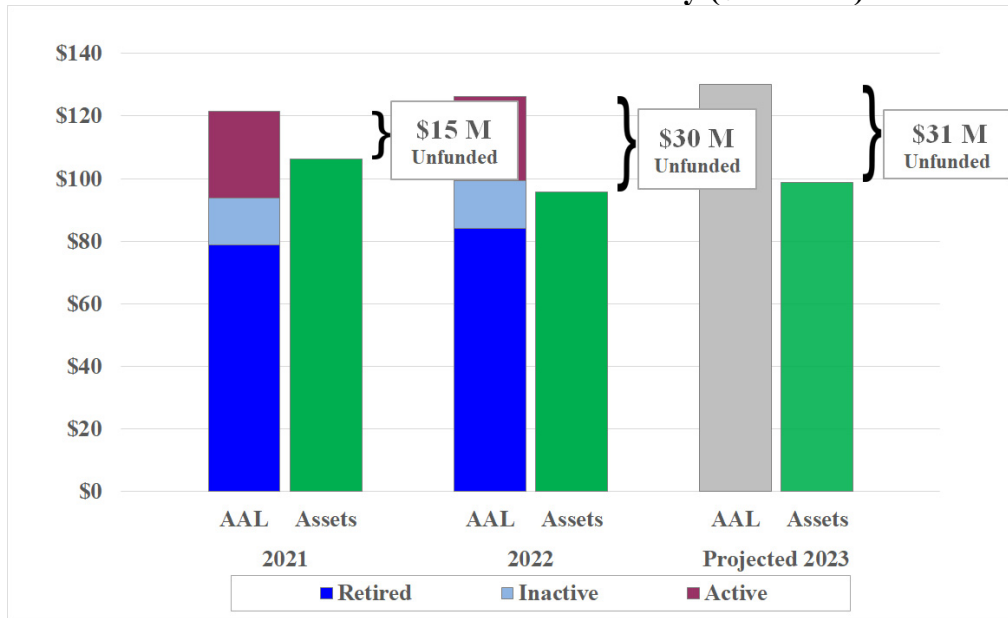
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PLAN FUNDED STATUS

Item 6.

Miscellaneous CalPERS Assets and Actuarial Liability (\$Millions)³



³ Projected 2023 assets reflects 5.8% CalPERS investment return for 2022/23.



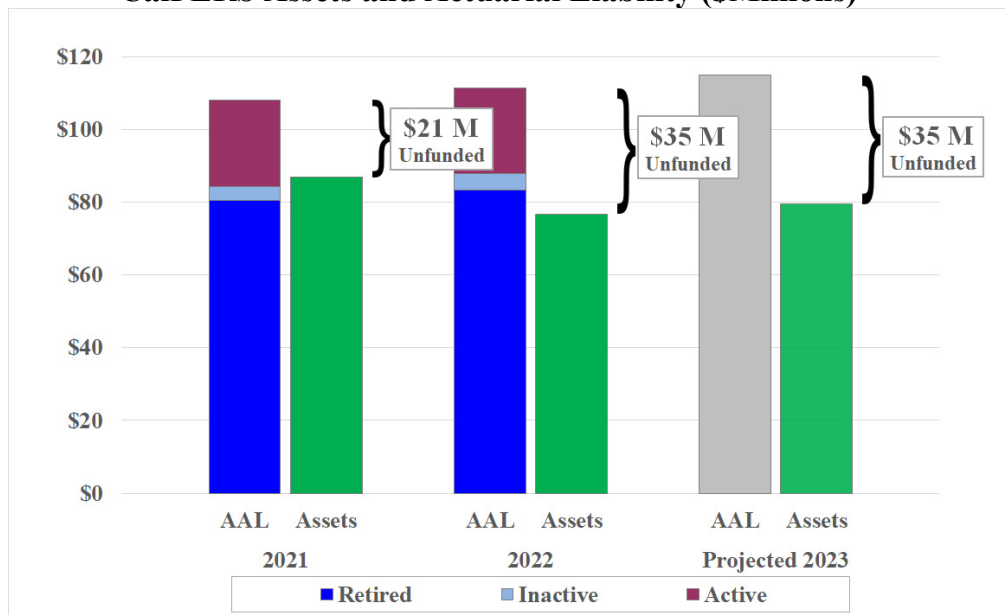
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PLAN FUNDED STATUS

Safety CalPERS Assets and Actuarial Liability (\$Millions)⁴



⁴ Projected 2023 assets reflects 5.8% CalPERS investment return for 2022/23.



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PLAN FUNDED STATUS

Item 6.

Miscellaneous
Discount Rate Sensitivity
June 30, 2022

	<u>Discount Rate</u>		
	<u>6.80%</u>	<u>6.30%</u> ⁵	<u>5.80%</u>
AAL	\$126,200,000	\$134,400,000	\$142,600,000
Assets	<u>95,800,000</u>	<u>95,800,000</u>	<u>95,800,000</u>
Unfunded Liability	30,400,000	38,600,000	46,800,000
Funded Ratio	75.9%	71.3%	67.2%

⁵ Estimated by Foster & Foster.



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PLAN FUNDED STATUS

Safety
Discount Rate Sensitivity
June 30, 2022

	<u>Discount Rate</u>		
	<u>6.80%</u>	<u>6.30%</u> ⁶	<u>5.80%</u>
AAL	\$111,300,000	\$118,900,000	\$126,400,000
Assets	<u>76,700,000</u>	<u>76,700,000</u>	<u>76,700,000</u>
Unfunded Liability	34,600,000	42,200,000	49,700,000
Funded Ratio	69.0%	64.5%	60.7%

⁶ Estimated by Foster & Foster.



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PLAN FUNDED STATUS

Item 6.

Miscellaneous
Unfunded Accrued Liability Changes

■ Unfunded Accrued Liability on 6/30/21		\$ 15,400,000
■ Expected 6/30/22 Unfunded Accrued Liability		14,200,000
■ Changes		
• Benefit change ⁷	200,000	
• Asset Loss (Gain) (-7.5% return for FY 2022)	15,300,000	
• Contribution & Experience Loss (Gain)	<u>700,000</u>	
• Total		<u>16,200,000</u>
■ Unfunded Accrued Liability on 6/30/22		30,400,000
■ Projected Unfunded Accrued Liability on 6/30/23 ⁸		31,100,000

⁷ SB 1168 increased the standard post-retirement lump sum death benefit from \$500 to \$2,000 for deaths occurring on or after July 1, 2023.

⁸ Projected 2023 assets reflects 5.8% CalPERS investment return for 2022/23.



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PLAN FUNDED STATUS

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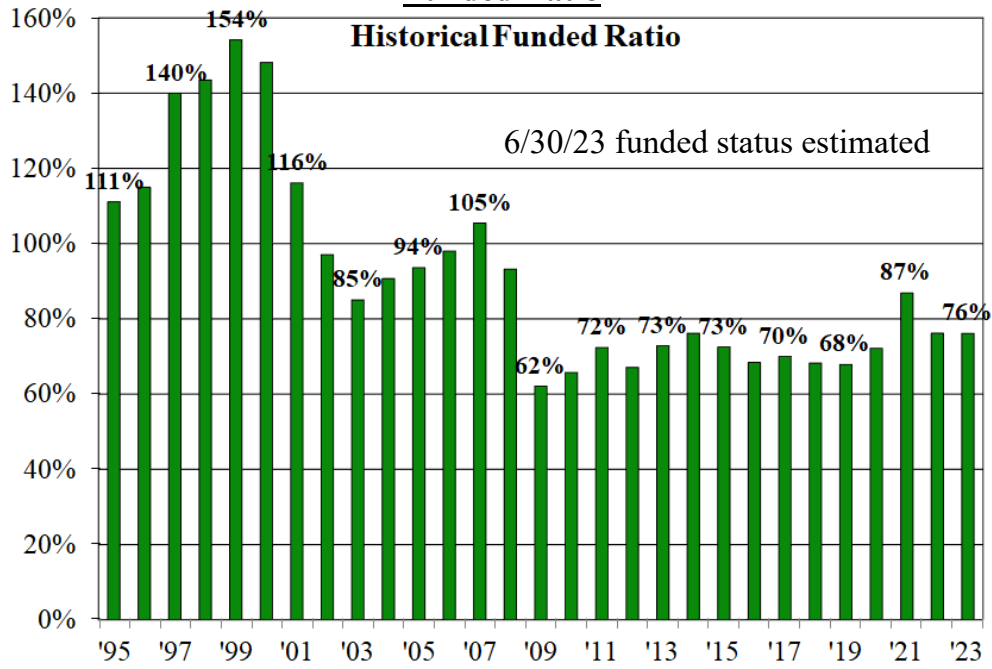
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FUNDED RATIO

Miscellaneous Funded Ratio



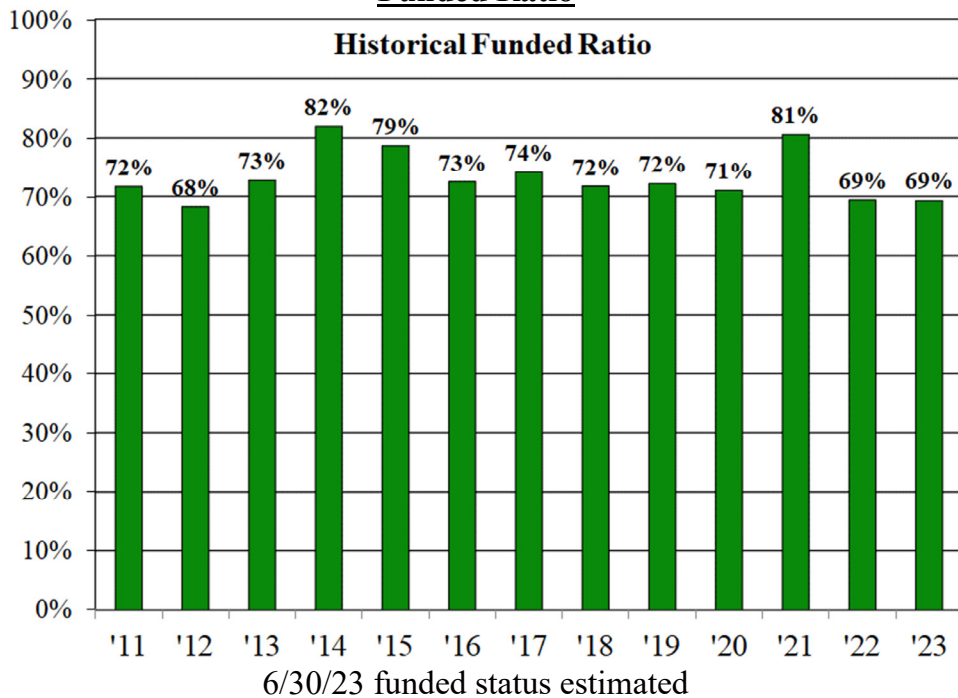
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FUNDED RATIO

Safety Funded Ratio



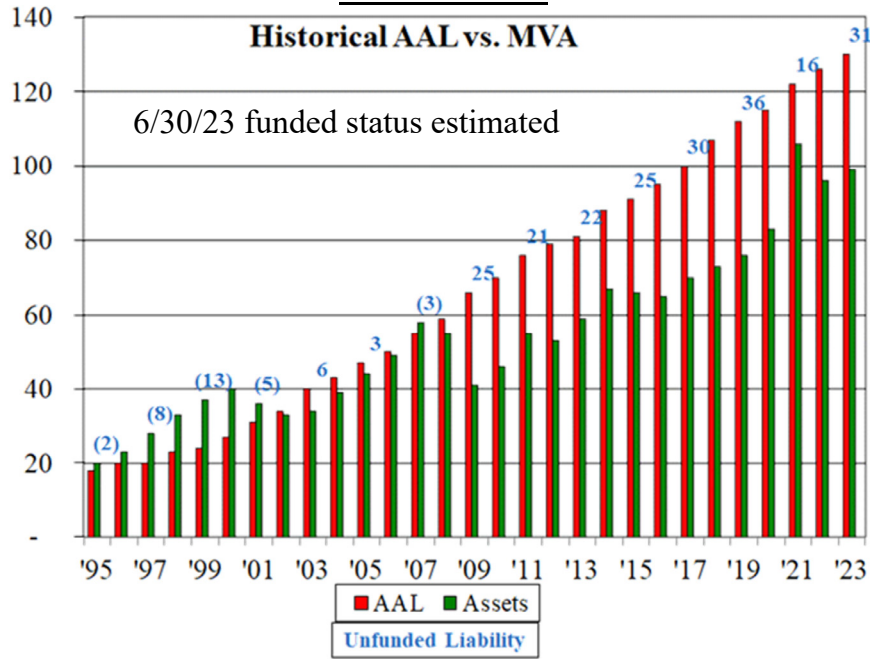
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FUNDED STATUS (MILLIONS)

**Miscellaneous
Funded Status**



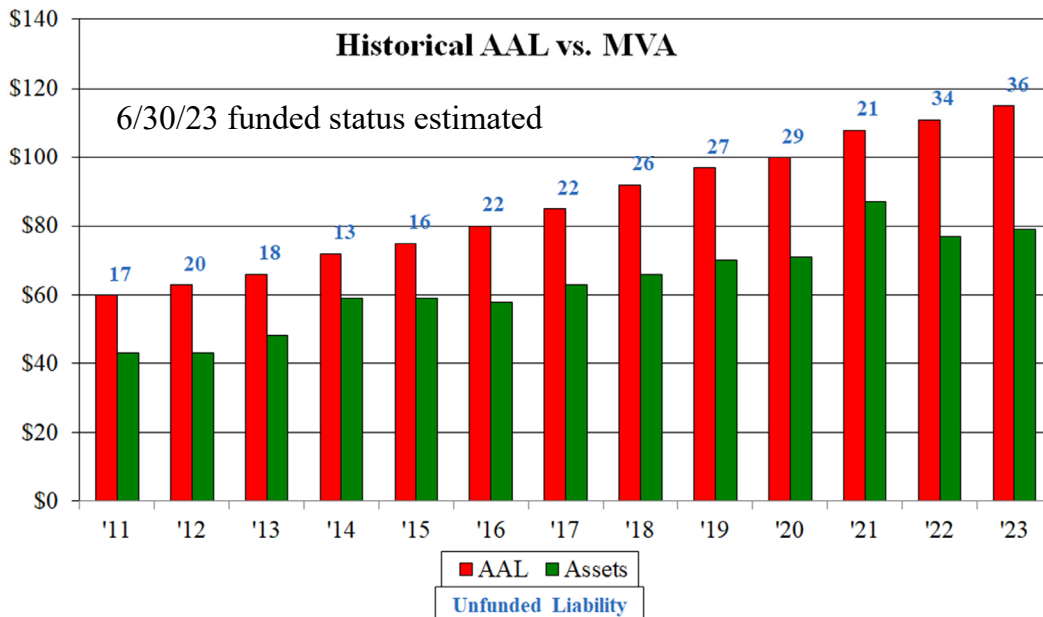
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FUNDED STATUS (MILLIONS)

**Safety
Funded Status**



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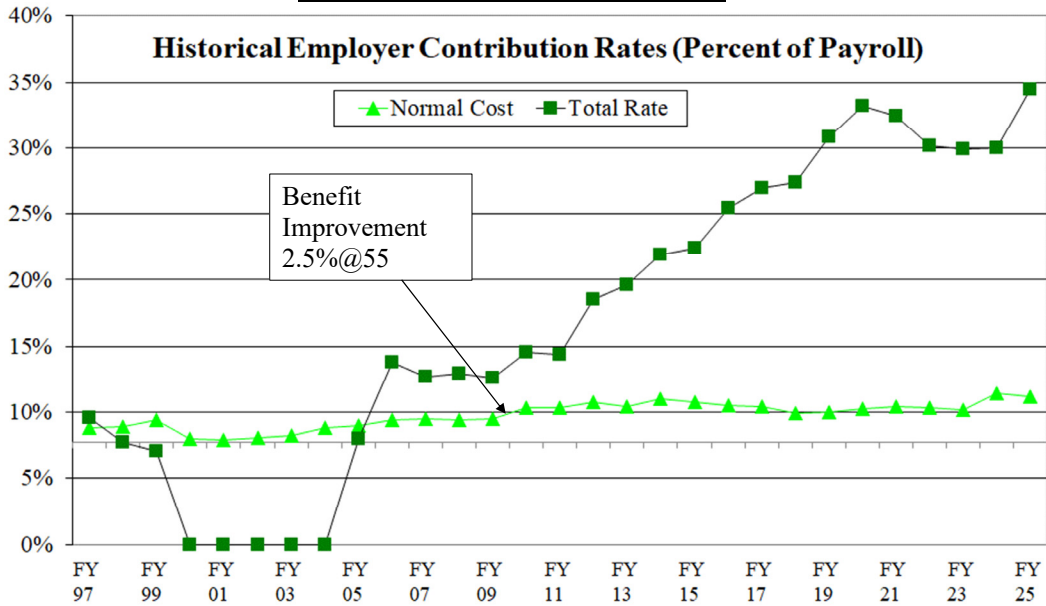


CONTRIBUTION RATES

Item 6.

Miscellaneous

Historical Contribution Rates



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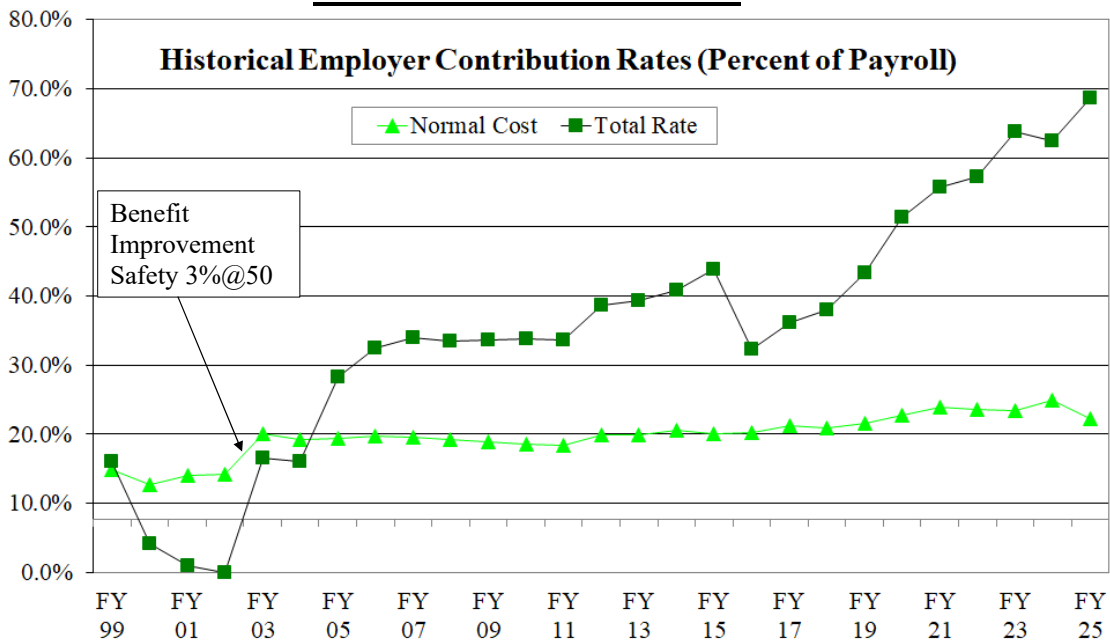
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CONTRIBUTION RATES

Safety

Historical Contribution Rates



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CONTRIBUTION RATES

Item 6.

Miscellaneous

	<u>6/30/21</u> <u>2023/2024</u>	<u>6/30/22</u> <u>2024/2025</u>
■ Total Normal Cost	18.8%	18.8%
■ Employee Normal Cost	<u>7.4%</u>	<u>7.6%</u>
■ Employer Normal Cost	11.4%	11.2%
■ Amortization Payments	<u>18.5%</u>	<u>23.3%</u>
■ Total Employer Contribution Rate	30.0%	34.5%
■ 2023/24 Employer Contribution Rate		30.0%
● Plan changes		0.3%
● 6/30/22 investment (gain)/loss (-7.5% vs. 6.8%)		3.1%
● Progression of amortization bases		(0.5%)
● Other/non-investment (Gains)/Losses		<u>1.6%</u>
■ 2024/25 Employer Contribution Rate		34.5%



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CONTRIBUTION RATES

Safety

	<u>6/30/21</u> <u>2023/2024</u>	<u>6/30/22</u> <u>2024/2025</u>
■ Total Normal Cost	35.4%	33.9%
■ Employee Normal Cost	<u>10.6%</u>	<u>11.7%</u>
■ Employer Normal Cost	24.9%	22.2%
■ Amortization Payments	<u>37.7%</u>	<u>46.4%</u>
■ Total Employer Contribution Rate	62.5%	68.6%
■ 2023/24 Employer Contribution Rate		62.5%
● Payroll < Expected		1.9%
● Other (Gains)/Losses mainly net investment loss		<u>4.2%</u>
■ 2024/25 Employer Contribution Rate		68.6%



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CONTRIBUTION RATES

Safety

6/30/22 Valuation 2024/2025 Contribution Rates

	<u>Total⁹</u>	<u>Tier 1</u>	<u>PEPRA</u>
		3%@50	2.7%@57
■ Base Total Normal Cost	31.3%	34.9%	27.5%
■ Class 1 Benefits			
● Final One Year Compensation	0.7%	1.5%	-
● PRSA	<u>1.8%</u>	<u>2.0%</u>	<u>1.7%</u>
■ Total Normal Cost	33.9%	38.3%	29.2%
■ Formula's Expected EE Contr. Rate	<u>11.7%</u>	<u>9.0%</u>	<u>14.5%</u>
■ ER Normal Cost	22.2%	29.3%	14.7%
■ Amortization Payment	46.4%	89.8%	0.8%
■ Amortization of Side Fund	-	-	-
■ Total ER Contribution	68.6%	119.1%	15.6%
■ Employee counts	37	21	16
■ Employee payroll (in 000's)	\$ 5,884	\$ 3,016	\$ 2,868
■ Total ER Contribution \$ (in 000's)	\$ 4,037	\$ 3,591	\$ 446

⁹ Weighting of total contribution based on projected classic and PEPRA payrolls



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CONTRIBUTION PROJECTIONS

- Investment returns:
 - June 30, 2023 5.8%¹⁰
 - Future returns based on stochastic analysis using 1,000 trials
 - Single year returns¹¹ with current investment mix, no risk mitigation:

	Percentile		
	25 th	50 th	75 th
First 8 years	-1.8%	6.0%	14.7%
After 8 years	-0.7%	7.5%	16.4%

- Assumes investment returns will generally be lower over the next 8 years and higher beyond that.
- Discount Rate decreases due to Risk Mitigation policy – Ultimate rate 6.0%
- No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements
- Different from CalPERS projection
- Impact of Risk Mitigation Policy:
 - Net impact of investment gain and discount rate change amortized over 20 years with 5 year ramp up
 - Same amortization method for all future years

¹⁰ Gross return based on June 30, 2023 CalPERS News Release issued in July 2023.

