

**TOWN OF LOS GATOS  
COUNCIL MEETING AGENDA  
FEBRUARY 21, 2023**

**110 EAST MAIN STREET AND TELECONFERENCE  
TOWN COUNCIL CHAMBERS  
LOS GATOS, CA  
7:00 PM**

**PARTICIPATION IN THE PUBLIC PROCESS**

*Maria Ristow, Mayor*

*Mary Badame Vice Mayor*

*Matthew Hudes, Council Member*

*Rob Moore, Council Member*

*Rob Rennie, Council Member*

How to participate: The Town of Los Gatos strongly encourages your active participation in the public process, which is the cornerstone of democracy. If you wish to speak to an item on the agenda, please follow the participation instructions on page 2 of this agenda. If you wish to speak to an item NOT on the agenda, you may do so during the “Verbal Communications” period, by following the participation instructions on page 2 of this agenda. The time allocated to speakers may change to better facilitate the Town Council meeting.

Effective Proceedings: The purpose of the Town Council meeting is to conduct the business of the community in an effective and efficient manner. For the benefit of the community, the Town of Los Gatos asks that you follow the Town’s meeting guidelines while attending Town Council meetings and treat everyone with respect and dignity. This is done by following meeting guidelines set forth in State law and in the Town Code. Disruptive conduct is not tolerated, including but not limited to: addressing the Town Council without first being recognized; interrupting speakers, Town Council or Town staff; continuing to speak after the allotted time has expired; failing to relinquish the podium when directed to do so; and repetitiously addressing the same subject.

Deadlines for Public Comment and Presentations are as follows:

- Persons wishing to make an audio/visual presentation on any agenda item must submit the presentation electronically, either in person or via email, to the Clerk’s Office no later than 3:00 p.m. on the day of the Council meeting.
- Persons wishing to submit written comments to be included in the materials provided to Town Council must provide the comments as follows:
  - For inclusion in the regular packet: by 11:00 a.m. the Thursday before the Council meeting
  - For inclusion in any Addendum: by 11:00 a.m. the Monday before the Council meeting
  - For inclusion in any Desk Item: by 11:00 a.m. on the day of the Council Meeting

***Town Council Meetings Broadcast Live on KCAT, Channel 15 (on Comcast) on the 1st and 3rd Tuesdays at 7:00 p.m.***

***Rebroadcast of Town Council Meetings on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays at 7:00 p.m.***

***Live & Archived Council Meetings can be viewed by going to:***

***[www.LosGatosCA.gov/TownYouTube](http://www.LosGatosCA.gov/TownYouTube)***

***IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CLERK DEPARTMENT AT (408) 354-6834. NOTIFICATION 48 HOURS BEFORE THE MEETING WILL ENABLE THE TOWN TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING [28 CFR §35.102-35.104]***

**TOWN OF LOS GATOS  
COUNCIL MEETING AGENDA  
FEBRUARY 21, 2023  
110 EAST MAIN STREET AND TELECONFERENCE  
TOWN COUNCIL CHAMBERS  
7:00 PM**

**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 the Zoom webinar application (log-in information provided below). Members of the public may provide public comments for agenda items in-person or virtually through the Zoom webinar by following the instructions listed below. The live stream of the meeting may be viewed on television and/or online at [www.LosGatosCA.gov/TownYouTube](http://www.LosGatosCA.gov/TownYouTube).

**PARTICIPATION**

To provide oral comments in real-time during the meeting:

- **Zoom webinar:** Join from a PC, Mac, iPad, iPhone or Android device: Please click this URL to join: <https://losgatosca.gov.zoom.us/j/85790668297?pwd=dEgwQTFmWnJtZW4yUmhYU2ZmYXNFUT09>  
Passcode: 778899 You can also type in 857 9066 8297 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join>.
  - 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.
- **Join by telephone:** Join by Telephone: Dial: USA 877 336 1839 US Toll-free or 636 651 0008 US Toll. Conference code: 686100
  - If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- **In-Person:** If you wish to speak during the meeting, please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk. If you wish to speak to an item on the agenda, please list the item number. If you wish to speak on an item NOT on the agenda, please list the subject and you may speak during the “Verbal Communications” period. The time allocated to speakers may change to better facilitate the Town Council meeting.