¹¹ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS

Item 6.

- New hire assumptions:
 - All new hires assumed PEPRA members and none are Classic members
- Miscellaneous 6/30/22 employee distribution:

Benefit Tier	Count	% of Total	21/22 Payroll	% of Total
2.5%@55 FAC1	28	26.2%	\$ 3,061,200	27.6%
2%@60 FAC3	21	19.6%	3,070,200	27.7%
2%@62 FAC3 (PEPRA)	58	54.2%	4,962,800	44.7%
Total	107	100%	11,094,200	100%

- Town provided Miscellaneous payroll for contribution years:

FYE	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Payroll (000s)	\$13,980	\$14,441	\$14,755	\$15,059	\$15,388	\$15,666



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CONTRIBUTION PROJECTIONS

- Safety 6/30/22 employee distribution:

Benefit Tier	Count	% of Total	21/22 Payroll	% of Total
3%@50 FAC1	21	56.8%	\$3,446,200	63.6%
2.7%@57 FAC3 (PEPRA)	16	43.2%	1,969,500	36.4%
Total	37	100%	5,415,800	100%

- Town provided Safety payroll (000s) for contribution years:

FYE	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Classic	\$3,850	\$3,942	\$4,034	\$4,113	\$4,194	\$4,277
PEPRA	2,738	2,852	2,925	2,992	3,051	3,112

- Safety Employee Cost Sharing of Employer Contribution:
 - 3% of pay employee share for Classic members



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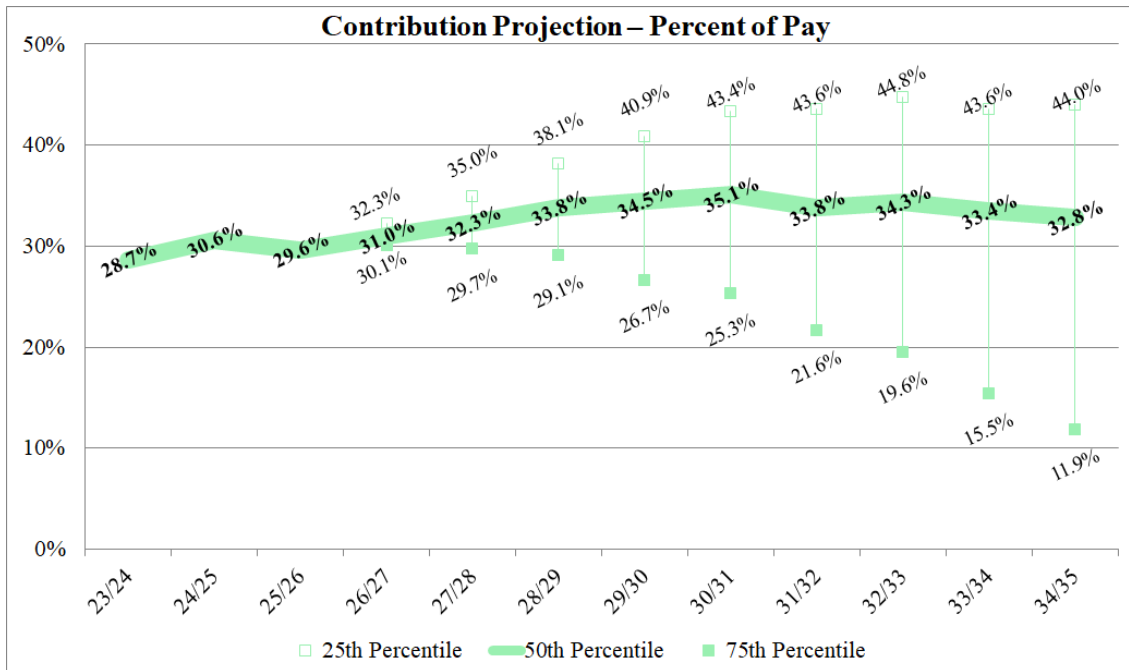
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CONTRIBUTION PROJECTIONS

Item 6.

Miscellaneous



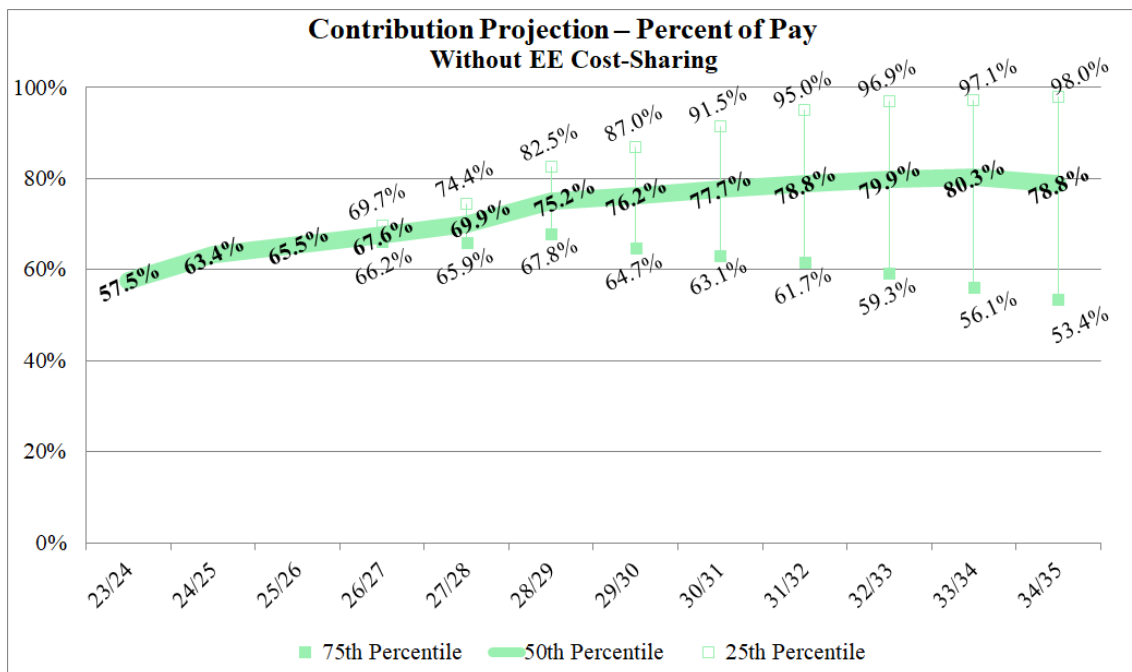
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CONTRIBUTION PROJECTIONS

Safety



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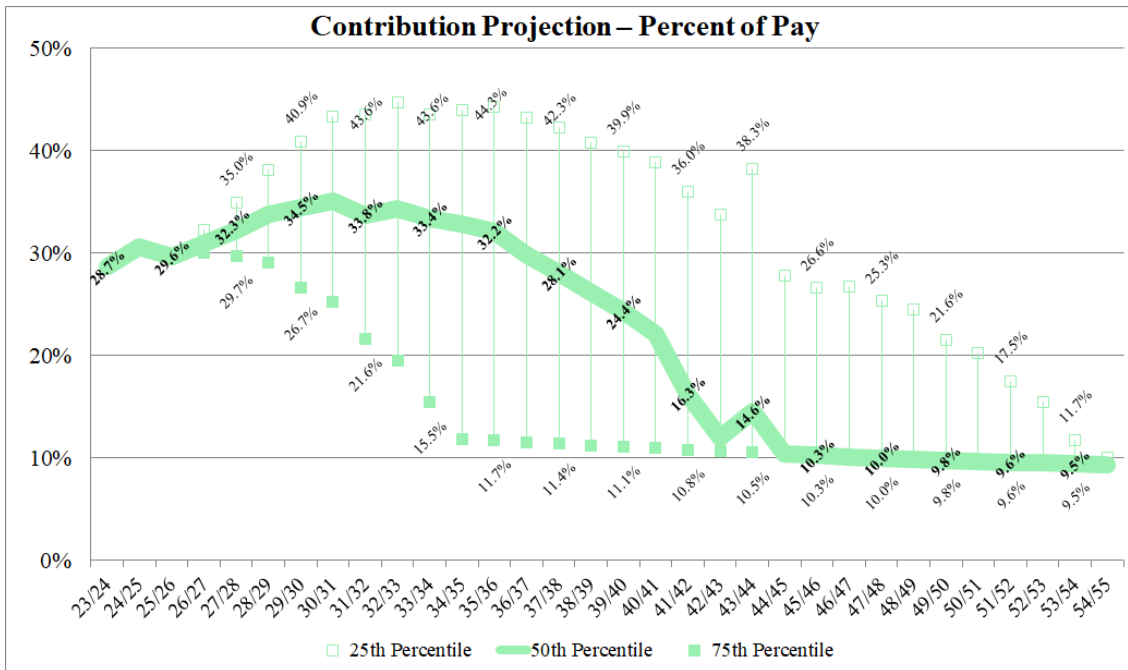
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CONTRIBUTION PROJECTIONS

Item 6.

Miscellaneous



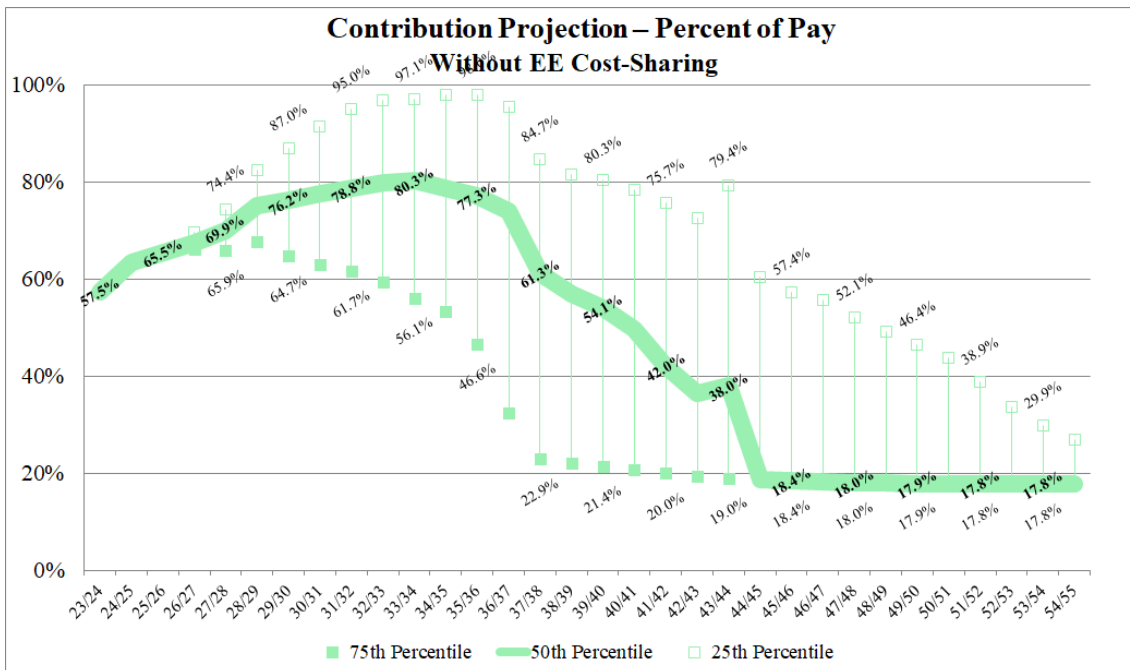
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CONTRIBUTION PROJECTIONS

Safety



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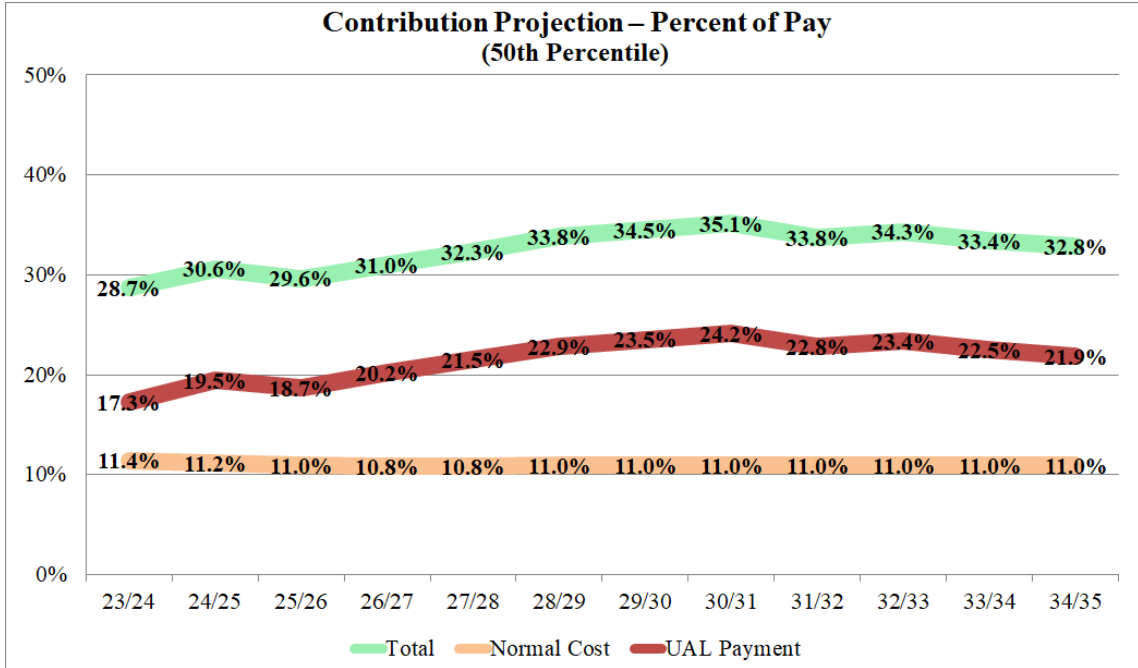
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CONTRIBUTION PROJECTIONS

Item 6.

Miscellaneous



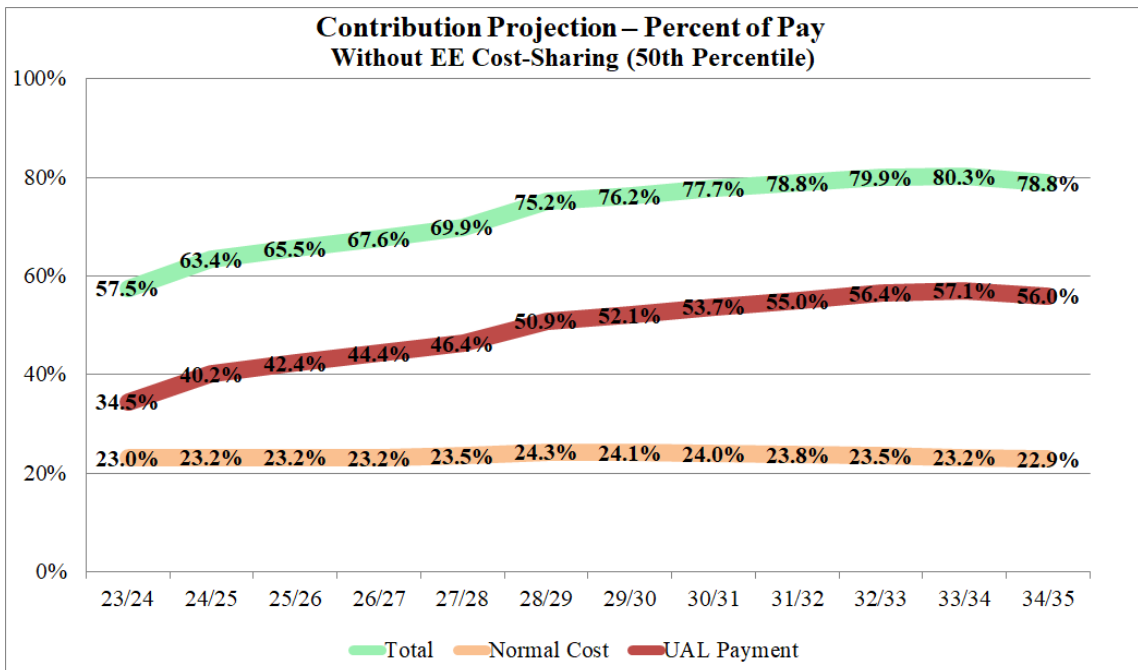
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CONTRIBUTION PROJECTIONS

Safety



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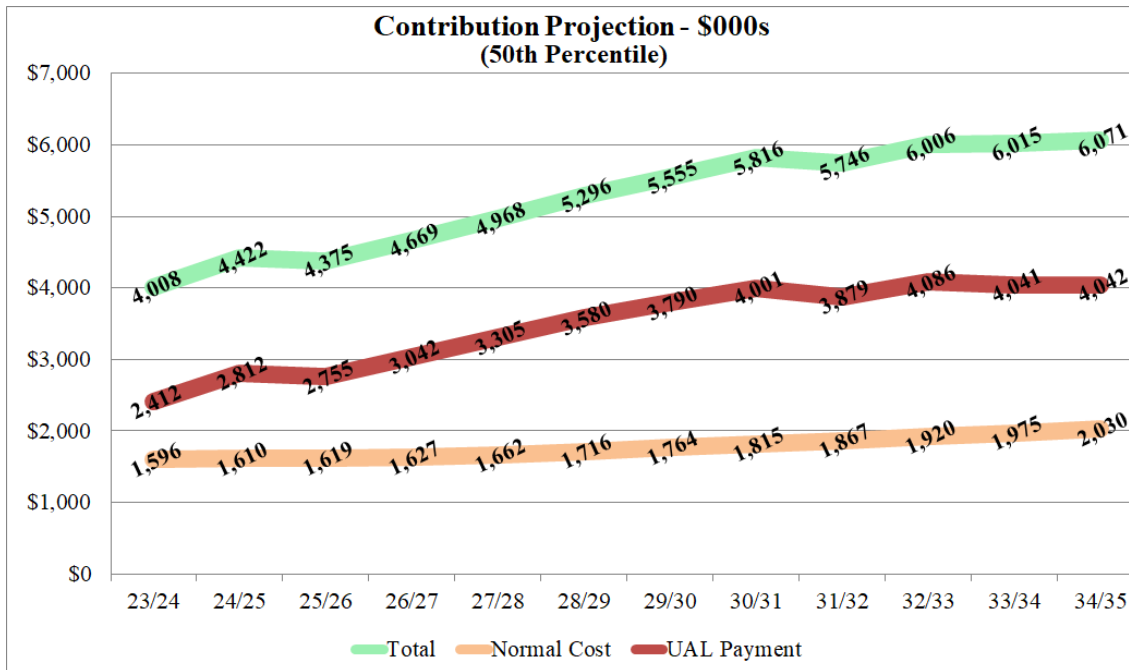
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CONTRIBUTION PROJECTIONS

Item 6.

Miscellaneous



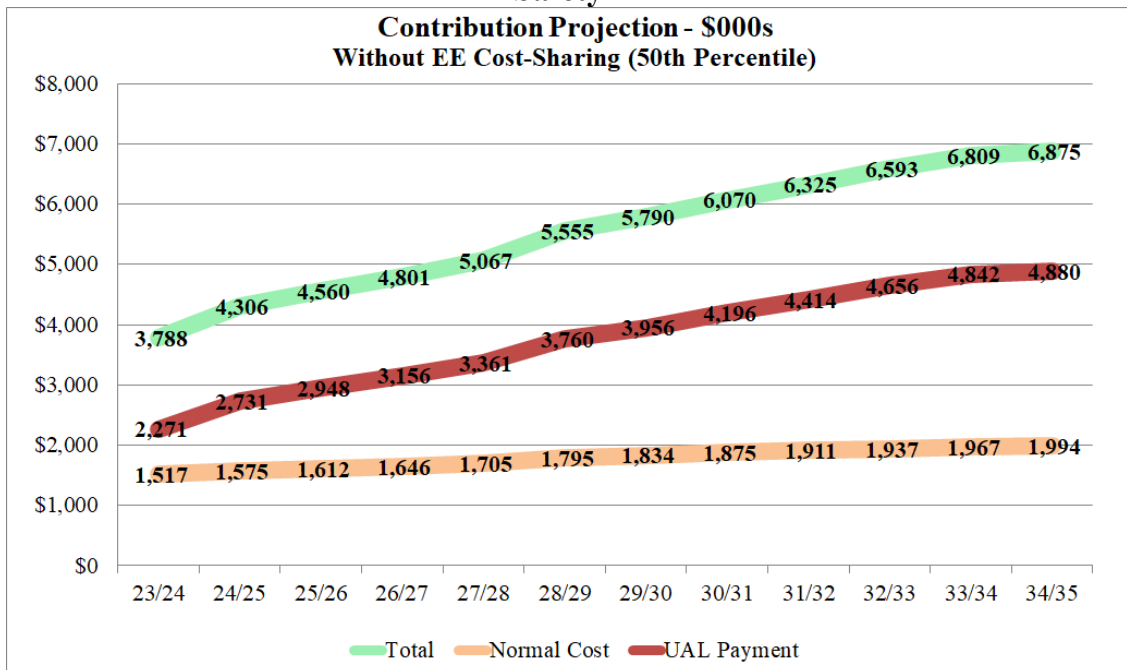
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CONTRIBUTION PROJECTIONS

Safety



April 23, 2024

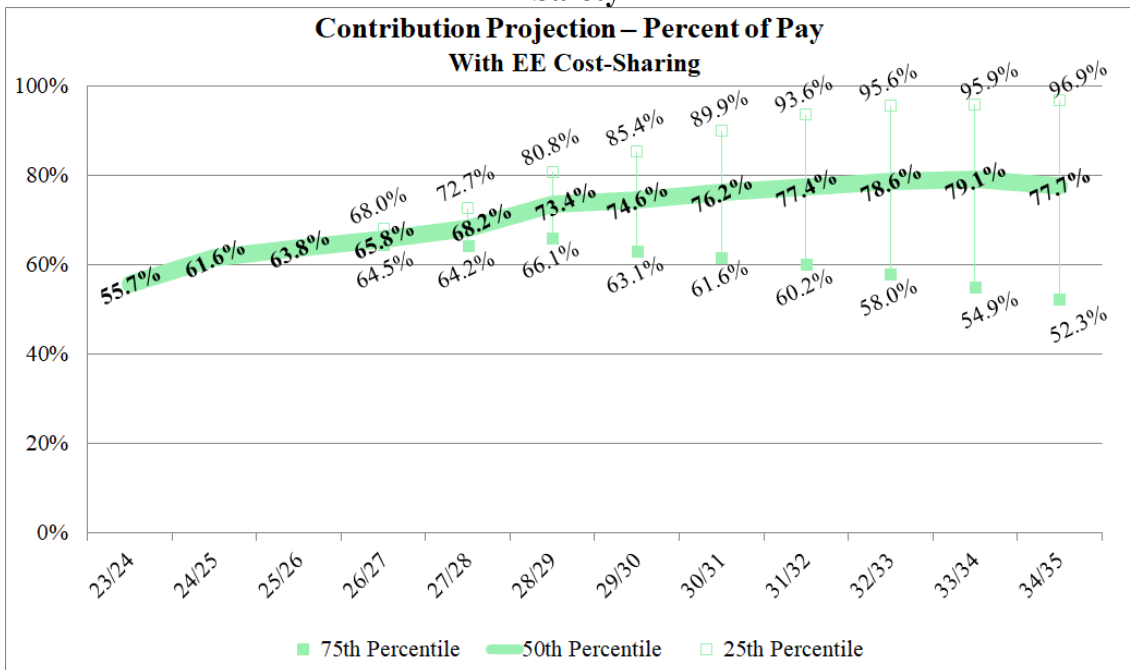
40



CONTRIBUTION PROJECTIONS

Item 6.

Safety



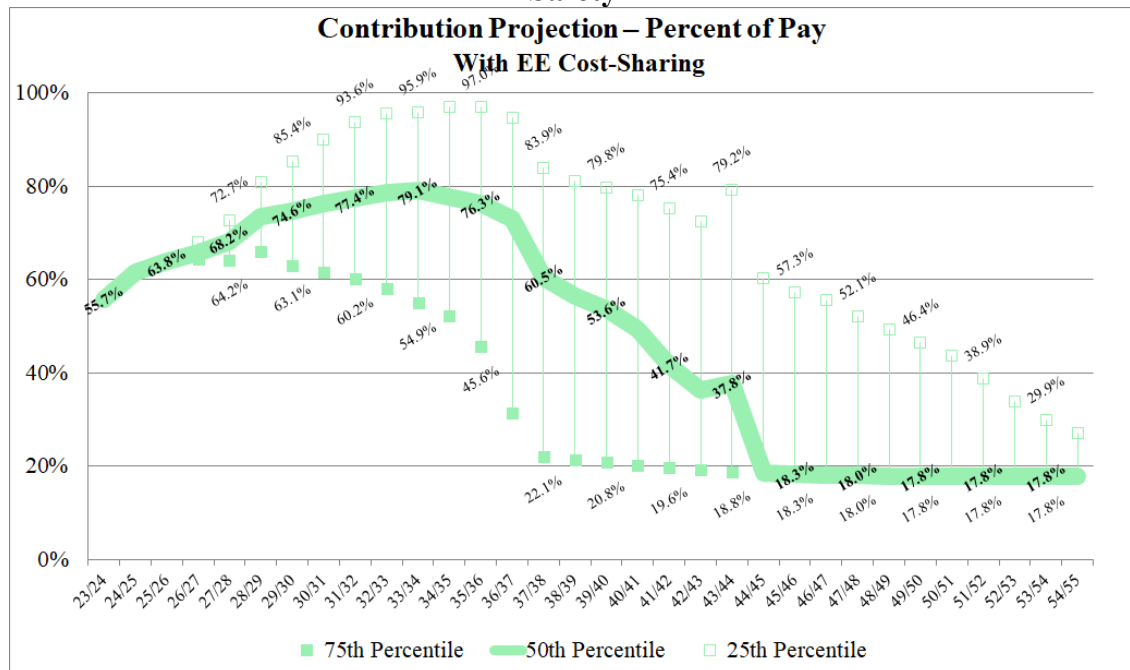
April 23, 2024

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CONTRIBUTION PROJECTIONS

Safety



April 23, 2024

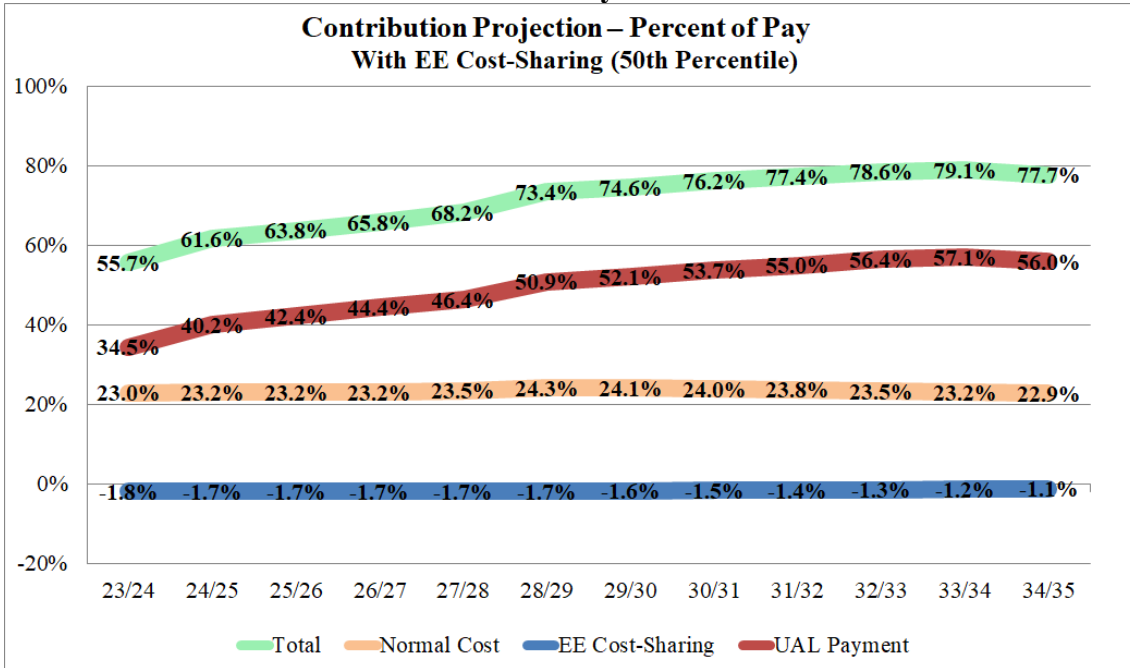
42



CONTRIBUTION PROJECTIONS

Item 6.

Safety



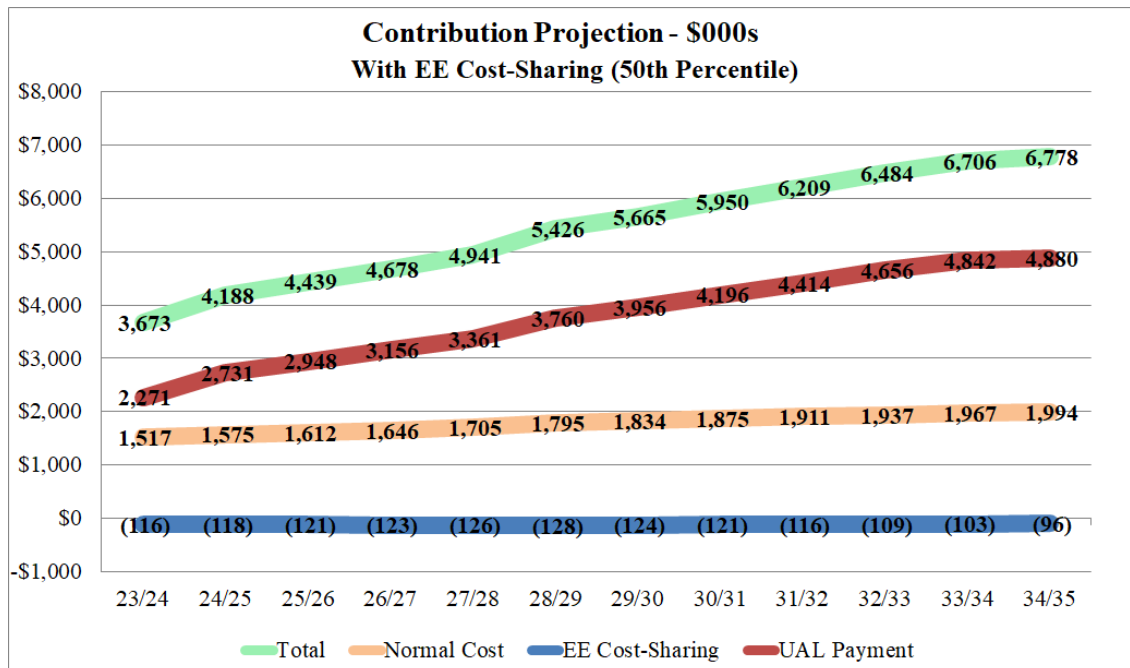
April 23, 2024

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CONTRIBUTION PROJECTIONS

Safety



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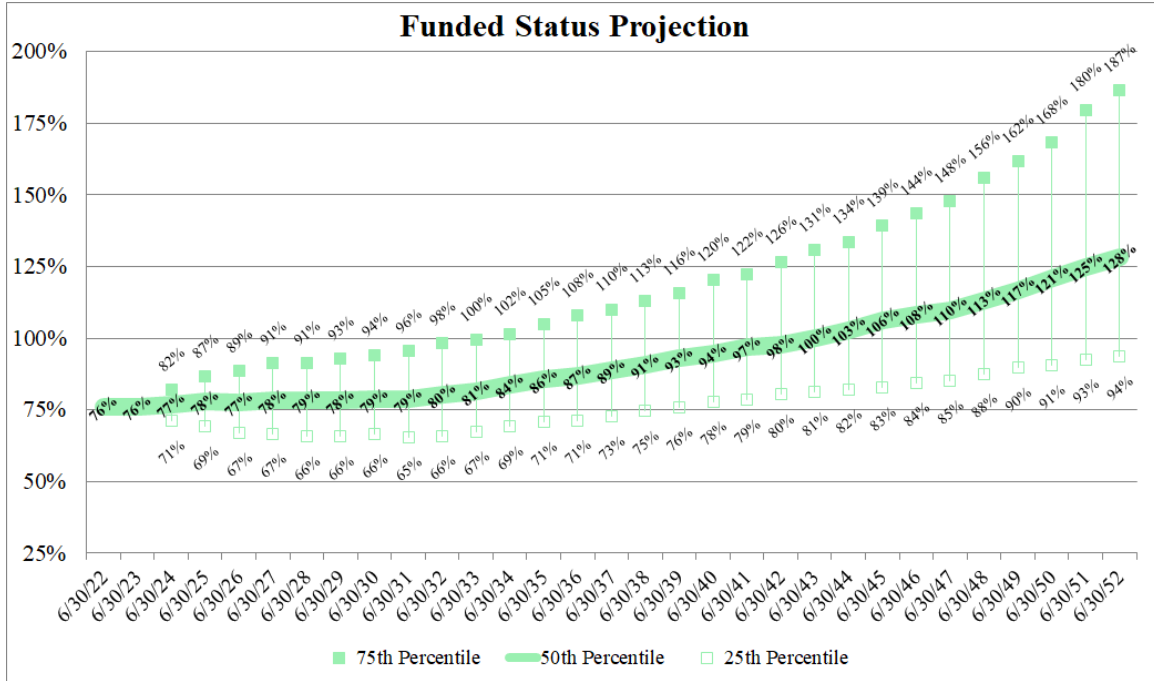
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FUNDED STATUS

Item 6.

Miscellaneous



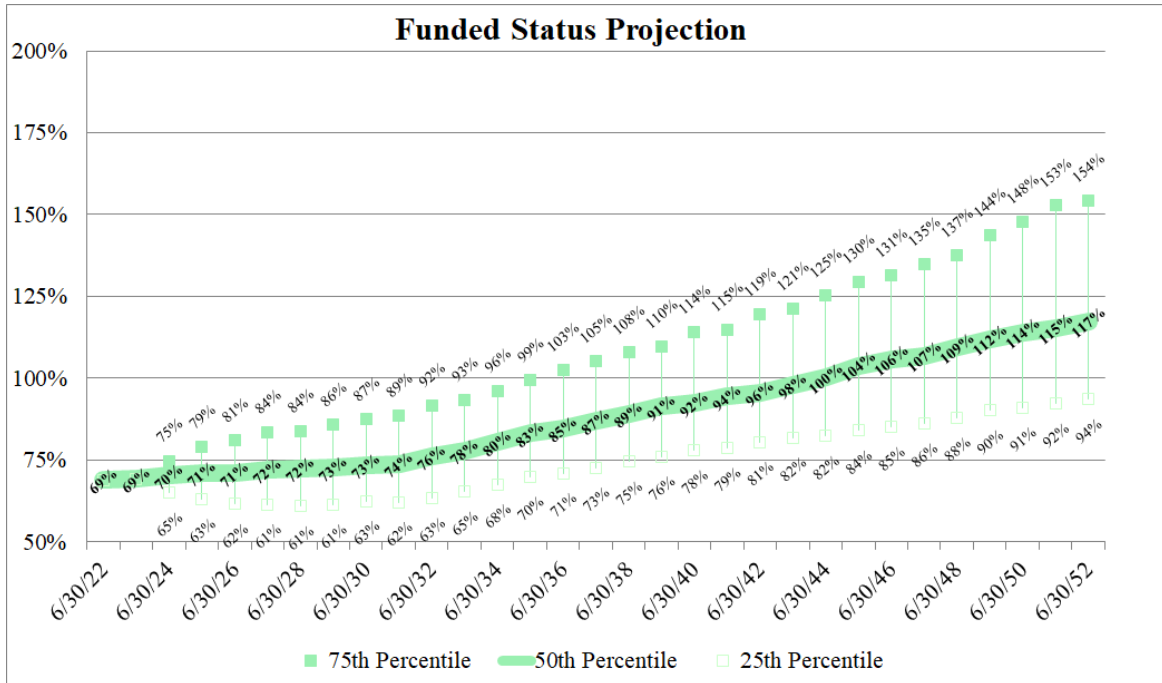
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FUNDED STATUS

Safety



April 23, 2024

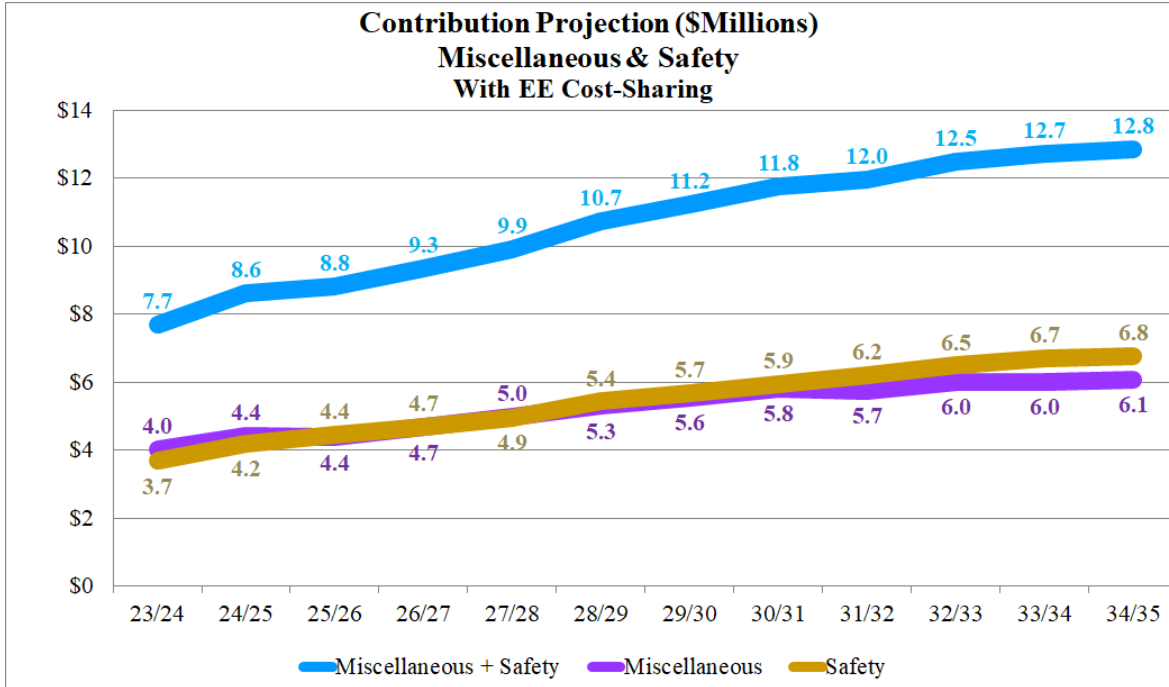
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COMBINED MISCELLANEOUS AND SAFETY

Item 6.

Miscellaneous and Safety



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COMBINED MISCELLANEOUS AND SAFETY

Miscellaneous and Safety

Funded Status Summary on June 30, 2022

(Amounts in \$Millions)

	Miscellaneous	Safety	Total
■ AAL	\$126	\$111	\$237
■ Assets	<u>96</u>	<u>77</u>	<u>173</u>
■ Unfunded AAL	30	34	64
■ Funded Ratio	76.2%	69.0%	73.0%

Projected Funded Status Summary on June 30, 2023¹²

(Amounts in \$Millions)

	Miscellaneous	Safety	Total
■ AAL	\$130	\$115	\$245
■ Assets	<u>99</u>	<u>79</u>	<u>178</u>
■ Unfunded AAL	31	36	67
■ Funded Ratio	76.2%	68.7%	72.7%

¹² Projected 2023 assets reflects 5.8% CalPERS investment return for 2022/23.



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LEAVING CALPERS

- Participation in CalPERS is governed by State law and CalPERS rules
- The following are considered “withdrawing” from CalPERS:
 - Exclude new hires from CalPERS & giving them a different pension
 - Stop accruing benefits for current employees
- “Withdrawal” from CalPERS:
 - Treated as plan termination
 - Liability increased for conservative investments
 - Liability increased for future demographic fluctuations
 - Liability must be funded immediately by withdrawing agency
 - Otherwise, retiree benefits are cut



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LEAVING CALPERS

CalPERS Termination Estimates on June 30, 2022 (Amounts in Millions)

Discount Rate	Ongoing Plan 6.80%	Termination Basis 1.75% 4.50%	
Miscellaneous			
Actuarial Accrued Liability	\$126	\$252	\$165
Assets	<u>96</u>	<u>96</u>	<u>96</u>
Unfunded AAL (UAAL)	30	156	69
Safety			
Actuarial Accrued Liability	\$111	\$238	\$150
Assets	<u>77</u>	<u>77</u>	<u>77</u>
Unfunded AAL (UAAL)	34	161	73
Total			
Unfunded AAL (UAAL)	\$ 64	\$317	\$142
Funded Ratio	73.0%	35.3%	54.9%



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PEPRA COST SHARING

- Target of 50% of total normal cost paid by all employees
- *PEPRA members* must pay greater of 50% of total normal cost or bargained amount if higher
- Employer cannot pay any part of *PEPRA member* required employee contributions
- Employer may impose current employees pay 50% of total normal cost (limited to 8% of pay for Miscellaneous and 12% for Safety) if not agreed through collective bargaining
- Miscellaneous Plan 2024/25:

	<u>Classic Members</u>		<u>New Members</u>
	Tier 1	Tier 2	PEPRA
	<u>2.5% @ 55 FAC1</u>	<u>2% @ 60 FAC3</u>	<u>2% @ 62 FAC3</u>
● Employer Normal Cost	13.2%	14.5%	7.84%
● Member Normal Cost	<u>8.0%</u>	<u>7.0%</u>	<u>7.75%</u>
● Total Normal Cost	21.2%	21.5%	15.59%
● 50% Target	10.6%	10.8%	7.80%



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PEPRA COST SHARING

- Safety Plan 2024/25:

	<u>Classic Members</u>		<u>New Members</u>
	Tier 1	PEPRA	
	<u>3% @ 50 FAE1</u>	<u>2.7% @ 57 FAE3</u>	
● Employer Normal Cost	29.3%	14.72%	
● Member Normal Cost	<u>9.0%</u>	<u>14.50%</u>	
● Total Normal Cost	38.3%	29.22%	
● 50% Target	19.2%	14.61%	

- PEPRA Member Contributions:

Group	2023/24		2024/25			
	Total NC (Basis)	Member Rate	Total Normal Cost	Change	Member Rate	Method
Miscellaneous	14.43%	7.25%	15.59%	1.16%	7.75%	PEPRA Members
Safety	29.00%	14.50%	29.22%	0.22%	14.50%	PEPRA Members



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PAYING DOWN THE UAL & RATE STABILIZATION

Item 6.

- Where do you get the money from?
- How do you use the money?



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WHERE DO YOU GET THE MONEY FROM?

- POB:
 - Usually thought of as interest arbitrage between expected earnings and rate paid on POB
 - No guaranteed savings
 - PEPRA prevents contributions from dropping below normal cost
 - Savings offset when investment return is good
 - GFOA Advisory
- Borrow from General Fund similar to State
- One time payments
 - Governing body resolution to use a portion of one time money, e.g.
 - 1/3 to one time projects
 - 1/3 to replenish reserves and
 - 1/3 to pay down unfunded liability



ADDITIONAL PAYMENTS TO CALPERS

Item 6.

- Internal Service Fund
 - Typically used for rate stabilization
 - Restricted investments:
 - Likely low (0.5%-1.0%) investment returns
 - Short term/high quality, designed for preservation of principal
 - Assets can be used by governing body for other purposes
 - Does not reduce Unfunded Liability



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ADDITIONAL PAYMENTS TO CALPERS

- Make payments directly to CalPERS:
 - Likely best long-term investment return
 - Must be considered an irrevocable decision
 - Extra payments cannot be used as future “credit”
 - PEPPRA prevents contributions from dropping below normal cost
 - Option #1: Request shorter amortization period (Fresh Start):
 - Higher short term payments
 - Less interest and lower long term payments
 - Likely cannot revert to old amortization schedule
 - Savings offset when investment return is good (PEPPRA)



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ADDITIONAL PAYMENTS TO CALPERS

Item 6.

- Make payments directly to CalPERS (continued):
 - Option #2: Target specific amortization bases with an “Additional Discretionary Payment “ADP” :
 - Extra contribution’s impact muted by reduced future contributions
 - CalPERS can’t track the “would have been” contribution
 - No guaranteed savings
 - Larger asset pool means larger loss (or gain) opportunity
 - Paying off shorter amortization bases: larger contribution savings over shorter period:
 - e.g. 10 year base reduces contribution 13.7¢ for \$1
 - Less interest savings vs paying off longer amortization bases
 - Paying off longer amortization bases: smaller contribution savings over longer period:
 - e.g. 25 year base reduces contribution 8.2¢ for \$1
 - More interest savings vs paying off shorter amortization bases
 - Maintaining the current payment schedule – not letting payments reduce due to extra payment – gives the greatest long-term savings



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Can only be used to:
 - Reimburse Town for CalPERS contributions
 - Make payments directly to CalPERS
- Investments significantly less restricted than Town investment funds
 - Fiduciary rules govern Trust investments
 - Usually, designed for long term returns
- Assets don’t count for GASB accounting
 - Are considered Employer assets
- Hundreds of trusts established, mostly since 2015
 - Trust providers: PARS, PFM, Keenan
 - California Employers’ Pension Prefunding Trust (CEPPT) effective July 2019
 - Strategy 1: 48% stocks / 52% bonds
 - Strategy 2: 22% stocks / 78% bonds



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Item 6.