When called to speak, you may be asked to provide your full name and your town/city of residence. This identifying information is optional and not a requirement for participation. Please limit your comments to three (3) minutes, or such other time as the Mayor may decide, consistent with the time limit for speakers at a Council meeting. If you wish to speak to an item or items on the Consent Calendar, please state which item number(s) you are commenting on at the beginning of your time.

If you are unable to participate in real-time, you may email to [Clerk@losgatosca.gov](mailto:Clerk@losgatosca.gov) the subject line “Public Comment Item #\_\_” (insert the item number relevant to your comment) or “Verbal Communications – Non-Agenda Item.” Comments received by 11:00 a.m. the day of the meeting



will be reviewed and distributed before the meeting. All comments received will become part of the record.

## **RULES OF DECORUM AND CIVILITY**

To conduct the business of the community in an effective and efficient manner, please follow the meeting guidelines set forth in the Town Code and State law.

The Town does not tolerate disruptive conduct, which includes but is not limited to:

- Addressing the Town Council without first being recognized;
- Interrupting speakers, Town Council, or Town staff;
- Continuing to speak after the allotted time has expired;
- Failing to relinquish the microphone when directed to do so;
- Repetitiously addressing the same subject.

Town Policy does not allow speakers to cede their commenting time to another speaker. Disruption of the meeting may result in a violation of Penal Code Section 403.

## **MEETING CALL TO ORDER**

## **ROLL CALL**

## **PLEDGE OF ALLEGIANCE**

## **CLOSED SESSION REPORT**

## **COUNCIL / MANAGER MATTERS**

**CONSENT ITEMS** *(Items appearing on the Consent Items are considered routine Town business and may be approved by one motion. Any member of the Council may request to have an item removed from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Mayor asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions contained on Page 2 of this agenda. If an item is removed, the Mayor has the sole discretion to determine when the item will be heard.)*

1. Approve the Draft Minutes of the February 7, 2023 Town Council Meeting.
2. Approve the Draft Minutes of the February 15, 2023 Town Council Closed Session Meeting.
3. Approve the Draft Minutes of the February 15, 2023 Special Town Council Meeting.
4. Adopt a Resolution Reaffirming Resolution 2021-044 and Making Findings Pursuant to Government Code Section 54953, as Amended by Assembly Bill 361, and, Due to Health and Safety Concerns for the Public, Authorizing the Use of Hybrid Meetings for the Town Council and the Continued Use of Virtual Meetings for Boards and Commissions While Town Staff Makes the Necessary Arrangements to Transition to In-Person Meetings for All Town Boards, Commissions, and Committees except for the Planning and Finance Commissions.
5. Adopt an Ordinance Amending Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations) of the Town Code Regarding Town-Initiated Parcel Mergers.

- [6.](#) Authorize the Town Manager to Execute a Use Agreement with Los Gatos Little League.
- [7.](#) Authorize the Town Manager to Execute a Use Agreement with West Valley Red Hawks Lacrosse Club.
- [8.](#) Adopt a Resolution Approving the Request to Change the Name “Terrace Court” to “La Terra Court” and Add the Name to the Town’s Official Street Names List to be Used at the Development Site.
- [9.](#) Authorize the Town Manager to Execute a Fourth Amendment to Agreement Providing for Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program and to Appoint the West Valley Clean Water Authority Executive Director as the Program Representative for the Town.
- [10.](#) Receive the Monthly Financial and Investment Report for December 2022.
- [11.](#) Authorize the Town Manager to Execute a Certificate of Acceptance and Notice of Completion for the Fiscal Year 2021/22 Street Repair and Resurfacing Project (CIP No. 811-9901), Completed by Pavement Coatings, and Authorize the Town Clerk to File for Recordation.
- [12.](#) Approve the Changes to the Town’s Investment Policy as Recommended by the Finance Commission.

**VERBAL COMMUNICATIONS** *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda. To ensure all agenda items are heard and unless additional time is authorized by the Mayor, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. 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.)*

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

- [13.](#) Receive Update on the Community Grant Program and Provide Direction on the Program’s Funding Level for Fiscal Year (FY) 2023-24.
- [14.](#) Mid-Year Budget Report - July 1 - December 31, 2022:
  - a. Receive FY 2022/23 Mid-Year Budget Report;
  - b. Authorize Budget Adjustments as Recommended in the Mid-Year Budget Report; and
  - c. Provide Direction of the Order of Authorized Funding Source to Balance the FY 2022/23 Operating Budget, if Necessary, at the Final Close of the Fiscal Year.
- [15.](#) Review and Provide Comments Regarding the Five-Year Forecast (FY 2023/24 – 2027/28) and Scenarios and Provide Input for the FY 2023/24 Budget Direction.