- More flexibility than paying CalPERS directly
 - Town decides if and when and how much money to put into Trust
 - Town decides if and when and how much to withdraw to pay CalPERS or reimburse Town
- Funding strategies typically focus on:
 - Reducing the unfunded liability
 - Fund enough to make total CalPERS UAL = 0
 - Make PEPRAs required payments from Trust when overfunded
 - Stabilizing contribution rates
 - Mitigate expected contribution rates to better manage budget
 - Combination
 - Use funds for rate stabilization/budget predictability
 - Target increasing fund balance to pay off UAL sooner



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Consider:
 - How much can you put into Trust?
 - Initial seed money?
 - Additional amounts in future years?
 - When do you take money out?
 - Target budget rate?
 - Year target budget rate kicks in?
 - Before or after CalPERS rate exceeds budgeted rate?



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COMPARISON OF OPTIONS

■ **Supplemental Trust**

- Flexible
- Likely lower long-term return
- Investment strategy choice
- Does not reduce net pension liability for GASB reporting
- More visible

■ **CalPERS**

- Locked In
- Likely higher long-term return
- No investment choice
- Reduces net pension liability for GASB reporting
- More restricted



COMPARISON OF OPTIONS

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PREFUNDING OPTIONS

Item 6.

- Savings from an additional \$1 million contribution to CalPERS on 6/30/2024:
- Miscellaneous Plan
 - Shortest Bases: 2003 Assumption Change (1 year remaining) and 2007 Benefit Change (4 years remaining)

OR

- Longest Bases: 2013 Loss (21 years remaining)

Miscellaneous Plan Target Bases	Estimated Interest Savings	2024/25 Contribution Impact
Shortest Bases	\$1 million	
\$ Savings (000's)	\$107	\$(506)
Present value of savings @ 3% (000's)	57	
Longest Base	\$1 million	
\$ Savings (000's)	\$853	\$(75)
Present value of savings @ 3% (000's)	382	



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PREFUNDING OPTIONS

- Safety Plan
 - Shortest Bases: 2014 Assumption Change (12 year remaining)
- OR**
- Longest Bases: 2017 & 2018 Non-Asset Loss (25 & 26 years remaining, respectively) and 2016 Asset Loss (24 years remaining)

Safety Plan Target Bases	Estimated Interest Savings	2024/25 Contribution Impact
Shortest Bases	\$1 million	
\$ Savings (000's)	\$394	\$(122)
Present value of savings @ 3% (000's)	195	
Longest Base	\$1 million	
\$ Savings (000's)	\$1,068	\$(67)
Present value of savings @ 3% (000's)	460	



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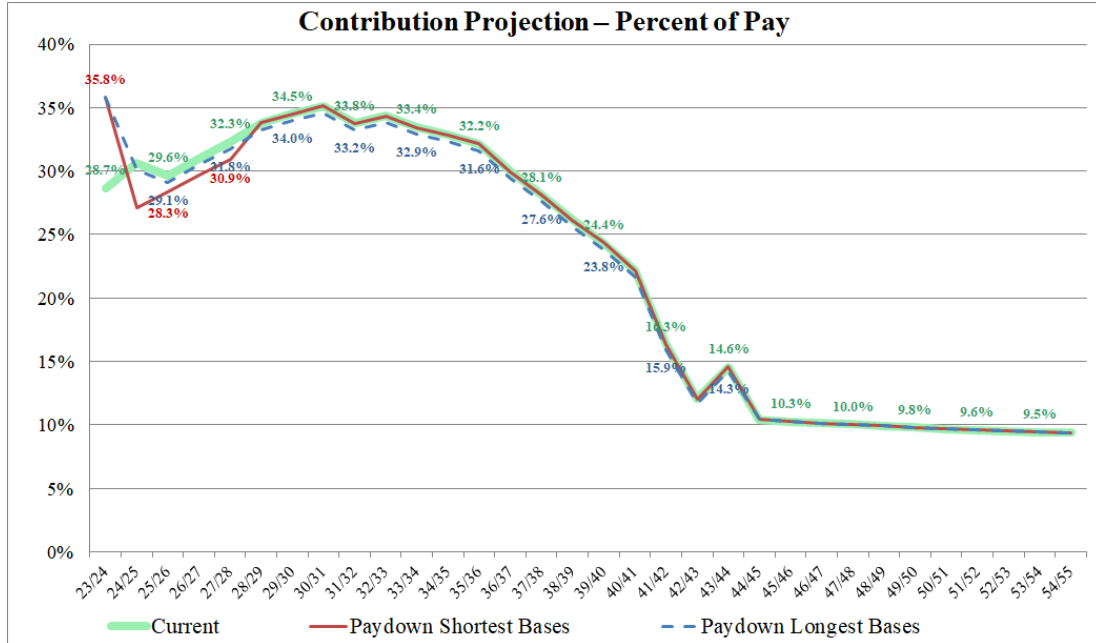
64



PREFUNDING OPTIONS

Item 6.

Miscellaneous Direct Payment \$1M to CalPERS



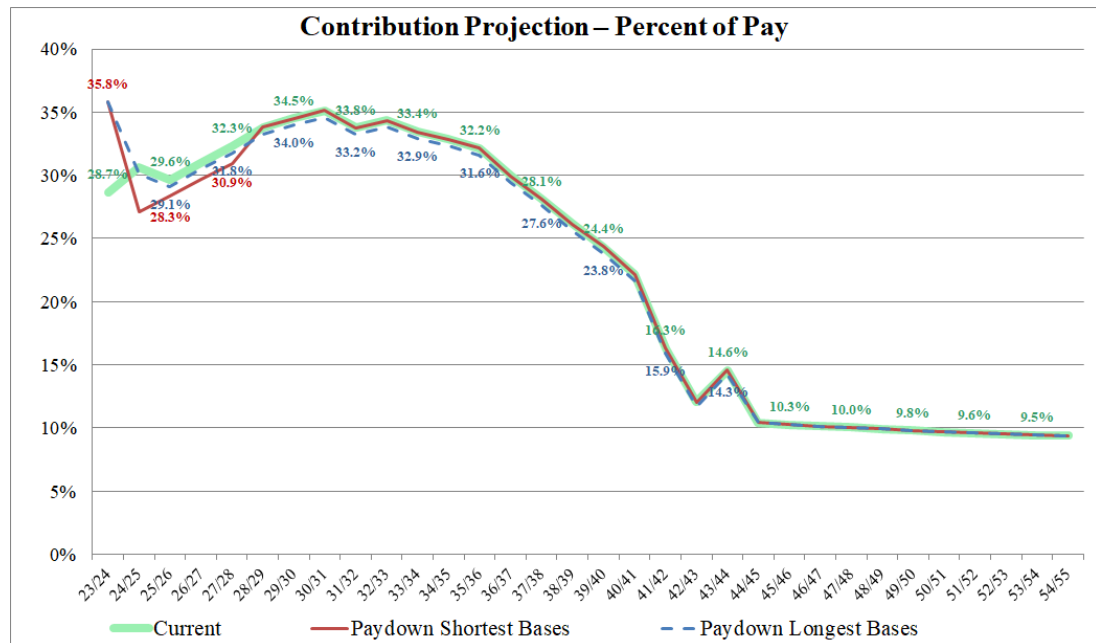
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PREFUNDING OPTIONS

Safety Direct Payment \$1M to CalPERS



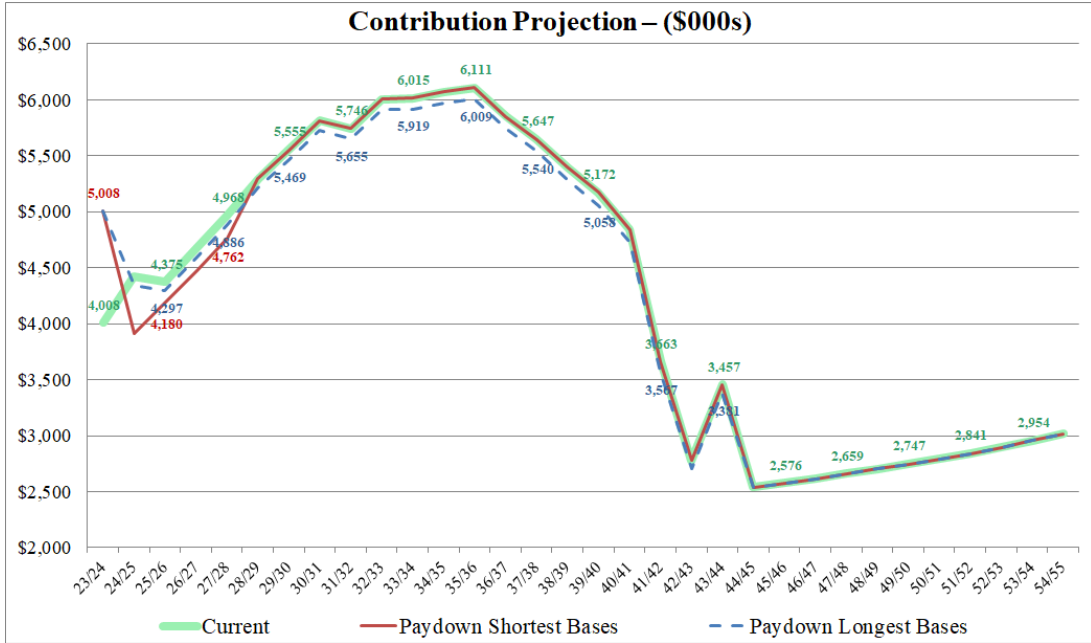
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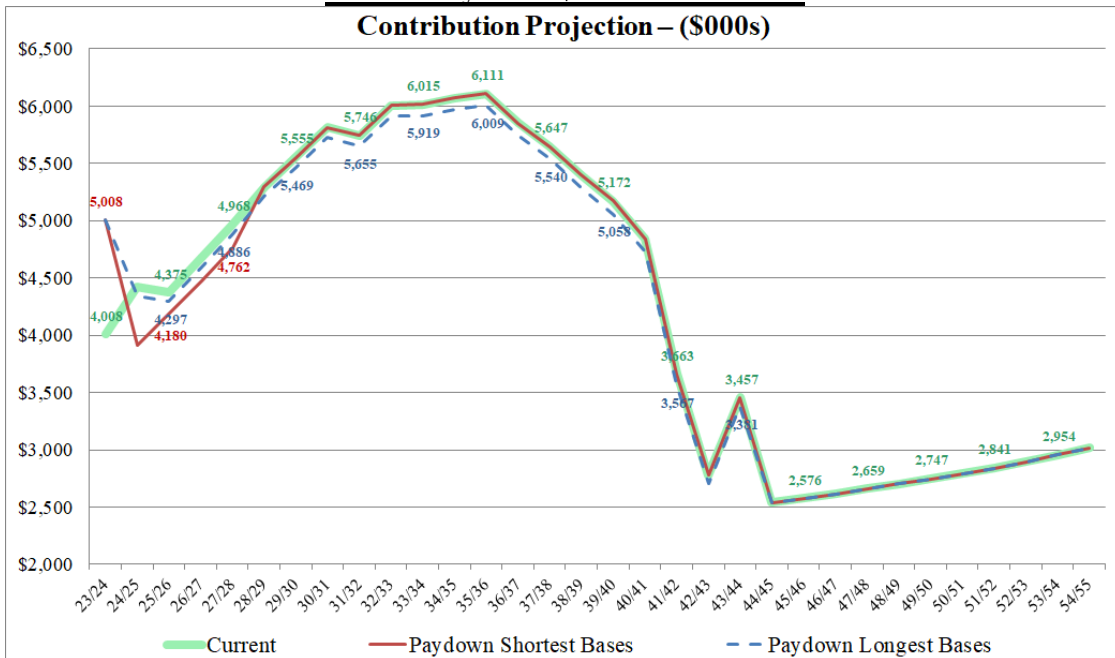
PREFUNDING OPTIONS

Miscellaneous Direct Payment \$1M to CalPERS



PREFUNDING OPTIONS

Safety Direct Payment \$1M to CalPERS



ACTUARIAL CERTIFICATION

This report presents analysis of the Town of Los Gatos’s CalPERS pension plans. The purpose of this report is to provide the Town:

- Historical perspective on the plan investment returns, assets, funded status and contributions.
- Projections of likely future contributions and the impact of investment volatility

The calculations and projections in this report are based on information contained in the Town’s June 30, 2022 and earlier CalPERS actuarial valuation reports. We reviewed this information for reasonableness, but do not make any representation on the accuracy of the CalPERS reports.

Future investment returns and volatility are based on Foster & Foster’s Capital Market model which results in long term returns summarized on page 30.

Future results may differ from our projections due to differences in actual experience as well as changes in plan provisions, CalPERS actuarial assumptions or methodology. Other than variations in investment return, this study does not analyze these.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

Doug Pryor, ASA, EA, MAAA
Foster & Foster, Inc.
April 23, 2024

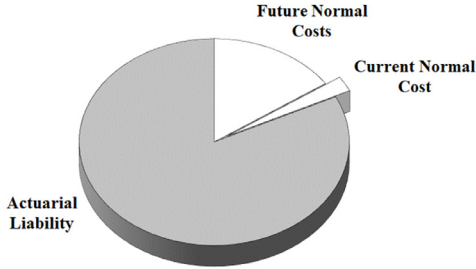


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DEFINITIONS

Present Value of Benefits
June 30, 2022



■ **PVB - Present Value of all Projected Benefits:**

- The value now of amounts due to be paid in the future
- Discounted value (at valuation date - 6/30/22), of all future expected benefit payments based on various (actuarial) assumptions

■ **Current Normal Cost (NC):**

- Portion of PVB allocated to (or “earned” during) current year
- Value of employee and employer current service benefit

■ **Actuarial Liability (AAL):**

- Discounted value (at valuation date) of benefits earned through valuation date [value of past service benefit]
- Portion of PVB “earned” at measurement

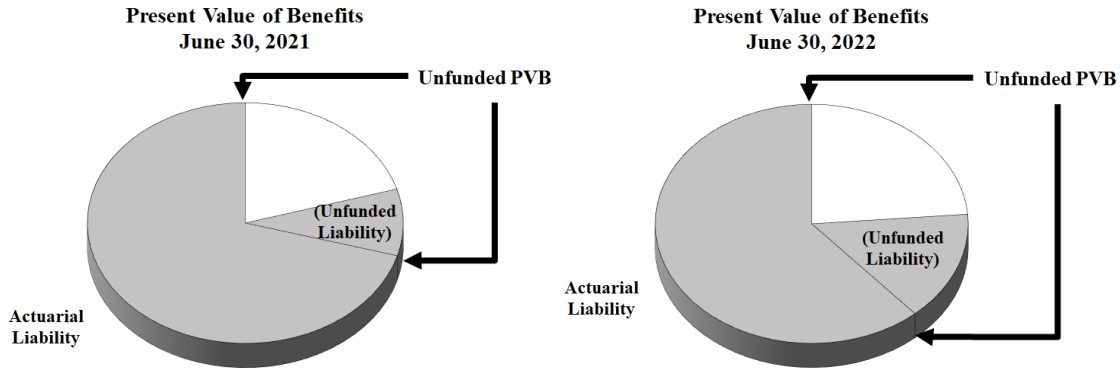


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DEFINITIONS

Item 6.



- **Target-** Have money in the bank to cover Actuarial Liability (past service)
- **Unfunded Liability (UAAL or UAL) -** Money short of target at valuation date
 - If all actuarial assumptions were always exactly met, then the plan assets would always equal AAL
 - Any difference is the unfunded (or overfunded) AAL
 - Every year, the actuary calculates the difference between the expected UAAL and Actual UAAL. This is a new layer or amortization base
 - Each new layer gets amortized (paid off) over a period of time as part of the contribution [rate]



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HOW WE GOT HERE

Significant Factors

- Investment Losses
- CalPERS Contribution Policy
- Enhanced Benefits
- Demographics



HOW WE GOT HERE

Item 6.

Old Contribution Policy

- Effective with 2003 valuations:
 - Slow (15 year) recognition of investment losses into funded status
 - Rolling 30 year amortization of all (primarily investment) losses
- Designed to:
 - First smooth rates and
 - Second pay off UAL
- Mitigated contribution volatility



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HOW WE GOT HERE

CalPERS Changes

- April 2013: CalPERS adopted new contribution policy
 - No asset smoothing or rolling amortization
- February 2018: New amortization policy for 2021/22 contributions
 - Fixed dollar (level) 20-year amortization rather than % pay (escalating)
 - 5-year ramp up (not down) for investment gains and losses
- CalPERS Board changed the discount rate to 7%, still phasing in to rates:

	<u>Rate</u>	<u>Initial Impact</u>	<u>Full Impact</u>
● 6/30/16 valuation	7.375%	18/19	22/23
● 6/30/17 valuation	7.25%	19/20	23/24
● 6/30/18 valuation	7.00%	20/21	24/25
- In the November 2021 meeting, CalPERS Board adopted
 - Discount rate and investment allocation
 - Discount rate: 6.8% for 6/30/2021. UAL impact matches investment gain amortization (5-year ramp-up). Initial impact in 23/24 and full impact in 27/28.
 - Asset allocation has higher investment risk than current portfolio
 - Experience study (Demographic assumptions)



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**TOWN OF LOS GATOS
CALPERS MISCELLANEOUS & SAFETY PLANS**



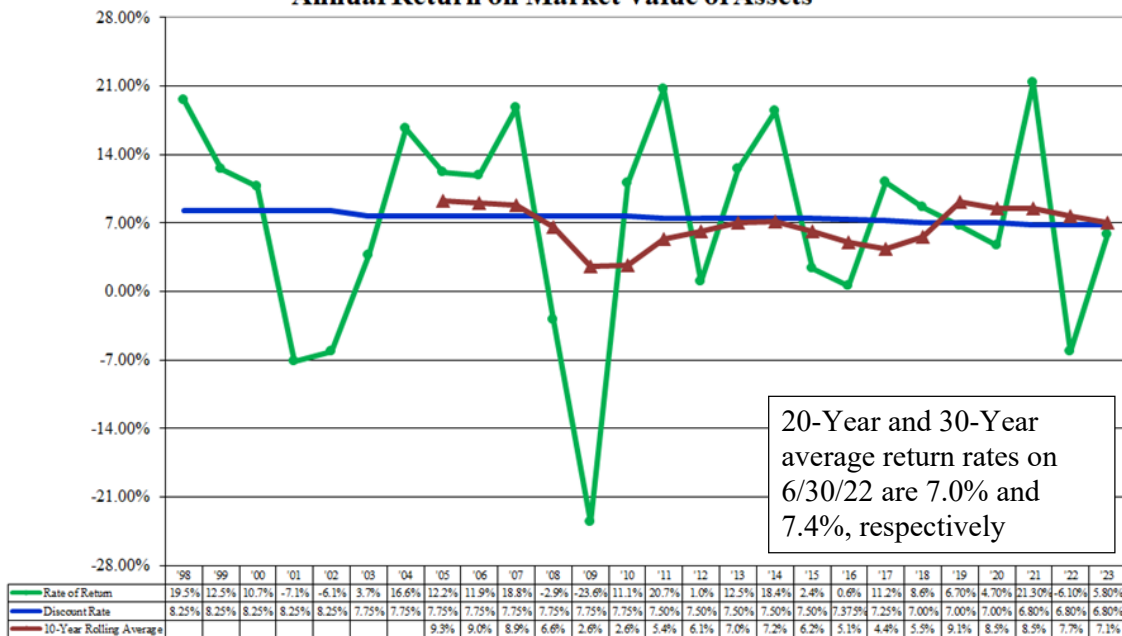
CalPERS Analysis – 6/30/22 Valuation

**Doug Pryor, ASA, EA, MAAA
Matthew Childs
Foster & Foster, Inc.**

May 13, 2024

INVESTMENT RETURN

Annual Return on Market Value of Assets



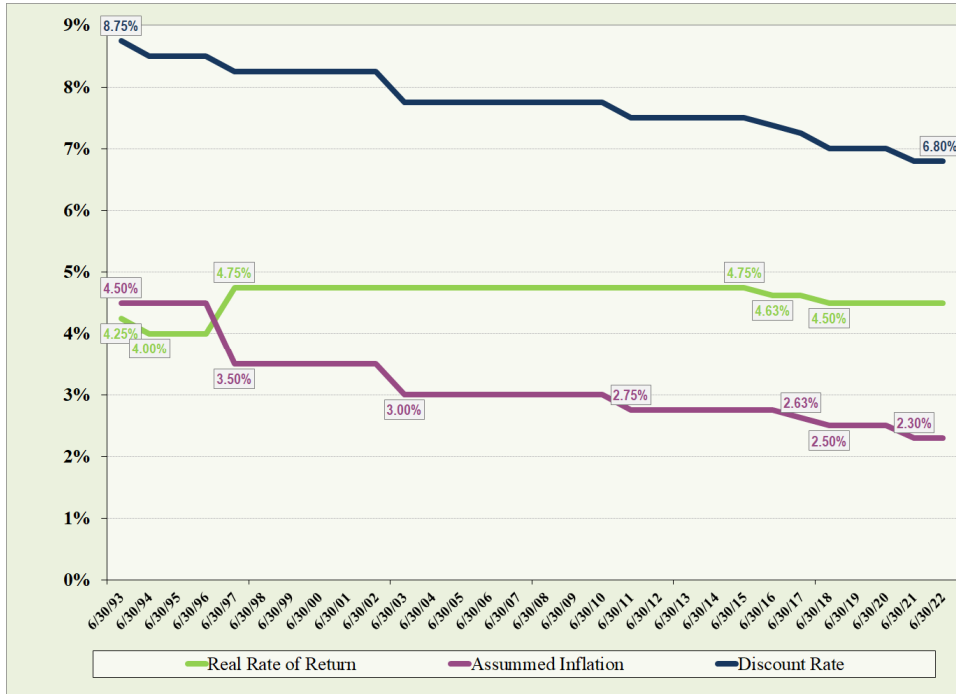
Discount rates are expected returns net of administrative expenses.
2013/14 through 2022/23 “money-weighted” returns reported in CalPERS AFCR (without lags on private equity and real estate) are 18.3%, 2.2%, 0.5%, 11.2%, 8.4%, 6.5%, 5.0%, 22.4%, -7.5%, and 6.1%, respectively.



HISTORICAL DISCOUNT RATES

Item 6.