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

*Writings related to an item on the Town Council meeting agenda distributed to members of the Council within 72 hours of the meeting are available for public inspection at the front desk of the Los Gatos Town Library, located at 100 Villa Avenue, and are also available for review on the official Town of Los Gatos website. Copies of desk items distributed to members of the Council at the meeting are available for review in the Town Council Chambers.*

*Note: In accordance with Code of Civil Procedure §1094.6; litigation challenging a quasi-adjudicatory decision of the Town Council must be brought within 90 days after the decision is final unless a shorter time is required by State or Federal law.*



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 1

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**DRAFT  
Minutes of the Town Council Meeting  
February 7, 2023**

The Town Council of the Town of Los Gatos conducted a regular meeting in-person and utilizing teleconferencing means on Tuesday, February 7, 2023, at 7:00 p.m.

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

**ROLL CALL**

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

Absent: None

**PLEDGE OF ALLEGIANCE**

Isabella Burlinson led the Pledge of Allegiance. The audience was invited to participate.

**COUNCIL/TOWN MANAGER REPORTS**

**Council Matters**

- Council Member Moore stated he attended the CalCities New Mayors and Council Members Academy, the inauguration of Sheriff Bob Johnson, and the plant-based food empowerment event; completed a tour of Town facilities; met with staff from Senator Alex Padilla office and Congresswoman Anna Eshoo's office; and commented on the upcoming meetings for Silicon Valley Clean Energy Authority (SVCEA) and West Valley Sanitation District.
- Vice Mayor Badame stated she attended the Council Policy Committee as an observer; met with Jim Foley and Catherine Somers of the Chamber of Commerce; met with Tom Picraux and Maureen Health of the Senior Service Committee; and attended the West Valley Clean Water Authority Board meeting, the West Valley Solid Waste Management District Authority Board meeting, and the plant-based food empowerment event.
- Council Member Rennie stated he attended the plant-based food empowerment event; met with Tom Picraux of the Senior Service Committee; met with NUMU representatives; met with Chamber of Commerce representatives; and attended the Valley Transportation Authority (VTA) Policy Advisory Committee meeting, the Bay Area Air Quality Management District Board meeting, the All Town Employees Breakfast, the Cities Association Board meeting, the VTA Board workshop, the SVCEA Executive Committee meeting, the League of Cities event in Redwood City, the VTA Board meeting, and the SVCEA Risk Oversight Committee meeting.
- Council Member Hudes stated he attended the Senior Service Committee and subcommittee meetings, the West Valley Water Commission Board meeting, and the

Council Matters - continued

Community Health and Senior Services Commission meeting as an observer; and met with representatives of Saratoga Area Senior Coordinating Council, and the Chamber of Commerce representatives.

- Mayor Ristow stated she attended the West Valley Mayors and Managers meeting, the All Town Employees Breakfast, the Midpeninsula Open Space Hwy 17 overcrossing meeting, and the Town, Los Gatos Union High School District and Los Gatos Union Elementary School District discussion on Positive Community Norms; attended the Ribbon Cuttings for Golden State Dermatology, Specialized Los Gatos Bike Shops, and Los Gatos Theatre; and met with several residents.

**Manager Matters**

- Announced the Housing Element Advisory Board (HEAB) will be held on Thursday, February 16, 2023.