Inflation and Real Return Assumptions



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RISK MITIGATION

Overview

- Move to more conservative investments over time to reduce volatility/risk
 - Only when investment return is better than expected
 - Lower discount rate in concert

Excess Investment Return	Reduction in Discount Rate
<i>If the actual investment returns exceed the discount rate by:</i>	<i>Then the discount rate will be reduced by:</i>
2%	0.05%
7%	0.10%
10%	0.15%
13%	0.20%
17%	0.25%

- Essentially use ≈50% of investment gains to pay for cost increases
- Likely get to 6.0% discount rate over 20+ years
 - Risk mitigation suspended from 6/30/16 to 6/30/18 valuation
 - First triggered for 6/30/21 valuation - 6.8% discount rate
- Not triggered for 6/30/22 (nor 6/30/23) valuation
- April 15, 2024 CalPERS Board removed automatic trigger



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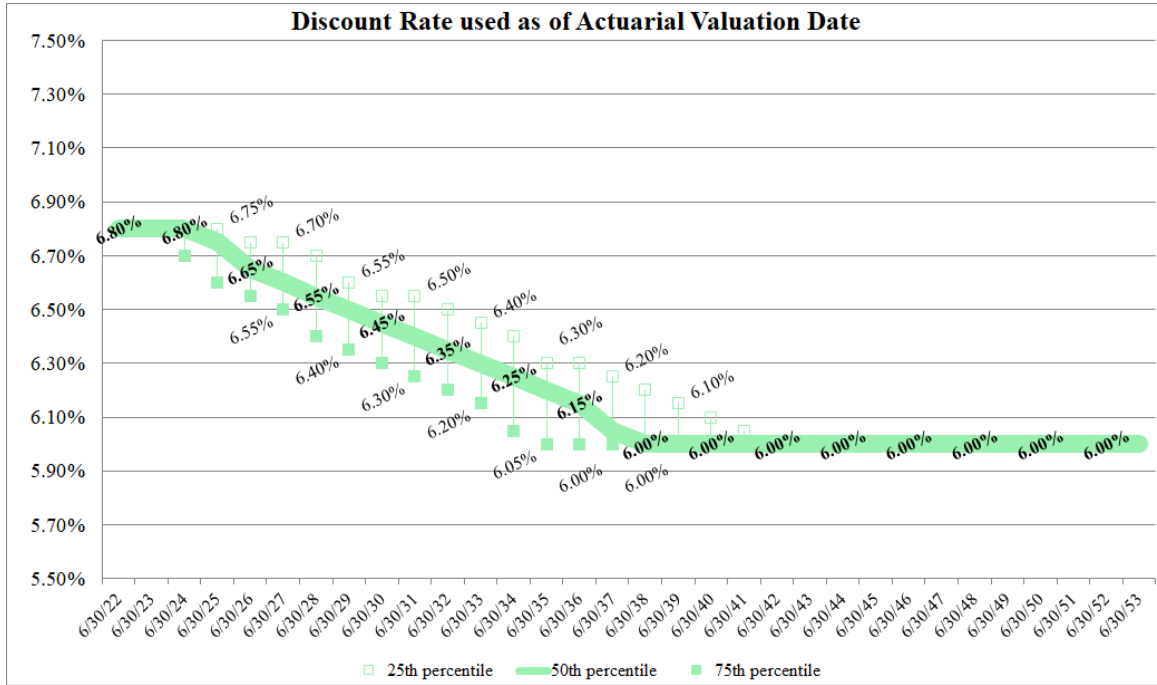
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RISK MITIGATION

Item 6.

Projection



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RISK MITIGATION

Portfolio Target Allocations

Asset Classification	Prior Portfolio	11/17/21 Portfolio
Liquidity	1%	-
Real Assets	13%	15%
Private Debt	-	5%
EM Sov Bonds	1%	5%
High Yield	4%	5%
Investment Grade Corp.	6%	10%
Mtge-backed Securities	7%	5%
Treasury	10%	5%
Private Equity	8%	13%
Global Equity ¹	50%	42%
Leverage	-	(5)%
Total	100%	100%
Standard Deviation	11.2%	12.0%

¹ Cap and non-cap weighted combined for this table; actual portfolios have specific allocations for each classification.



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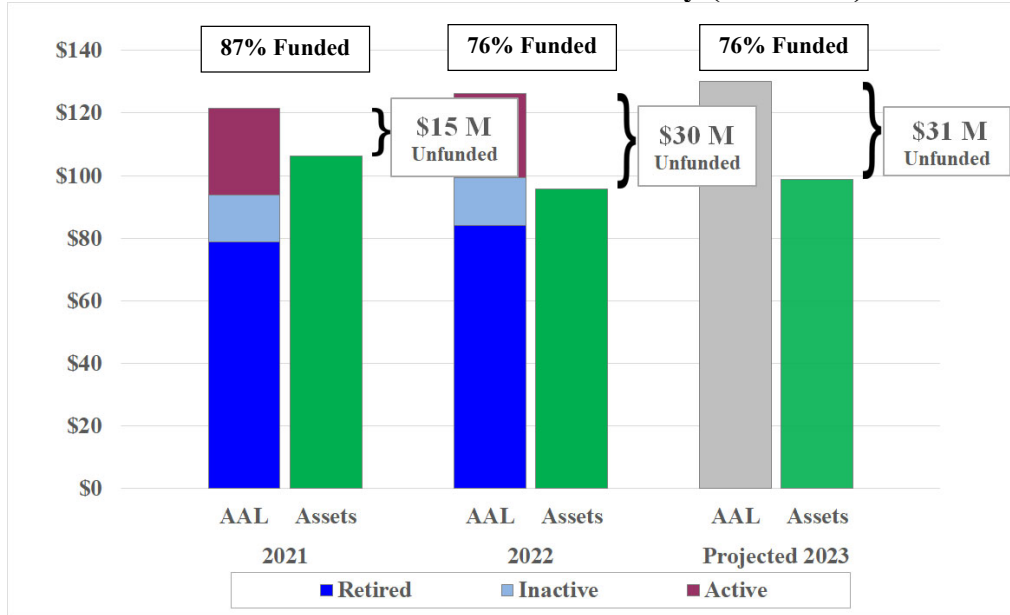


PLAN FUNDED STATUS

Item 6.

Miscellaneous

CalPERS Assets and Actuarial Liability (\$Millions)²



² Projected 2023 assets reflects 5.8% CalPERS investment return for 2022/23.



May 13, 2024

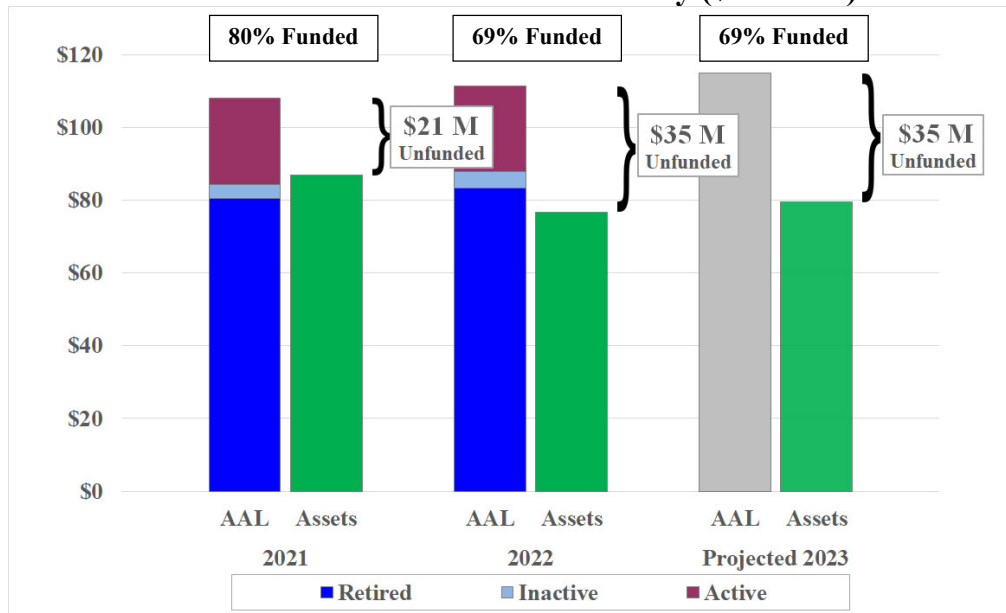
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PLAN FUNDED STATUS

Safety

CalPERS Assets and Actuarial Liability (\$Millions)³



³ Projected 2023 assets reflects 5.8% CalPERS investment return for 2022/23.



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PLAN FUNDED STATUS

Item 6.

Discount Rate Sensitivity June 30, 2022

Miscellaneous

	<u>Discount Rate</u>		
	<u>6.80%</u>	<u>6.30%⁴</u>	<u>5.80%</u>
AAL	\$126,200,000	\$134,400,000	\$142,600,000
Assets	<u>95,800,000</u>	<u>95,800,000</u>	<u>95,800,000</u>
Unfunded Liability	30,400,000	38,600,000	46,800,000
Funded Ratio	75.9%	71.3%	67.2%

Safety

	<u>Discount Rate</u>		
	<u>6.80%</u>	<u>6.30%</u>	<u>5.80%</u>
AAL	\$111,300,000	\$118,900,000	\$126,400,000
Assets	<u>76,700,000</u>	<u>76,700,000</u>	<u>76,700,000</u>
Unfunded Liability	34,600,000	42,200,000	49,700,000
Funded Ratio	69.0%	64.5%	60.7%

⁴ Estimated by Foster & Foster.



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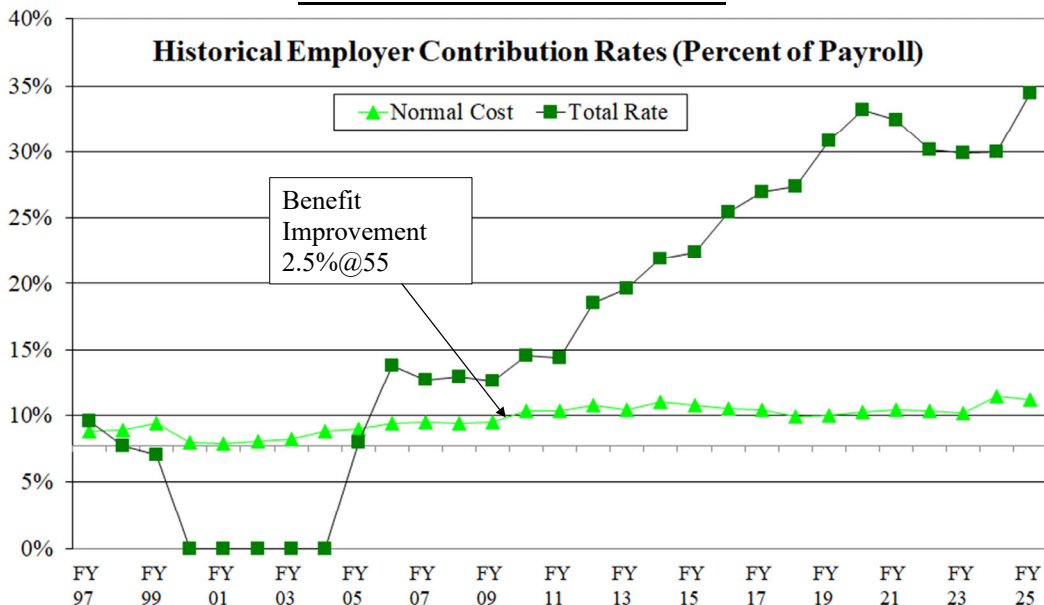
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CONTRIBUTION RATES

Miscellaneous

Historical Contribution Rates



May 13, 2024

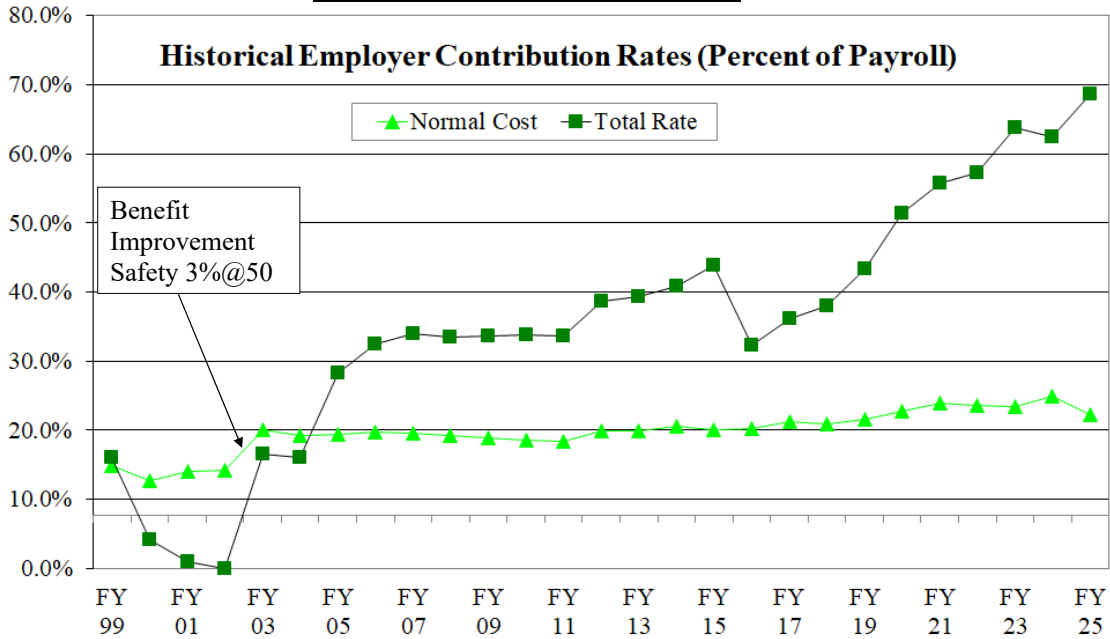
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CONTRIBUTION RATES

Safety

Historical Contribution Rates



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CONTRIBUTION PROJECTIONS

Background

- Investment returns:
 - June 30, 2023 5.8%⁵
 - Future returns based on stochastic analysis using 1,000 trials
 - Single year returns⁶ with current investment mix, no risk mitigation:

	Percentile		
	25 th	50 th	75 th
First 8 years	-1.8%	6.0%	14.7%
After 8 years	-0.7%	7.5%	16.4%
 - Assumes investment returns will generally be lower over the next 8 years and higher beyond that.
- Discount Rate decreases due to Risk Mitigation policy:
 - Ultimate rate 6.0%
 - Net impact of investment gain and discount rate change amortized over 20 years with 5 year ramp up
- No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements
- All future hires PEPRA

⁵ Gross return based on June 30, 2023 CalPERS News Release issued in July 2023.

⁶ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS

Item 6.

Miscellaneous Payroll

- 6/30/22 employee distribution:

Benefit Tier	Count	% of Total	21/22 Payroll	% of Total
2.5%@55 FAC1	28	26.2%	\$ 3,061,200	27.6%
2%@60 FAC3	21	19.6%	3,070,200	27.7%
2%@62 FAC3 (PEPRA)	58	54.2%	4,962,800	44.7%
Total	107	100%	11,094,200	100%

- Town provided payroll for contribution years:

FYE	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Payroll (000s)	\$13,980	\$14,441	\$14,755	\$15,059	\$15,388	\$15,666

- Employee Cost Sharing of Employer Contribution:

- None



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CONTRIBUTION PROJECTIONS

Safety

- 6/30/22 employee distribution:

Benefit Tier	Count	% of Total	21/22 Payroll	% of Total
3%@50 FAC1	21	56.8%	\$3,446,200	63.6%
2.7%@57 FAC3 (PEPRA)	16	43.2%	1,969,500	36.4%
Total	37	100%	5,415,800	100%

- Town provided payroll (000s) for contribution years:

FYE	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Classic	\$3,850	\$3,942	\$4,034	\$4,113	\$4,194	\$4,277
PEPRA	2,738	2,852	2,925	2,992	3,051	3,112

- Employee Cost Sharing of Employer Contribution:

- 3% of pay employee share for Classic members



May 13, 2024

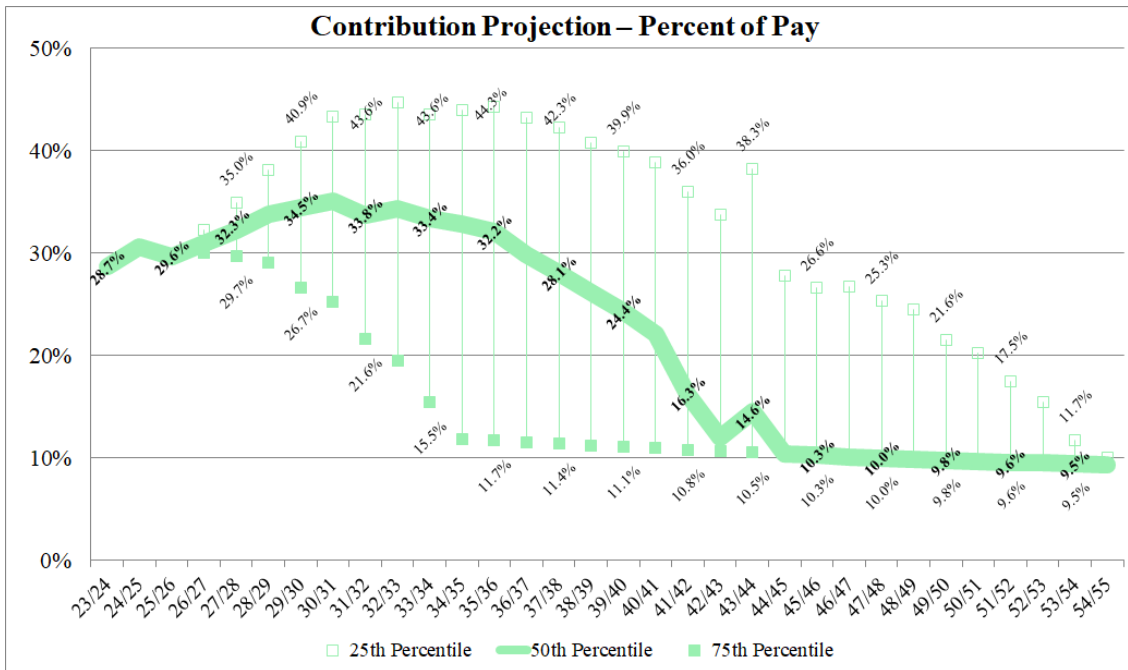
13



CONTRIBUTION PROJECTIONS

Item 6.

Miscellaneous



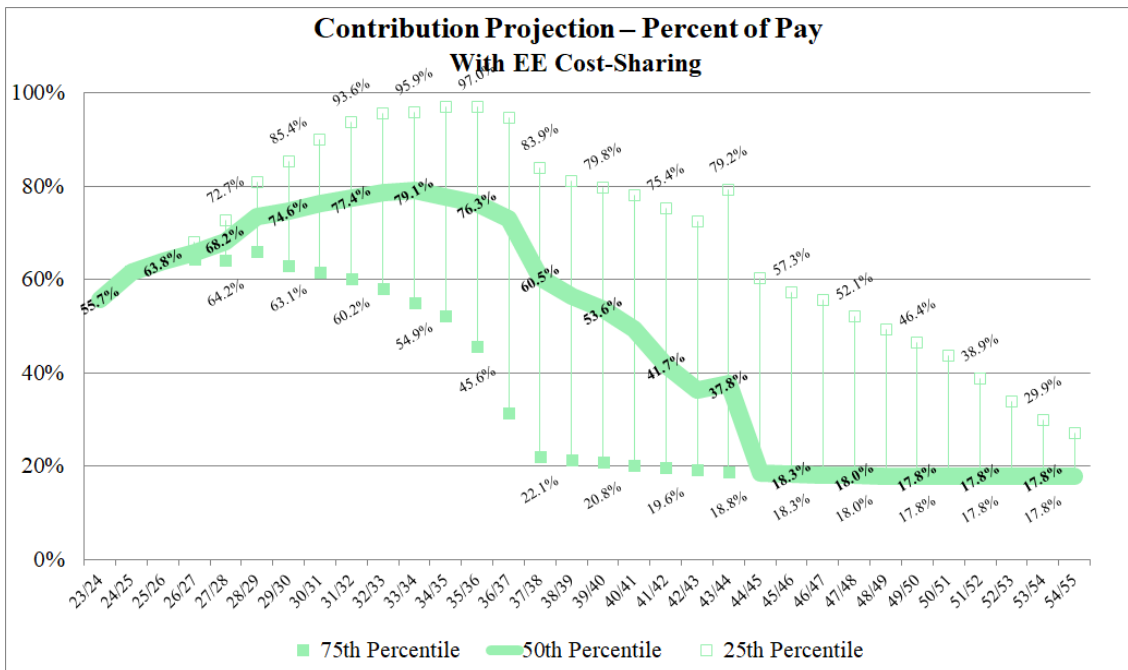
May 13, 2024

14



CONTRIBUTION PROJECTIONS

Safety



May 13, 2024

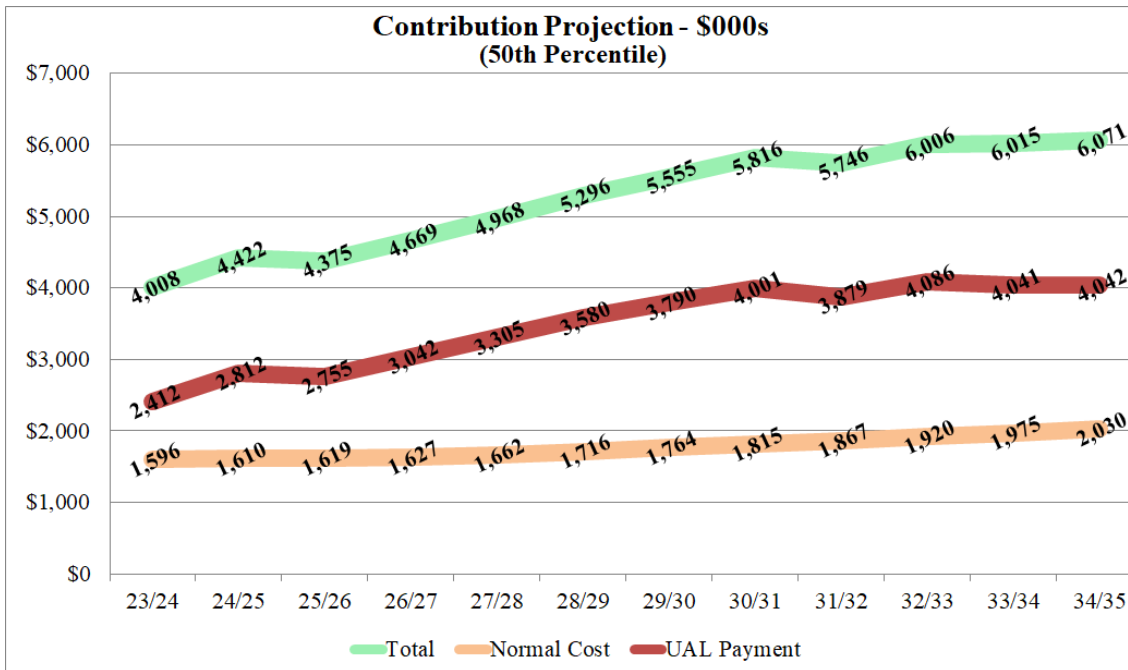
15



CONTRIBUTION PROJECTIONS

Item 6.

Miscellaneous



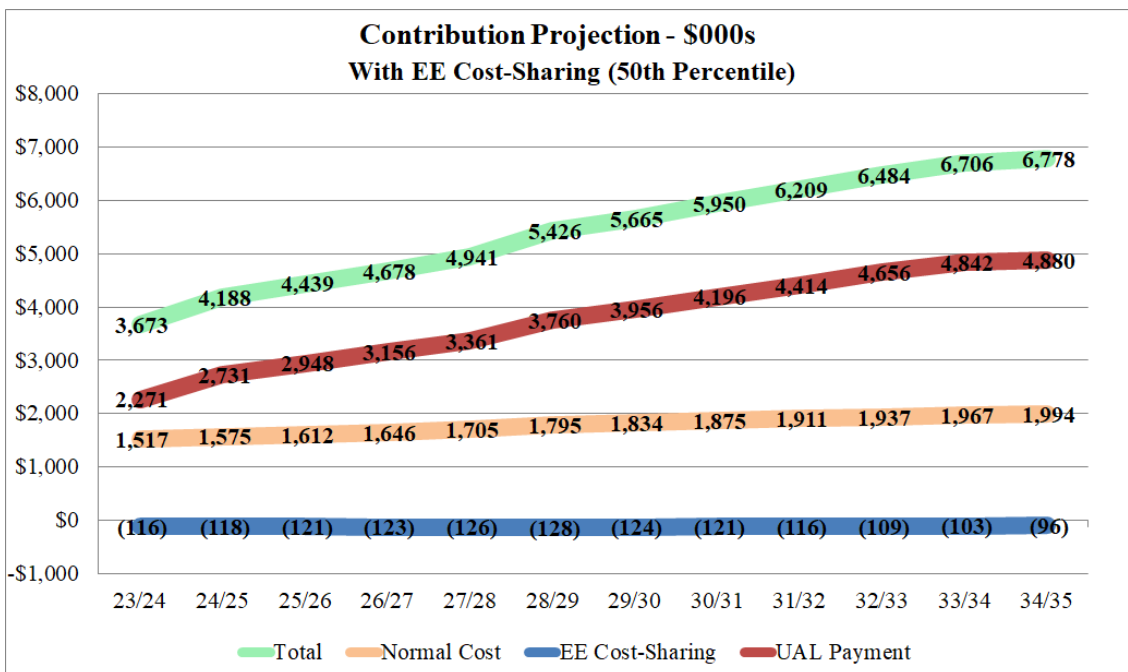
May 13, 2024

16



CONTRIBUTION PROJECTIONS

Safety



May 13, 2024

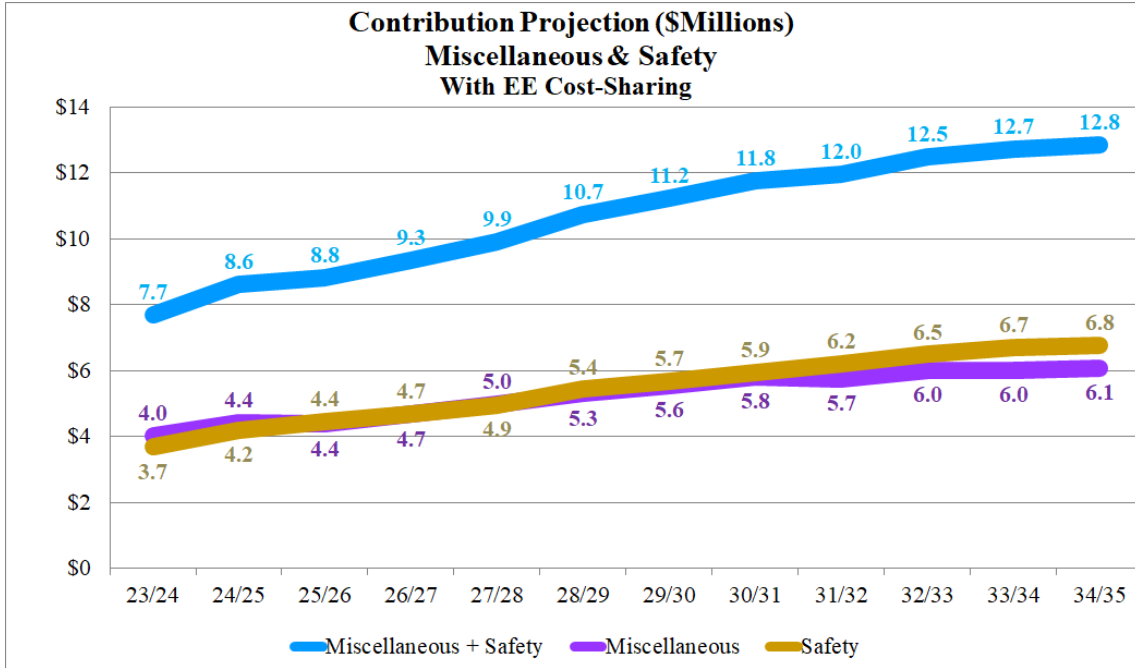
17



CONTRIBUTION PROJECTIONS

Item 6.

Combined Miscellaneous and Safety



May 13, 2024

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PREFUNDING OPTIONS

Miscellaneous

Direct Payment \$1M 6/30/24 to CalPERS

- Shortest Bases: 2003 Assumption Change (1 year remaining) and 2007 Benefit Change (4 years remaining)

OR

- Longest Bases: 2013 Loss (21 years remaining)

Miscellaneous Plan Target Bases	Estimated Interest Savings	2024/25 Contribution Impact
Shortest Bases	\$1 million	
\$ Savings (000's)	\$107	\$(506)
Present value of savings @ 3% (000's)	57	
Longest Base	\$1 million	
\$ Savings (000's)	\$853	\$(75)
Present value of savings @ 3% (000's)	382	



May 13, 2024

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PREFUNDING OPTIONS

Safety

Direct Payment \$1M 6/30/24 to CalPERS

- Shortest Bases: 2014 Assumption Change (12 year remaining)
OR
- Longest Bases: 2017 & 2018 Non-Asset Loss (25 & 26 years remaining, respectively) and 2016 Asset Loss (24 years remaining)

Safety Plan Target Bases	Estimated Interest Savings	2024/25 Contribution Impact
Shortest Bases	\$1 million	
\$ Savings (000's)	\$394	\$(122)
Present value of savings @ 3% (000's)	195	
Longest Base	\$1 million	
\$ Savings (000's)	\$1,068	\$(67)
Present value of savings @ 3% (000's)	460	



May 13, 2024

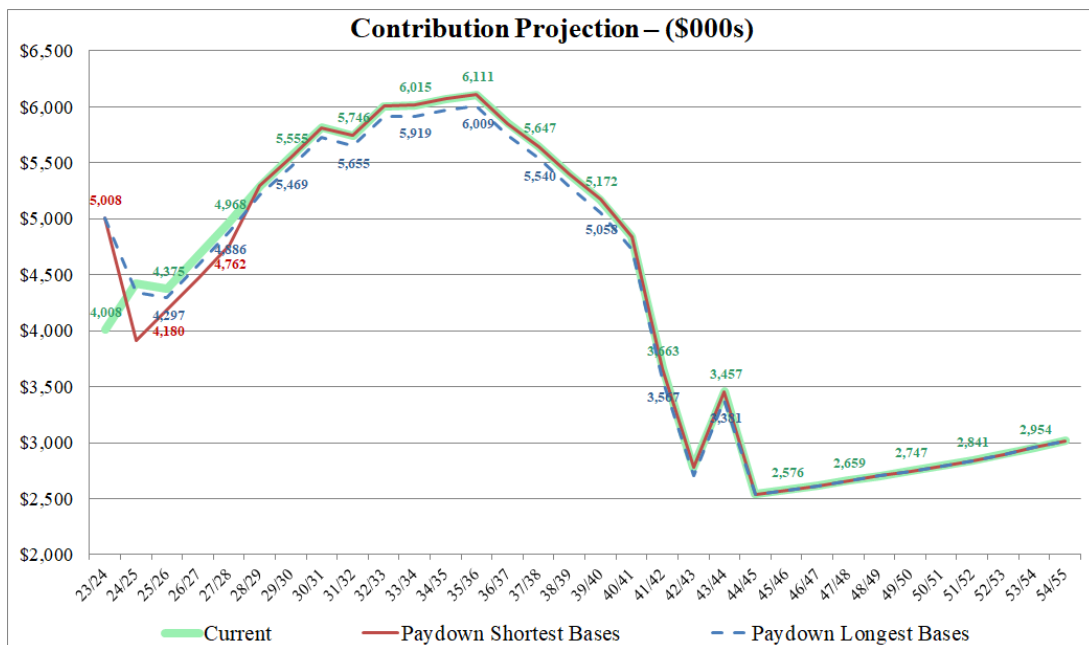
20



PREFUNDING OPTIONS

Miscellaneous

Direct Payment \$1M to CalPERS



May 13, 2024

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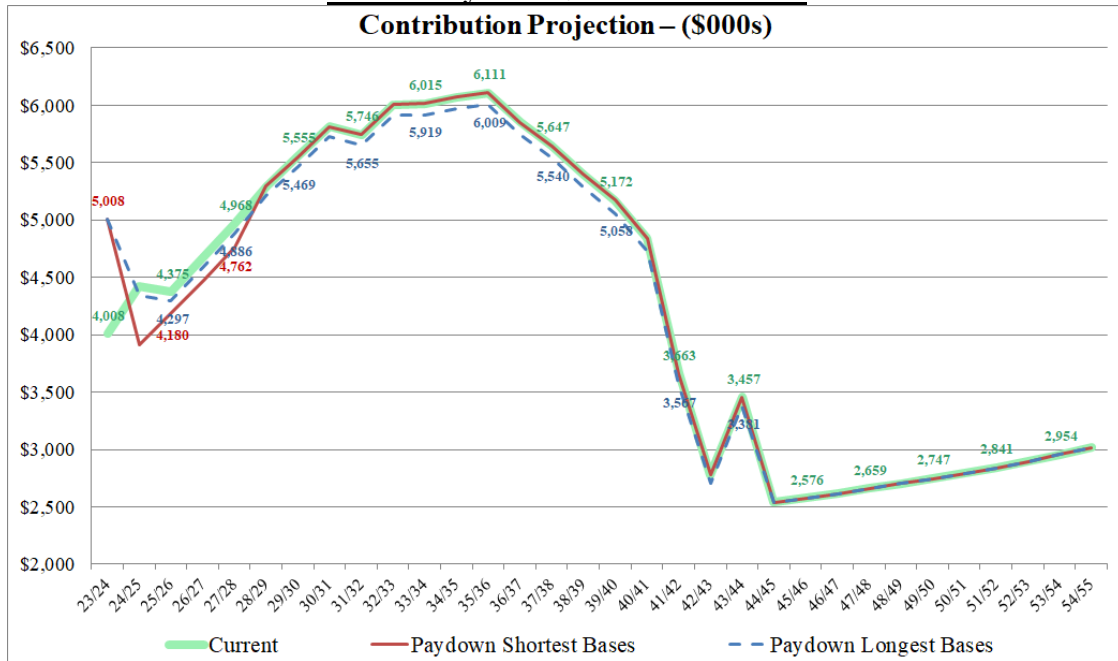
PREFUNDING OPTIONS

Item 6.

Safety

Direct Payment \$1M to CalPERS

Contribution Projection – (\$000s)



May 13, 2024

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TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 05/13/2024

ITEM NO: 7

Item 7.

DATE: May 9, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review Polling Results and Provide a Recommendation to Council Regarding a 1/8th Cent Sales Tax Measure for the November 2024 Ballot

RECOMMENDATION:

Review polling results and provide a recommendation to Council regarding a 1/8th cent sales tax measure for the November 2024 Ballot

REMARKS:

On May 7, the Council considered the polling results for a 1/8th cent sales tax and referred the topic of reviewing the polling results and discussing next steps to the Finance Commission. Materials from the Council meeting are attached. The Council also continued its discussion of this topic to the May 21 Town Council meeting.

The Commission is welcome to make a recommendation to the Town Council whether to continue the work associated with potentially placing a 1/8th cent sales tax measure on the November 2024 ballot.

Attachments:

1. May 7, 2024 Council Meeting Staff Report on Polling Results
2. Polling Results Summary
3. Polling Topline Report

PREPARED BY: Katy Nomura
Assistant Town Manager

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



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/07/2024

Item 7.

DATE: April 26, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review Polling Results, Authorize the Town Manager to Execute an Amendment to the NBS Agreement to Include Phase 2 in the Scope of Services to Prepare a 1/8th Cent Sales Tax Measure for the November 2024 Ballot and Increase the Not to Exceed Amount to \$105,000, and Authorize an Expenditure Budget Adjustment in an Amount of \$60,400 from the Available General Fund Capital/Special Projects Reserve

RECOMMENDATION:

Review polling results, authorize the Town Manager to execute an amendment to the NBS agreement to include Phase 2 in the Scope of Services to prepare a 1/8th cent sales tax measure for the November 2024 Ballot and increase the not to exceed amount to \$105,000 (Attachment 1), and authorize an expenditure budget adjustment in an amount of \$60,400 from the available General Fund Capital/Special Projects Reserve.

BACKGROUND:

While costs of providing services and programs for residents have significantly increased over the years, Town revenues have not kept pace. Los Gatos is facing the same economic pressures as many other cities and businesses, including inflation and the uneven recovery from the pandemic. In addition, unfunded mandates by the State have also reduced the Town's available funds.

The Town maintains a relatively stable and low staffing level. Even so, costs per employee continue to escalate as evidenced by pension benefit costs having increased 35% in the last five years. The Town Council has taken several proactive steps to reduce the Town's pension liability, including Additional Discretionary Payments for the Pension Plans and curbing cost escalation in Other Post-Employment Benefits (OPEB).

PREPARED BY: Katy Nomura
Assistant Town Manager

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

PAGE 2 OF 4

SUBJECT: Revenue Ballot Measure Polling Results

DATE: April 26, 2024

BACKGROUND (continued):

Los Gatos has taken the following proactive cost-cutting measures during major economic downturns to control costs while maintaining high service levels:

- Staffing levels significantly reduced from 2001 – 2005 and have not returned to those levels, despite an increase in population since then, unfunded mandates, and service demands,
- Imposed wage freezes and unpaid furloughs, and
- Reduced employee benefit costs.

Town financials are reviewed annually by an independent auditor. Los Gatos has earned recognition for its fiscal responsibility with the highest credit rating (AAA bond rating by Moody's) and annual awards by the Government Finance Officers Association for its high quality and transparent budgeting practices.

On November 17, 2022, the Finance Commission reviewed several cost reduction measures and recommended that the Town further work toward operational efficiencies and researching additional revenue options.

On January 24, 2023, the Town Council determined its Strategic Priorities for 2023-2025, which included exploring new revenue opportunities.

On June 20, 2023, the Town Council authorized the Town Manager to issue a Request for Qualifications (RFQ) for revenue ballot measure consulting services. After conducting the RFQ process, the Town selected NBS.

On October 17, 2023, Town Council authorized the Town Manager to enter into an agreement for the initial phase of the work for an amount not to exceed \$44,600, with direction to return to Council with revenue modeling prior to beginning any polling.

On December 19, 2023, Town Council reviewed the Revenue Modeling Report prepared by NBS and continued the item to February 20, 2024 to consider it at the same time as the five-year forecast.

On February 12, 2024, the Finance Commission discussed the NBS report and recommended that the Town Council not rely upon the NBS Report's conclusions regarding deficit reductions because the financial analysis was based on an outdated 5-Year Forecast which did not include actual results for Fiscal Year 2022/23. The Finance Commission did find that the incremental revenue contribution for the revenue options analyzed are credible and can be used for modeling purposes. While the Commission did not make a motion regarding any potential ballot measure, individual Commissioners questioned the need for it at this time. One

PAGE 3 OF 4

SUBJECT: Revenue Ballot Measure Polling Results

DATE: April 26, 2024

BACKGROUND (continued):

Commissioner expressed that there may or may not be merit to the 1/8th cent tax measure and indicated this was the reason they declined to opine.

On February 13, 2024, the Town Council updated its Strategic Priorities and removed the detailed bullets under “Develop a Five-Year Structurally Balanced and Sustainable Operating Forecast,” including reference to new revenue opportunities.

On February 20, 2024, the Town Council directed staff to proceed with polling to explore a 1/8th cent sales tax. A 1/8th cent sales tax is estimated to result in approximately \$1 million in additional revenue annually.

DISCUSSION:

NBS partnered with Gene Bregman and Associated to conduct the scientific polling. Polling occurred from March 24-27, 2024 and surveyed 200 registered Los Gatos voters. The summary of the polling results will be presented at the Council meeting, including the following conclusions:

- Los Gatos residents are very positive towards their Town, local government, and Departments within local government.
- Maintaining public safety (police services and wildfire prevention) and traffic congestion are of paramount importance to voters.
- Majority of voters are supportive of a 1/8th cent sales tax increase for the Town.
- If the Town captures the remaining 1/8th cent of sales tax capacity available to Los Gatos, 100% of the funds would remain in Los Gatos.
- Not claiming the remaining sales tax capacity means a County entity could capture the 1/8th cent and raise sales tax for Los Gatos with potentially little benefit to the Town.

The Finance Commission had the option to consider the polling results at its May 6, 2024 meeting prior to Council consideration. The Finance Commission Chairperson preferred to focus the meeting on the proposed Fiscal Year 2024/25 Budget and referenced that the Commission discussed potential polling and revenue measures on February 12, 2024. A summary of the February 12, 2024 discussion can be found in the Background section of this report.

If Council authorizes Phase 2 of the NBS agreement, the consultant will prepare public education and outreach, refine ballot measure language, and draft a resolution for the Town Council to place the measure on the 2024 ballot. It is worth noting that a super majority of Council (4/5) is required to place a measure on the 2024 ballot.

PAGE 4 OF 4

SUBJECT: Revenue Ballot Measure Polling Results

DATE: April 26, 2024

CONCLUSION:

Staff looks forward to Council's discussion and direction on whether to pursue a 1/8th cent sales tax measure. If a measure is pursued, final ballot measure language and a resolution to place the measure on the November 2024 ballot would return to Council in June to meet the August 9, 2024 submittal deadline to the Santa Clara County Registrar of Voters.

COORDINATION:

The preparation of this report was coordinated with the Town Manager, Town Attorney, and Director of Finance.

FISCAL IMPACT:

On October 17, 2023, Council authorized the Town Manager to enter into an agreement for the initial phase of the work for amount not to exceed \$44,600. The proposed amendment would bring the total not to exceed amount for the contract to \$105,000 and require an expenditure budget adjustment of \$60,400 from the Available General Fund Capital/Special Projects Reserve. The cost of placing a measure on the 2024 general election ballot is estimated to cost approximately \$60,000. If a measure is pursued, the \$60,000 expenditure budget adjustment would be requested when the Council considers the resolution to place the measure on the ballot.

If a 1/8th cent sales tax measure is successful, it is estimated to generate \$1 million in additional revenue for the Town annually.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Draft Amendment to NBS Agreement

**Summary Charts of Results
from a Survey
of November 2024 Likely Voters
in the Town of Los Gatos,
California**

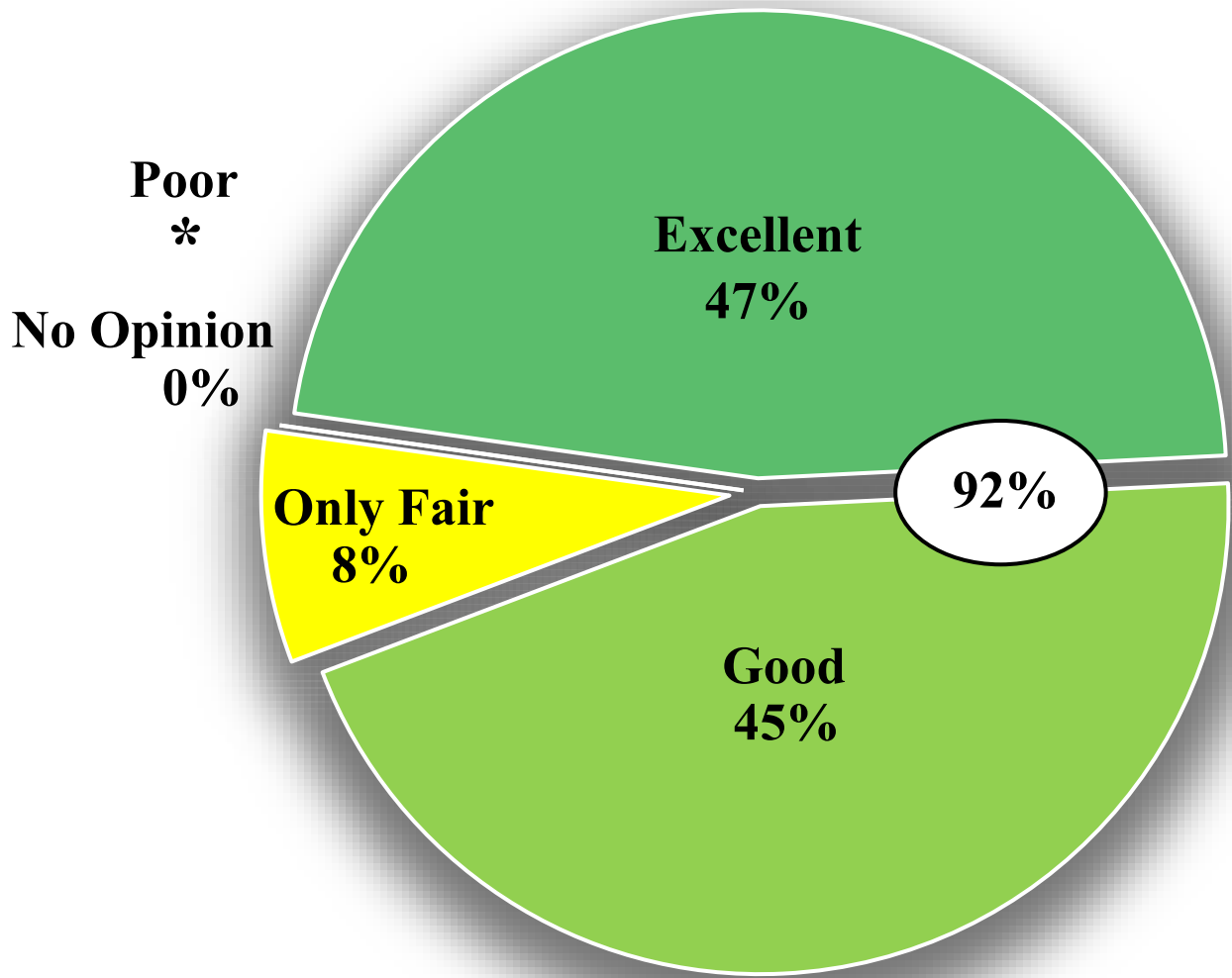
***200 Interviews
Interviewing: March 24-27, 2024***

conducted by



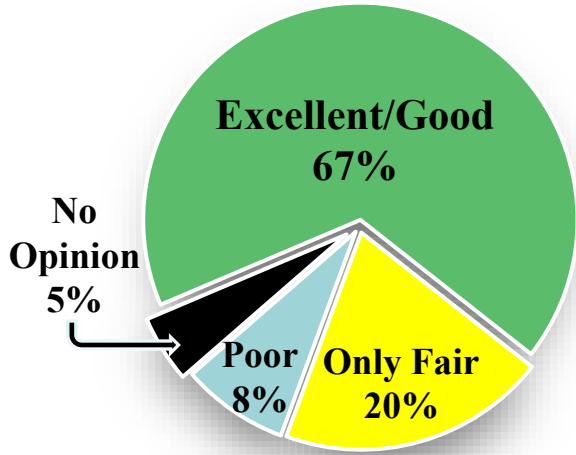
GENE BREGMAN & ASSOCIATES
Public Opinion & Marketing Research