**COUNCIL MEMBER RENNIE FINANCE COMMITTEE APPOINTEE**

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

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

1. Approve Minutes of the January 17, 2023 Closed Session Town Council Meeting.
2. Approve Minutes of the January 17, 2023 Town Council Meeting.
3. Approve Minutes of the January 24, 2023 Special Town Council Meeting.
4. Approve Minutes of the January 30, 2023 Special Town Council Meeting.
5. Adopt a Resolution Reaffirming Resolution 2021-044 and Making Findings Pursuant to Government Code Section 54953, as Amended by Assembly Bill 361, and, Due to Health and Safety Concerns for the Public, Authorizing the Use of Hybrid Meetings for the Town Council and the Continued Use of Virtual Meetings for Boards and Commissions While Town Staff Makes the Necessary Arrangements to Transition to Hybrid Meetings for All Town Boards, Commissions, and Committees. **RESOLUTION 2023-007**
6. Consider the Following Actions for the Americans with Disabilities Act (ADA) Public Restroom – Adult Recreation Center Project (CIP No. 821-2601):
  - a. Approve Plans and Specifications; and
  - b. Authorize Advertising the Project for Bid; and
  - c. Authorize the Town Manager to Execute the County of Santa Clara Grant Agreement (Fiscal Year 2022/23) and Authorize Revenue and Expenditure Budget Adjustments in the Amount of \$250,000 to Recognize Receipt and Expenditure for CIP No. 821- 2601; and
  - d. Authorize the Town Manager to Execute the Santa Clara County Community Development Block Grant (CDBG) City/County Contract for Fiscal Year 2023 and Authorize Revenue and Expenditure Budget Adjustments in the Amount of \$140,000 to Recognize Receipt and Expenditure of the Community Development Block Grant Fund for CIP No 821-2601.

Consent Items – continued

7. Authorize Budget Adjustments in the Total Amount of \$43,500 to Recognize Receipt and Expenditure of Black Gold Library Consortium Grant Funds.
8. Consider the Following Actions for the Annual Curb, Gutter, and Sidewalk Maintenance Project (CIP No. 813-9921):
  - a. Approve the Plans and Specifications; and
  - b. Authorize Advertising the Project for Bid.
9. Consider the Following Actions for the Property Location: 137 Bersano Lane. APN 424- 29-054. Property Owner: Lisa DeGeorge. **RESOLUTION 2023-008**
  - a. Adopt a Resolution Approving a Purchase and Sale Agreement for the Re-Purchase of an Affordable Housing Unit Subject to an Existing Below Market Price (BMP) First Right of Refusal Option; and
  - b. Authorize the Town Manager to Negotiate and Execute all Agreements and Documents Necessary and Appropriate to Effectuate the Preservation of the Affordable Housing Unit; and
  - c. Authorize Revenue and Expenditure Budget Adjustments in the Amount of \$436,276 from Available BMP Housing In-Lieu Fee Fund to Re-Purchase, Repair, and Pay Past Due Fees and Taxes of the Property.
10. Authorize the Town Manager to Execute a Certificate of Acceptance and Notice of Completion Accepting the Work of Ashron Construction and Restoration, Inc., and Authorize Recording by the Town Clerk for PPW Job No. 817-0708 Parking Lot 4 Repair and Waterproofing.
11. Authorize the Town Manager to Execute First Amendments to the Master Lease Agreements with Tait Firehouse, LLC and Forbes Mill, LLC.
12. Authorize the Town Manager to Execute an Agreement with Sustainable Waze to Continue the Coordination of Music in the Park (MIP) Summer Concert Series for 2023, with Options for Annual Extensions for Two Additional Years.

Opened public comment.

Lee Fagot

- Commented on item #9 and stated concerns with the seller profiting from the property.

Closed public comment.

Council Member Rennie pulled item #9.

**MOTION: Motion by Council Member Rennie to approve items 1-12, exclusive of item 9.  
Seconded by Council Member Moore.**

**VOTE: Motion passed unanimously.**

## **VERBAL COMMUNICATIONS**

Folake Phillips

- Commented on an incident that occurred at the Library.

Joseph Enz

Commented on displaced unhoused residents near the Los Gatos Creek Trail and requested that the Town provide two trash cans the Balzer park area of the trail.

Nate Vandergrift

- Commented on fallen eucalyptus trees on Overlook Road, stated concerns with the remaining trees, and requested Council consider allocating funds to remove the eucalyptus trees on lower Overlook Road.

Jordan Chan

- Requested greater recognition of Black History Month on the Town calendar, website, and social media.

Lynley Kerr Hogan

- Commented on a Supreme Court case related to free speech and stated concerns with racialism.

Raven

- Requested information related to weapons in a government office or public space.

Beverly

- Commented in support of the unhoused residents and suggested researching grant funding for a cold weather or emergency shelter.

## **PUBLIC HEARINGS**

13. Introduce a Proposed Ordinance Amending Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations) of the Town Code Regarding Town-Initiated Parcel Mergers.

Gabrielle Whelan, Town Attorney, presented the staff report.

Opened Public Comment.

No one spoke.

Closed Public Comment.

Council discussed the matter.



Public Hearing Item #13 – continued

**MOTION:** Motion by **Vice Mayor Badame** to introduce an ordinance amending Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations) of the Town Code regarding Town-initiated parcel mergers and to waive the first reading. **Seconded** by **Council Member Hudes**.

**VOTE:** Motion passed unanimously.

Town Clerk Wood read the title of the ordinance.

### **OTHER BUSINESS**

14. Discuss Valley Transportation Authority (VTA) Proposed Changes to Route 27 Weekend Bus Service.

Tracy Wang, Transportation and Mobility Manager, presented the staff report.

Opened public hearing.

No one spoke.

Closed public hearing.

Council discussed the matter.

15. Consider Modifications to Town Council Policy 2-01: Town Agenda Format and Rules Regarding Remote Attendance for Town Boards, Commissions, and Committees as Discussed by the Council Policy Committee. **POLICY 2-01**

Laurel Prevetti, Town Manager, presented the staff report.

Opened public hearing.

Lee Quintana

- Commented in support of the Planning Commission offering a remote participation option for the public, and requested clarification on recordings for other Board, Commission, Committee meetings.

Closed public hearing.

Council discussed the matter.

Other Business Item #15 - continued

**MOTION:** Motion by Council Member Hudes to adopt changes as recommended by staff in Attachment 3 with the exception of the Planning and the Finance Commission and modify remote attendance to match what is currently allowed in Brown Act, limit annual remote participation by Commissioners to four (4) times in a year and two (2) consecutive meetings. **AMENDMENT:** Policy Committee and potentially the Council revisit this policy before the end of the year. **Seconded** by Council Member Rennie.

**VOTE:** Motion passed 4-1. Mayor Ristow voted no.

16. Receive the Senior Service Committee Roadmap for Senior Services and Provide Any Additional Direction to the Committee and/or Staff.

Tom Picraux, Senior Service Committee Chair, presented the staff report.

Opened public hearing.

Lisanne Kennedy, Los Gatos-Saratoga Recreation 55+ Program Manager

- Thanked the Committee for their work on the Road Map and commented on a proposed Case Manager position to provide resources, counseling, and support.

Elenor Yick, Community and Heath and Senior Services Commission Member

- Commented in support of the item and requested Council consider the recommendation to add a part-time (0.2 FTE) position for a Town Age-Friendly Coordinator.

Diana Miller, County of Santa Clara Senior Program Manager

- Commented in support of the item.

Dick Konrad, Senior Services Committee Member

- Commented on the importance of the core services and how they contribute to the welfare of the senior community.

Catherine Somers, Chamber of Commerce Executive Director and Senior Services Committee Member

- Commented support of the item and recommendation the Town add a part-time (0.2 FTE) position for a Town Age-Friendly Coordinator.

Closed public hearing.

Council discussed the matter.

Other Business Item #16 – continued

**MOTION: Motion by Council Member Hudes** to accept the report and endorse the Senior Services Roadmap for Los Gatos. **Seconded by Vice Mayor Badame.**

**VOTE: Motion passed unanimously.**

Recess 9:55 pm.

Reconvene 10:08 p.m.

17. Consider the Following Items Recommended by the Art and Culture Commission:

- a. Receive the Arts and Culture Commission’s Three-Year Plan Consisting of Capital Improvement Program (CIP) Funding for Completion of the Gateway Project and Annual Funding for Maintenance of Existing Town-Owned Public Artwork; and
- b. Authorize the Town Manager to Enter into a Memorandum of Understanding with Silicon Valley Creates; and
- c. Grant permission for Arts and Culture Commissioners to Solicit Philanthropic Funding for Future Public Art Projects.

Ryan Baker, Library Director, presented the staff report.

Opened public comment.

Cristiano Colantoni

- Commented on public art and stated support for allocating funding to complete the gateway art project.

Lisa McAdams

- Commented on public art and stated support for allocating funding to complete the gateway art project.

Maureen Cappon-Javey, Arts and Culture Commission Chair

- Commented on the public art program and stated support for allocating funding to complete of the gateway art project.

Jan Schwartz, NUMU

- Commented in support of public art projects and enjoys the gateway cat sculptures.

Craig Gleason, Parks Commissioner

- Commented in support of the gateway project and funding for the project completion.

Tom Spilsbury, Arts and Culture Commissioner

- Commented on the work of the Arts and Culture Commission and supports allocating funding for the gateway art project.

Other Business Item #17 – continued

Olga Enciso Smith

- Commented in support of public art and allocating funding for the completion of the gateway project.