Rating Los Gatos as a Place to Live

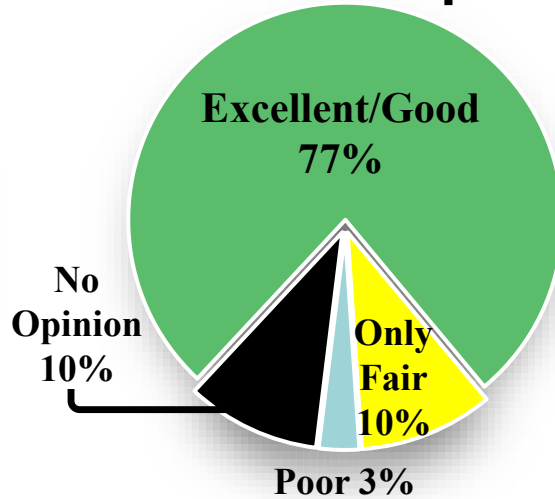


Excellent/Good Job Ratings in Los Gatos

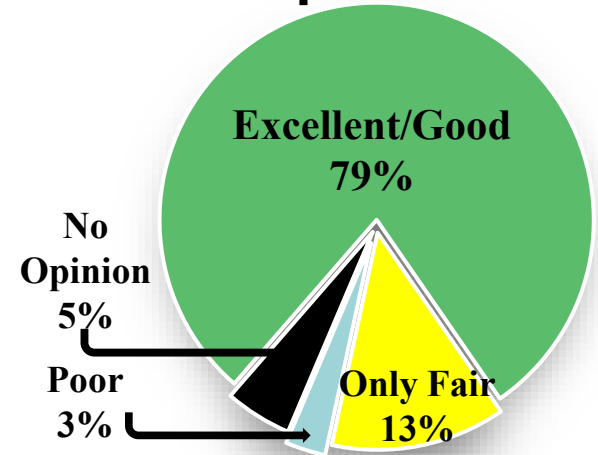
Town Government Overall



Parks & Public Works Department



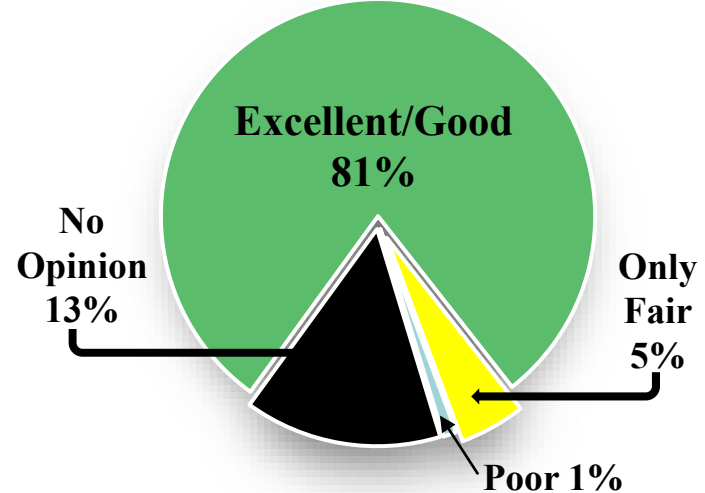
Police Department



Community Development Department



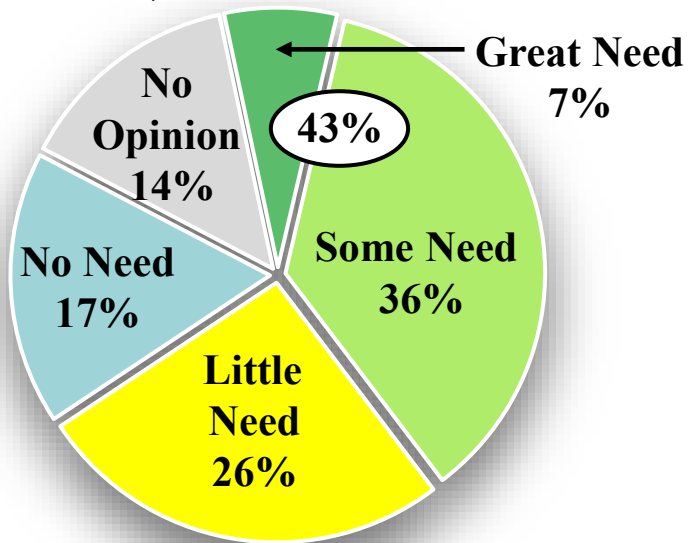
Library Department



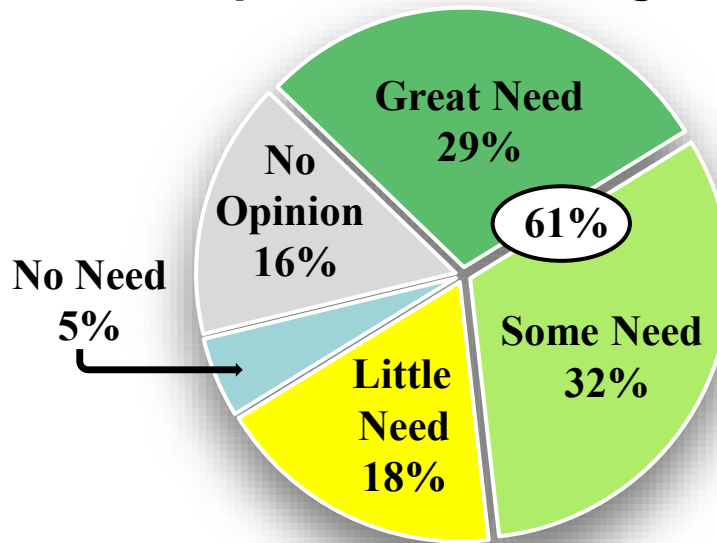
Voter Perceptions of Need for More Money

Item 7.

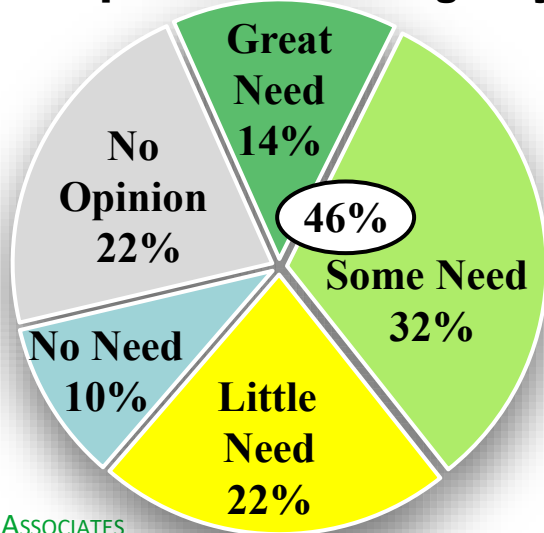
In General, For Town of Los Gatos



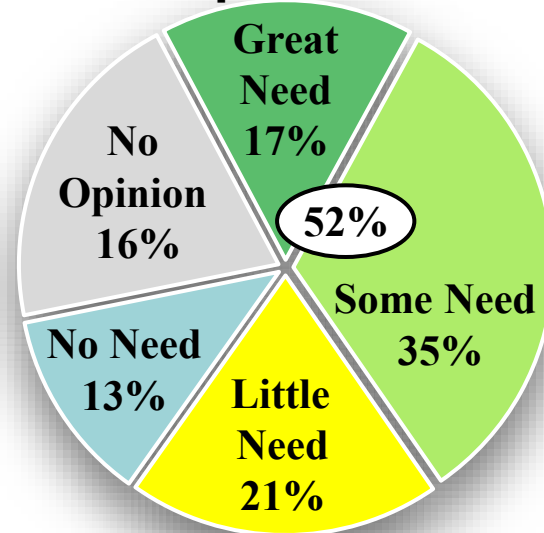
Maintain Adequate Wildfire Management Services



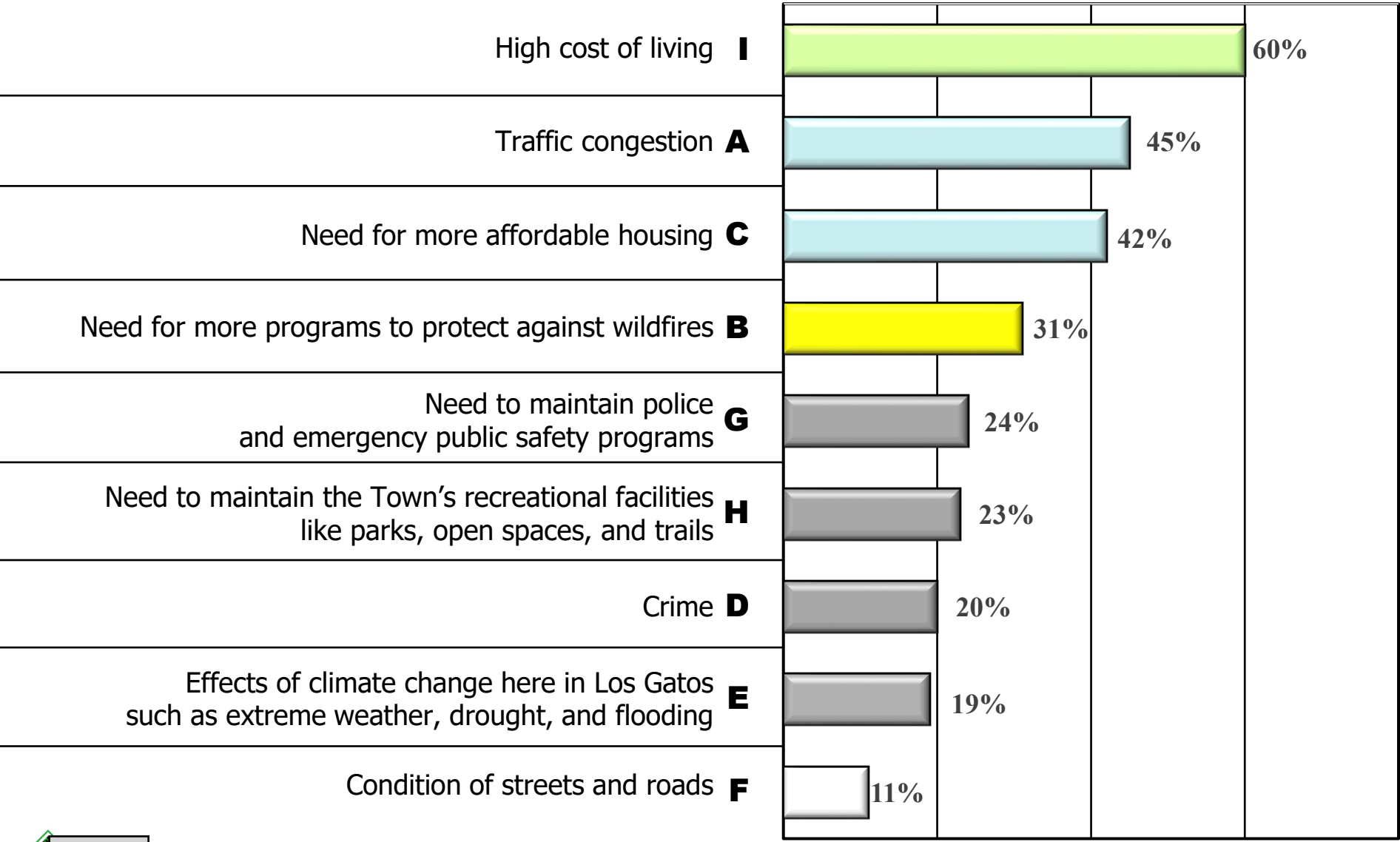
Maintain Adequate 9-1-1 Emergency Services



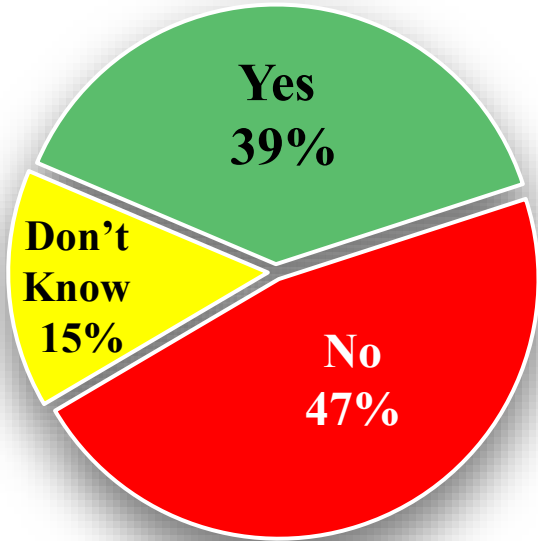
Maintain Adequate Police Services



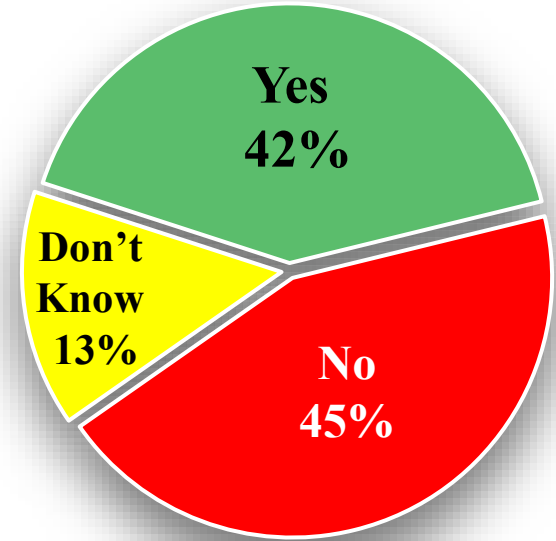
Very Serious Issues/Problems in Los Gatos



Awareness of 2018 Sales Tax

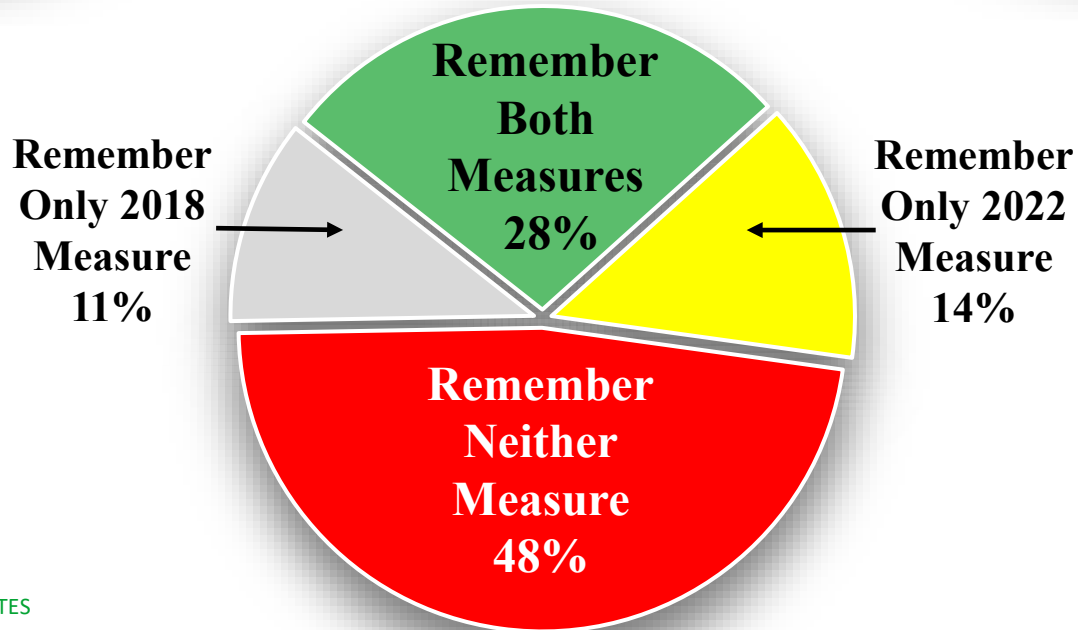


Awareness of 2022 Business Licenses & Taxes Item 7.



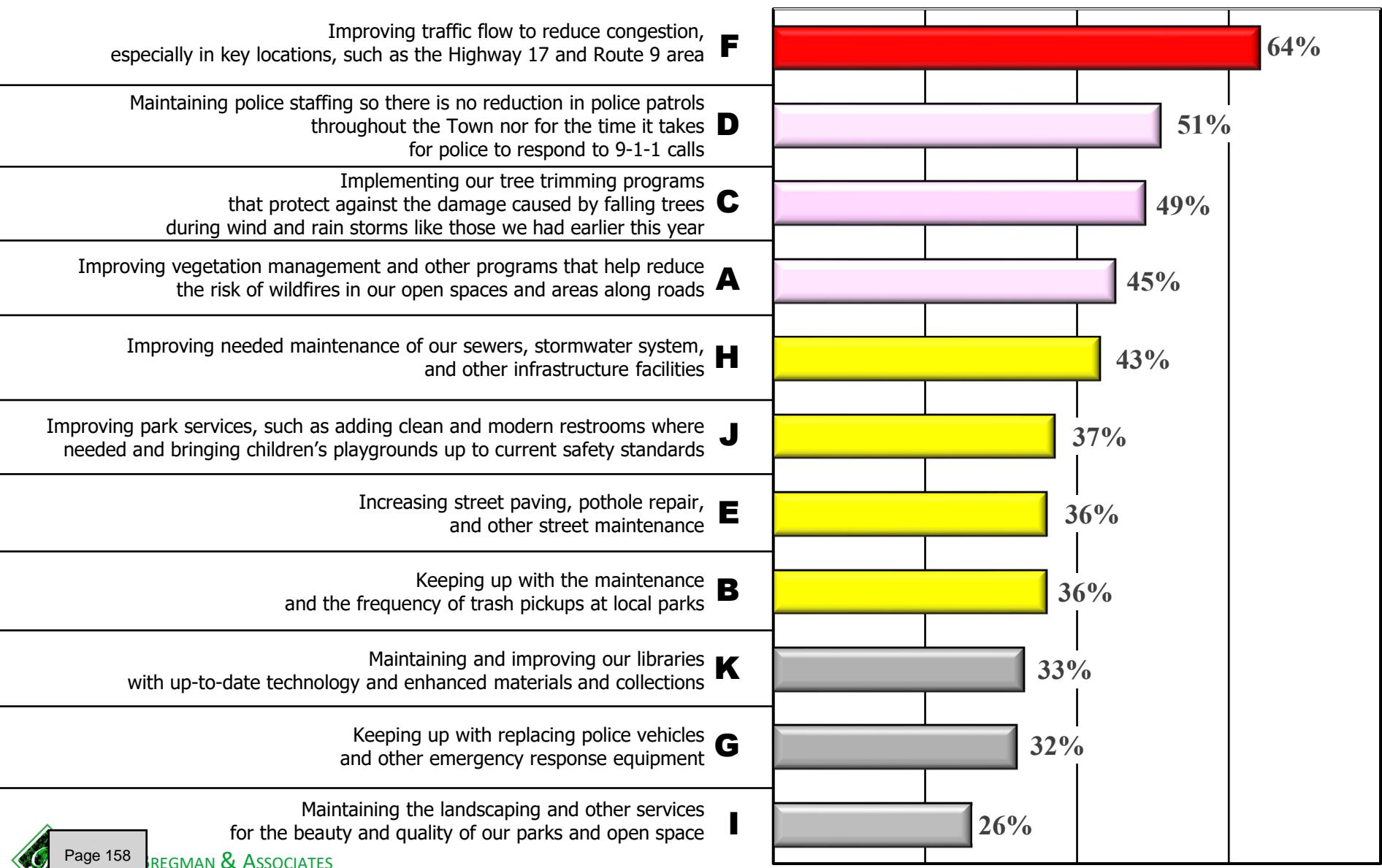
Awareness Previous Tax Measures

Combined Awareness of Previous Measures



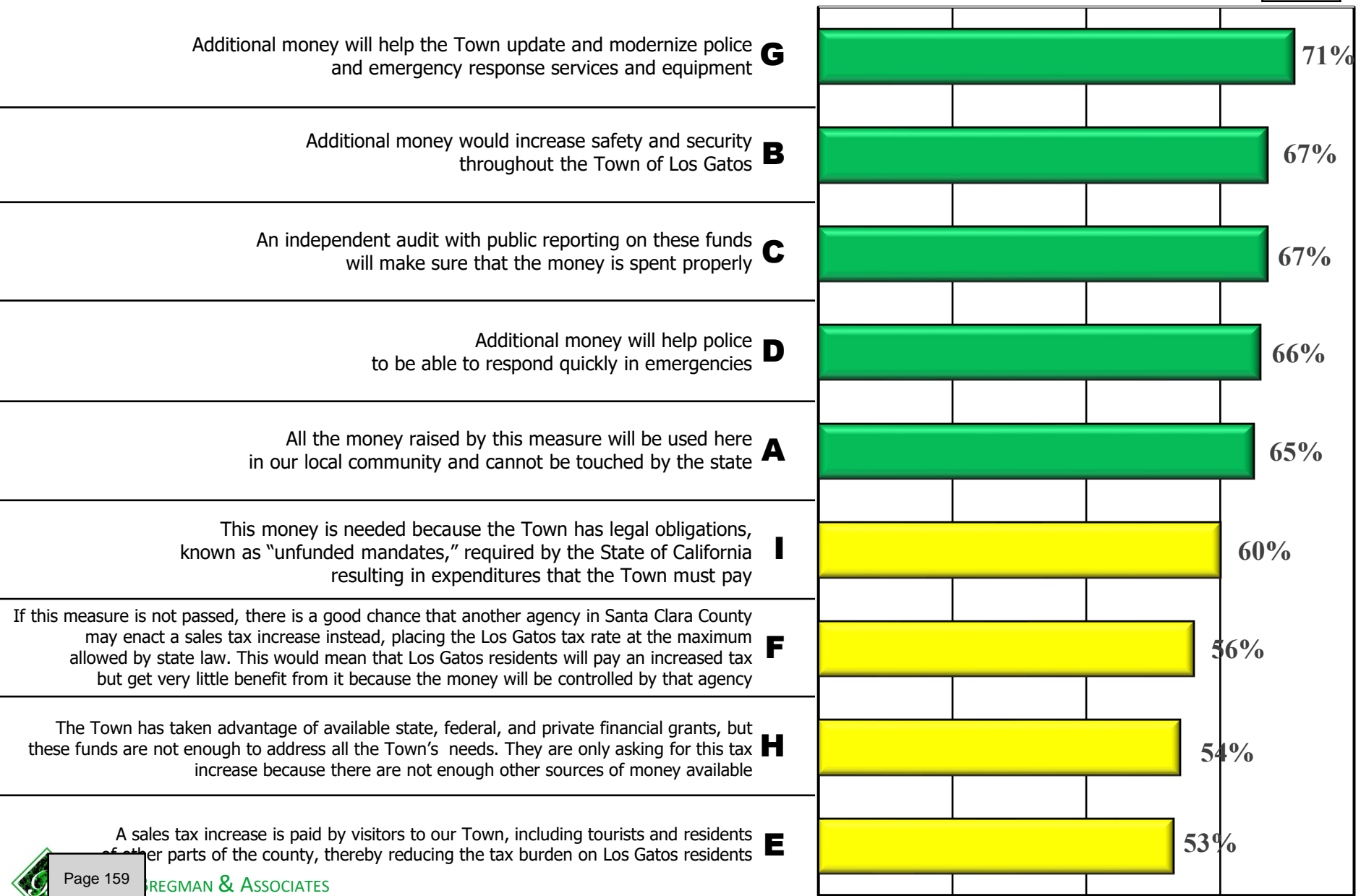
Item 7.

Very Important Problems That Could Be Addressed by Sales Tax

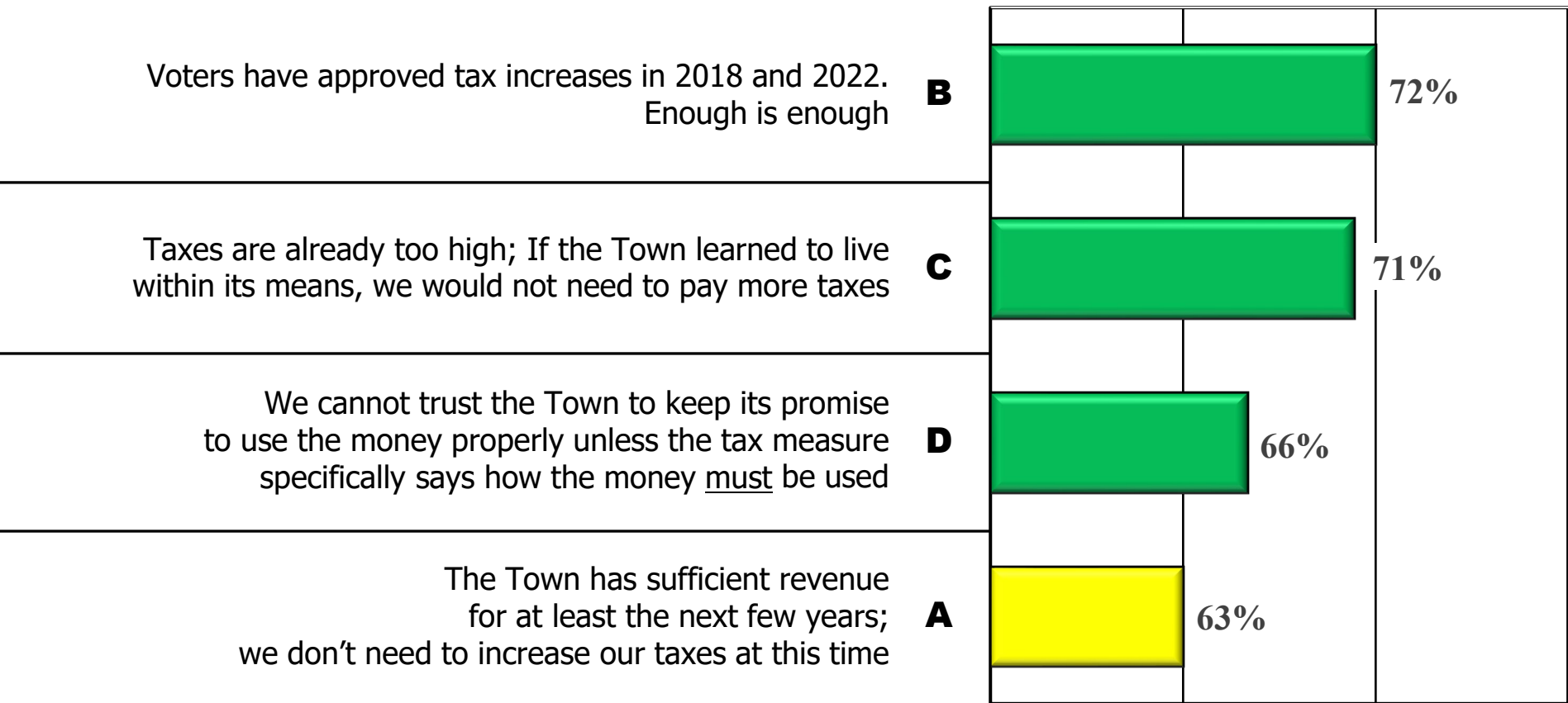


Believable Statements In Favor of Sales Tax Measure

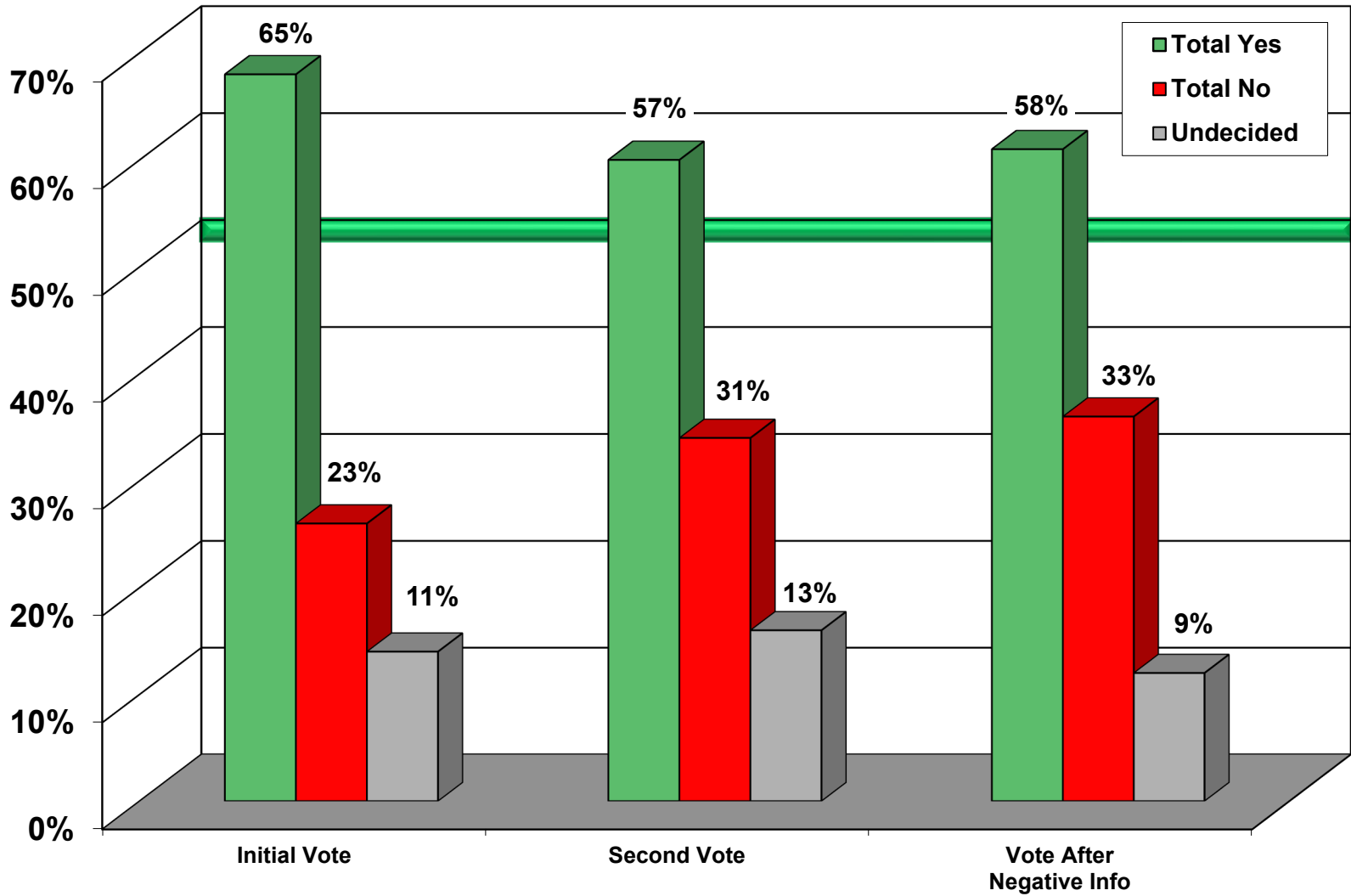
Item 7.



Believable Statements Opposed to Sales Tax Measure



Votes on One-Eighth Cent Sales Tax



Conclusions

1. Los Gatos residents are very positive towards their Town, local government, and Departments within local government
2. Maintaining public safety (police services and wildfire prevention) and traffic congestion are of paramount importance to voters
3. Majority of voters are supportive of a 1/8 cent sales tax increase for the Town
4. If the Town captures the remaining 1/8 percent of sales tax capacity available to Los Gatos, 100% of the funds would remain in Los Gatos
5. Not claiming the remaining sales tax capacity means a County agency could capture the 1/8 percent and raise sales tax for Los Gatos with potentially minimal benefit to the Town

Recommended Next Steps

Phase II

May – Early June: Stakeholder Outreach, Public Information

- Provide informational toolkit (fact sheet, Q&A, website content)
- Conduct stakeholder outreach
- Send informational mailer

Late June 2024: Report to Council on Outreach/Feedback and Potential Ballot Measure Language

Incorporating polling data and stakeholder outreach feedback, NBS/GBA will:

- Make final recommendations to Town on potential ballot measure, timing, and measure language
- Assist Town staff in finalizing ordinance language and accompanying resolutions

N = 200

Town of Los Gatos Study
(FINAL)

Time Began _____
Time Ended _____

Hello, I'm _____ from GBA, an opinion research firm. We're conducting a survey about issues that concern the residents of Los Gatos. May I speak with _____. (MUST SPEAK WITH VOTER LISTED. VERIFY THAT THE VOTER LIVES AT THE ADDRESS LISTED - OTHERWISE TERMINATE.) We are not selling anything and all your answers will be kept confidential. Am I calling you on your cell phone? (IF YES, ASK): Are you in a safe place to talk? (If No, ask to make an appointment to call back)

<p>1. Generally speaking, how would you rate Los Gatos as a place to live? Is it an excellent place to live, a good place, only fair, or a poor place to live?</p>	<p>Excellent-----47% Good -----45% Only fair ----- 8% Poor ----- *DK/NA ----- 0%</p>
--	--

<p>2. And how would you rate the overall job being done by Los Gatos Town government in providing services to the people who live here: as excellent, good, only fair, or poor?</p>	<p>Excellent-----17% Good -----50% Only fair -----20% Poor ----- 8% DK/NA ----- 5%</p>
---	--

3. Next, please tell me how you would rate the job being done by each of the following organizations: as excellent, good, only fair or poor? If you do not know enough about an organization to have an opinion, please tell me that, too. (ROTATE)

	<u>EXC</u>	<u>GOOD</u>	<u>ONLY FAIR</u>	<u>POOR</u>	<u>DON'T KNOW</u>
a. Los Gatos Parks and Public Works Department-----	30%	47%	10%	3%	10%
b. Los Gatos Police Department -----	32%	47%	13%	3%	5%
c. Los Gatos Community Development Department -----	10%	24%	19%	8%	39%
d. Los Gatos Library Department-----	49%	32%	5%	1%	13%

<p>4. Generally speaking, would you say that the Town of Los Gatos has a great need for more money, some need, a little need, or no real need for more money?</p>	<p>Great need ----- 7% Some need-----36% Little need-----26% No need -----17% (DON'T READ) DK/NA----- 14%</p>
---	--

5. And in general, how much need is there for additional money for each of the following in the Town of Los Gatos: a great need, some need, a little need or no real need? (ROTATE ORDER)

	<u>GREAT NEED</u>	<u>SOME NEED</u>	<u>LITTLE NEED</u>	<u>NO NEED</u>	<u>DON'T KNOW</u>
a. To improve and properly maintain adequate wildfire management services -----	29%	32%	18%	5%	16%
b. To improve and properly maintain adequate 9-1-1 emergency response services -----	14%	32%	22%	10%	22%
c. To improve and properly maintain adequate police services -----	17%	35%	21%	13%	16%

6. Now I'd like to read you some issues or problems facing the Town of Los Gatos that some other people have mentioned. For each one I read, please tell me whether you think it is a very serious issue or problem, somewhat serious, not too serious, or not at all a serious issue or problem in Los Gatos today. (ROTATE)

	<u>VERY SER.</u>	<u>SMWT SER.</u>	<u>NOT TOO SER.</u>	<u>NAA SER.</u>	<u>DON'T KNOW</u>
a. Traffic congestion-----	45%	33%	18%	3%	*
b. Need for more programs to protect against wildfires-----	31%	41%	21%	3%	4%
c. Need for more affordable housing-----	42%	23%	15%	19%	2%
d. Crime-----	20%	27%	37%	12%	4%
e. Effects of climate change here in Los Gatos, such as extreme weather, drought and flooding-----	19%	37%	23%	17%	3%
f. Condition of streets and roads-----	11%	38%	43%	7%	1%
g. Need to maintain police and emergency public safety programs-----	24%	43%	25%	5%	3%
h. Need to maintain the Town's recreational facilities, like parks, open spaces and trails-----	23%	35%	34%	7%	1%
i. High cost of living-----	60%	25%	12%	2%	1%

7. This November, there may be a measure on the ballot for the Town of Los Gatos that would read as follows:

"Shall the measure to fund essential Town services such as maintaining neighborhood police patrols and 9-1-1 emergency responses; improving traffic flow to reduce congestion; repairing neighborhood streets; reducing wildfire risks; maintaining the Town's long term financial stability and other general revenue purposes by enacting a one-eighth cent sales tax for twenty years, providing about one million dollars annually requiring Independent Citizens Oversight with public review of spending and all revenues controlled locally, be enacted?"

If the election were held today on this measure, would you vote "yes," in favor of it or "no," to oppose it? **(IF YES/NO ASK:)** "Is that definitely (yes/no) or probably (yes/no)?" **(RECORD UNDER Q.6a, BELOW)**

Definitely yes-----	26%
Probably yes-----	39%
Probably no-----	11%
Definitely no-----	12%
(DON'T READ) DK/NA-----	11%

8. In 2018, voters in Los Gatos approved a one-eighth cent sales tax increase for the Town. Do you recall hearing about this before today?

Yes-----	39%
No-----	47%
Don't know-----	15%

9. In 2022, voters in Los Gatos approved an increase in business licenses and taxes. Do you recall hearing about this before today?

Yes-----	42%
No-----	45%
(DON'T READ) DK/NA-----	13%

10. Now I am going to read you a list of some of the problems that could be addressed by a measure to maintain and improve various services provided by the Town of Los Gatos. Please tell me how important you think each one is for the residents of Los Gatos: very important, somewhat important, not too important, or not at all important..

(ROTATE)

	<u>VERY</u>	<u>SMWT</u>	<u>NOT</u>	<u>NOT</u>	<u>DON'T</u>
	<u>IMP.</u>	<u>IMP.</u>	<u>TOO</u>	<u>AT ALL</u>	<u>KNOW</u>
			<u>IMP.</u>	<u>IMP.</u>	
a. Improving vegetation management and other programs that help reduce the risk of wildfires in our open spaces and areas along roads -----	45%	38%	12%	3%	1%
b. Keeping up with the maintenance and the frequency of trash pickups at local parks -----	36%	43%	15%	4%	2%
c. Implementing our tree trimming programs that protect against the damage caused by falling trees during wind and rain storms like those we had earlier this year -----	49%	41%	7%	3%	*
d. Maintaining police staffing so there is no reduction in police patrols throughout the Town nor for the time it takes for police to respond to 9-1-1 calls-----	51%	35%	9%	5%	1%
e. Increasing street paving, pothole repair, and other street maintenance-----	36%	52%	9%	2%	1%
f. Improving traffic flow to reduce congestion, especially in key locations, such as the Highway 17 and Route 9 area-----	64%	28%	6%	2%	*
g. Keeping up with replacing police vehicles and other emergency response equipment -----	32%	44%	13%	9%	3%
h. Improving needed maintenance of our sewers, stormwater system, and other infrastructure facilities -----	43%	43%	10%	3%	1%
i. Maintaining the landscaping and other services for the beauty and quality of our parks and open space -----	26%	48%	18%	7%	1%
j. Improving park services, such as adding clean and modern restrooms where needed and bringing children’s playgrounds up to current safety standards -----	37%	43%	15%	5%	1%
k. Maintaining and improving our libraries with up-to-date technology and enhanced materials and collections -----	33%	39%	19%	7%	2%

11. Now I would like to read you some statements that may be made by some people in favor of a measure to raise money for essential services in the Town of Los Gatos. Please tell me whether you find each statement to be very believable, somewhat believable, or not too believable. **(ROTATE ORDER)**

	<u>VERY BEL.</u>	<u>SMWT. BEL.</u>	<u>NOT TOO BEL.</u>	<u>DK/NA</u>
a. All the money raised by this measure will be used here in our local community and cannot be touched by the state -----	27%	38%	21%	14%
b. Additional money would increase safety and security throughout the Town of Los Gatos-----	24%	43%	22%	11%
c. An independent audit with public reporting on these funds will make sure that the money is spent properly -----	22%	45%	25%	8%
d. Additional money will help police to be able to respond quickly in emergencies-----	27%	39%	28%	6%
e. A sales tax increase is paid by visitors to our Town, including tourists and residents of other parts of the county, thereby reducing the tax burden on Los Gatos residents -----	18%	35%	41%	6%
f. If this measure is not passed, there is a good chance that another agency in Santa Clara County may enact a sales tax increase instead, placing the Los Gatos tax rate at the maximum allowed by state law. This would mean that Los Gatos residents will pay an increased tax but get very little benefit from it because the money will be controlled by that agency-----	23%	33%	27%	17%
g. Additional money will help the Town update and modernize police and emergency response services and equipment -----	27%	44%	19%	10%
h. The Town has taken advantage of available state, federal, and private financial grants, but these funds are not enough to address all the Town’s needs. They are only asking for this tax increase because there are not enough other sources of money available -----	15%	39%	36%	10%
i. This money is needed because the Town has legal obligations, known as “unfunded mandates,” required by the State of California resulting in expenditures that the Town must pay-----	25%	35%	28%	13%

12. Now that you’ve learned more about the one-eighth percent sales tax increase to improve public safety and other essential services in the Town of Los Gatos, if the election were held today on this measure, would you vote "yes," in favor of it or "no," to oppose it? **(IF YES/NO ASK:)** "Is that definitely (yes/no) or probably (yes/no)?"

Definitely yes -----	17%
Probably yes -----	40%
Probably no -----	17%
Definitely no -----	14%
(DON'T READ) DK/NA-----	13%

13. Now I would like to read you some statements that may be made by some people who are opposed to a measure to raise money for essential services in the Town of Los Gatos. Please tell me whether you find each statement to be very believable, somewhat believable, or not too believable. **(ROTATE ORDER)**

	<u>VERY BEL.</u>	<u>SMWT. BEL.</u>	<u>NOT TOO BEL.</u>	<u>DK/NA</u>
a. The Town has sufficient revenue for at least the next few years; we don't need to increase our taxes at this time -----	27%	36%	26%	11%
b. Voters have approved tax increases in 2018 and 2022. Enough is enough-----	36%	36%	21%	7%
c. Taxes are already too high; If the Town learned to live within its means, we would not need to pay more taxes -----	35%	36%	24%	5%
d. We cannot trust the Town to keep its promise to use the money properly unless the tax measure specifically says how the money <u>must</u> be used -----	37%	29%	26%	8%

14. And now for one final time, now that you've learned more about the one-eighth percent sales tax increase to improve public safety and other essential services for the Town of Los Gatos, if the election were held today on this measure, would you vote "yes," in favor of it or "no," to oppose it? **(IF YES/NO ASK:)** "Is that definitely (yes/no) or probably (yes/no)?"

Definitely yes -----	18%
Probably yes -----	40%
Probably no -----	21%
Definitely no -----	12%
(DON'T READ) DK/NA-----	9%

Now for some background questions so we can be sure we have a good representation of the population.

15. Do you own or rent your home?	Own home -----	69%
	Rent -----	24%
	(DON'T READ) Refused -----	7%
16. Are there any children under the age of 18 living in your household?	Yes -----	37%
	No -----	59%
	DK/NA -----	4%
17. For about how long now have you lived in Los Gatos?	Ten years or less-----	30%
	Eleven to twenty years-----	26%
	More than 20 years-----	43%
	Refused-----	1%

Date_____

Interviewer_____

Verified by_____

Page_____

Gender

Male-----	45%
Female-----	49%
Blank-----	6%

Item 7.

Party Affiliation:

Democrat-----	50%
Republican -----	21%
Independent/No Party/Others -----	30%

Age:

18-24 -----	8%
25-29 -----	5%
30-34 -----	3%
35-39 -----	6%
40-44 -----	6%
45-49 -----	9%
50-54 -----	8%
55-59 -----	11%
60-64 -----	13%
65+ -----	31%

Voting History:

11/22 -----	73%
6/22 -----	50%
9/21 -----	75%
11/20 -----	88%
3/20 -----	62%
11/18 -----	69%
6/18 -----	45%
11/16 -----	68%

Interview completed by:

Email -----	1%
Text -----	56%
Cell phone -----	39%
Landline phone -----	4%