Anne Lamborn, Arts and Culture Commissioner

- Commented the gateway art project and stated support for allocating funding to complete the project.

Elenor Yick

- Commented on in support of the gateway art project and suggested lighting up the sculptures at night.

Bent Jensen, Arts and Culture Commissioner

- Commented in support of the gateway art project and expressed interested in making Los Gatos a cultural center in Silicon Valley.

Closed public comment.

Council discussed the matter.

**MOTION: Motion by Vice Mayor Badame** to receive the Arts and Culture Commission's Three-Year Plan consisting of Capital Improvement Program (CIP) Funding for completion of the Gateway Project and annual funding for maintenance of existing Town-owned public artwork; and authorize the Town Manager to enter into a memorandum of understanding for a partnership with Silicon Valley Creates; and grant permission for Arts and Culture Commissioners to solicit funding for future public art projects.  
**Seconded by Council Member Moore.**

**VOTE: Motion passed unanimously.**

18. Receive a Report on the Town Resources Utilized to Support 2022 Special Events, Provide Direction for the Allocation of Resources to Support Anticipated 2023 Special Events, and Approve the Attached Modifications to the Town's Facilities Use Policy. **POLICY 1-04**

Monica Renn, Economic Vitality Manager, presented the staff report.

Opened public comment.

Rick Miller, Chairman Los Gatos Children's Christmas Parade

- Thanked the Council and staff for support for the Children's Parade and looks forward to the continued support.

Other Business Item #18 – continued

Carol Musser

- Commented in support of the Children's Parade, on the Recreation Department and Lion's Club volunteer hours for the Children's Parade, and requested additional details of staff time hours and concerns so that they can find a mutual solution.

Closed public comment.

Council discussed the matter.

**MOTION: Motion by Council Member Rennie** to allocate resources to support the Children's Holiday Parade, including funding to support the expanded use of a professional traffic management vendor for street closure and traffic management of the event; allocate funds to support the use of a professional traffic management vendor to implement road closures on Halloween in the Almond Grove and Johnson neighborhoods; adopt the modified red-lined draft of the Town Facilities Use Policy with an amendment to add language to the Montebello Way and Broadway Road Closure for Special Events, stating it may be closed for special events, with an approved special event permit, no more than eight times per calendar year, unless otherwise approved by agreement with the Town Council. **Seconded by Council Member Moore.**

**VOTE: Motion passed 4-1. Council Member Hudes voted no.**

**MOTION: Motion by Council Member Rennie** to extend the meeting past the midnight adjournment time until 12:20 a.m. **Seconded by Mayor Ristow.**

**VOTE: Motion passed unanimously.**

19. Approve the Library's Holiday and Recognition Work Plan.

Ryan Baker, Library Director, presented the staff report.

Opened public comment.

Alicia

- Spoke in support of Native American Heritage Month being added to the Library's Holiday recognition work plan, requested the holiday be clearly celebrated by the Town, commented on anti-racism training, and stated concerns with an incident that occurred at the Library.

Closed public comment.

Other Business Item #19 – continued

Council discussed the item.

**MOTION:** Motion by Council Member Rennie to approve the Library’s holiday and recognition workplan. **Seconded by Council Member Moore.**

**VOTE:** Motion passed unanimously.

Pulled Consent Items

9. Consider the Following Actions for the Property Location: 137 Bersano Lane. APN 424- 29-054. Property Owner: Lisa DeGeorge. **RESOLUTION 2023-008**
- a. Adopt a Resolution Approving a Purchase and Sale Agreement for the Re-Purchase of an Affordable Housing Unit Subject to an Existing Below Market Price (BMP) First Right of Refusal Option; and
  - b. Authorize the Town Manager to Negotiate and Execute all Agreements and Documents Necessary and Appropriate to Effectuate the Preservation of the Affordable Housing Unit; and
  - c. Authorize Revenue and Expenditure Budget Adjustments in the Amount of \$436,276 from Available BMP Housing In-Lieu Fee Fund to Re-Purchase, Repair, and Pay Past Due Fees and Taxes of the Property.

Gabrielle Whelan, Town Attorney, presented the staff report.

Opened public comment.

Lee Fagot

- Commented on concerns with the differential amount the Town has to pay for repairs, and unpaid Home Owner’s Association fees and unpaid property taxes.

Closed public comment.

Council discussed the matter.

**MOTION:** Motion by Council Member to adopt a Resolution approving a purchase and sale agreement in substantially the form presented for the re-purchase of an affordable housing unit subject to an existing below market price (BMP) first right of refusal option for property located at 137 Bersano Lane (APN 424-29-054); and authorize the Town Manager to negotiate and execute all agreements and documents necessary to for the reservation of the affordable housing unit; and authorize revenue and expenditure budget adjustments in the amount of \$436,276 from available BMP Housing In-Lieu Fee Fund to re-purchase, repair, and pay past due fees and taxes of the property. **Seconded by Mayor Ristow.**



PAGE **11** OF **11**

SUBJECT: DRAFT Minutes of the Town Council Meeting of February 7, 2023

DATE: February 8, 2023

**VOTE: Motion passed unanimously.**

**ADJOURNMENT**

The meeting adjourned at 12:14 a.m.

Respectfully Submitted:

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Jenna De Long, Deputy Clerk



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 2

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**DRAFT  
Minutes of the Town Council Special Meeting – Closed Session  
February 15, 2023**

The Town Council of the Town of Los Gatos conducted a special meeting in-person and utilized teleconferencing means on Wednesday, February 15, 2023 to hold a Closed Session at 5:30 p.m.

**MEETING CALLED TO ORDER AT 5:30 P.M.**

**ROLL CALL**

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

Absent: None.

**VERBAL COMMUNICATIONS**

Ami Davis, NUMU Executive Director

- Commented on the value of NUMU to Los Gatos due to its work with the Town's history collection, youth arts, inclusivity, and other Town priorities. Requested free occupancy of the building. Commented that NUMU would survive but not thrive if rent payments were required.

Nancy Rollett, Los Gatos-Saratoga Recreation Executive Director

- Commented that the LGS Rec Board is considering a legal waiver of rent, cannot provide 55+ services without financial support, and that deadlines for layoff notices are mid-March if layoffs are expected in July. Suggested that it is time to update Exhibit F in the lease agreement.

**THE TOWN MOVED TO CLOSED SESSION ON THE FOLLOWING ITEM:**

1. Conference With Real Property Negotiator (Government Code Section 54956.8)
  - a. Property: 208 E Main Street and 123 East Main Street  
Negotiating Parties: Town of Los Gatos and Los Gatos-Saratoga Community Education and Recreation  
Negotiator: Laurel Prevetti, Town Manager and Nancy Rollett, Los Gatos-Saratoga Executive Director  
To Be Negotiated: Terms of purchase, sale, exchange or lease
  - b. Property: 106 East Main Street  
Negotiating Parties: Town of Los Gatos

PAGE 2 OF 2

SUBJECT: Draft Minutes of the Special Town Council Meeting of February 15, 2023

DATE: February 16, 2023

Negotiator: Laurel Prevetti, Town Manager and Ami Davis, NUMU Executive Director

Negotiations: Terms of purchase, sale, exchange or lease

**ADJOURNMENT**

Closed Session adjourned at 6:25 p.m.

Attest:

Submitted by:

\_\_\_\_\_  
Jenna De Long, Deputy Town Clerk

\_\_\_\_\_  
Laurel Prevetti, Town Manager



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 3

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**DRAFT  
Minutes of the Town Council Special Meeting  
February 15, 2023**

The Town Council of the Town of Los Gatos conducted a special meeting in-person and via teleconference on Tuesday, February 15, 2023, at 6:30 p.m.

**MEETING CALLED TO ORDER AT 6:33 P.M.**

**ROLL CALL**

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

Absent: None

Council Member Moore stated he would recuse himself from the meeting due to his relationship with the Planning Commissioner and left the Council Chamber.

**OTHER BUSINESS**

1. Accept Recommendation of Censure of, and Counseling for, a Planning Commissioner Regarding Communication to the California Department of Housing and Community Development or Take Other Action.

Gabrielle Whelan, Town Attorney, presented the staff report.

Opened Public Comment.

Perice Sibley

- Commented on concerns and requested removal of the Commissioner.

Richard Kananen

- Commented on concerns and requested removal of the Commissioner.

Jak Van Nada

- Requested Commissioner Clark resign or be removed.

Jason Farwell

- Commented on concerns and requested removal of the Commissioner.

Jim Zanardi

- Commented on concerns and requested removal of the Commissioner.

Other Business Item #1 – continued

Ron Meyer

- Commented on concerns and requested removal of the Commissioner.

Donna McCurrie

- Requested the Commissioner be mentored.

Corey Wolbach, Silicon Valley at Home

- Commented in opposition of the censure of the Commissioner.

Lee Quintana

- Commented on the referendum and spoke in opposition of the censure of the Commissioner.

Member of Public

- Commented on Council Policies 2-05 and 2-11 and requested removal of the Commissioner.

James Dunlap

- Commented concerns of bias and requested removal of the Commissioner.

Elly Hudson

- Commented in opposition of the censure of the Commissioner.

Alan Gustavo Faz Ochoa

- Commented in opposition of the censure of the Commissioner.

Alex Shoor

- Commented in opposition of the censure of the Commissioner.

Matthew Reed, Silicon Valley at Home

- Commented on the Housing Element process and in opposition of censure of the Commissioner.

Chris of Los Gatos (Wiley)

- Commented on concerns and requested removal of the Commissioner.

Kerrie Dunlap

- Commented on concerns and requested removal of the Commissioner.

PAGE 3 OF 3

SUBJECT: Draft Minutes of the Town Council Special Meeting of February 15, 2023

DATE: February 15, 2023

Other Business Item #1 – continued

Catherine Somers

- Commented in support of a compromise.

Joe Rodgers

- Commented on concerns and requested removal of the Commissioner.

Kylie Clark

- Commented on the email sent to California Department of Housing and Community Development, the Code of Conduct process, apologized, and spoke in opposition of the Censure.

Closed Public Comment.

Council discussed the matter.

**MOTION: Motion by Mayor Ristow** to accept the recommendation of the committee comprised of the Mayor, Vice Mayor, Town Attorney, and Town Manager, of censure, coaching, and mentoring of Planning Commissioner Kylie Clark. **Seconded by Council Member Hudes.**

**VOTE: Motion passed 4-0-1. Council Member Moore recused.**

## **ADJOURNMENT**

The meeting adjourned at 8:58 p.m.

Respectfully Submitted:

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Jenna De Long, Deputy Clerk





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 2/21/2023

ITEM NO: 4

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**DATE:** February 14, 2023  
**TO:** Mayor and Town Council  
**FROM:** Laurel Prevetti, Town Manager  
**SUBJECT:** Adopt a Resolution Reaffirming Resolution 2021-044 and Making Findings Pursuant to Government Code Section 54953, as Amended by Assembly Bill 361, and, Due to Health and Safety Concerns for the Public, Authorizing the Use of Hybrid Meetings for the Town Council and the Continued Use of Virtual Meetings for Boards and Commissions While Town Staff Makes the Necessary Arrangements to Transition to In-Person Meetings for All Town Boards, Commissions, and Committees except for the Planning and Finance Commissions.

**RECOMMENDATION:**

Adopt a Resolution reaffirming Resolution 2021-044 and making findings pursuant to Government Code Section 54953, as amended by Assembly Bill 361, and, due to health and safety concerns for the public, authorizing the use of hybrid meetings for the Town Council and the continued use of virtual meetings for Boards and Commissions while Town staff makes the necessary arrangements to transition to in-person meetings for all Town Boards, Commissions, and Committees except for the Planning and Finance Commissions.

**BACKGROUND:**

On March 17, 2020, Governor Newsom issued Executive Order N-29-20, which allowed for relaxed provisions of the Ralph M. Brown Act (Brown Act) that allowed legislative bodies to conduct meetings through teleconferencing without having to meet the strict compliance of the Brown Act. All provisions of Executive Order N-29-20 concerning the conduct of public meetings expired on September 30, 2021.

AB 361 was signed into law by the Governor on September 16, 2021, and went into effect immediately upon signing. It amends the Brown Act to allow local legislative bodies to continue

**PREPARED BY:** Wendy Wood  
Town Clerk

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Reviewed by: Town Manager, and Town Attorney

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BACKGROUND (continued):

using teleconferencing and virtual meeting technology after the September 30, 2021, expiration of the current Brown Act exemptions as long as there is a "proclaimed state of emergency" by the Governor and state or local officials recommend social distancing. Through December, the County of Santa Clara recommended social distancing at public meetings and rescinded that public health order in late December 2022. Given the continued spread of COVID-19 and variants, the Town Council recommends continued social distancing.

DISCUSSION:

The Town Council is continuing to provide a remote participation option in addition to in-person meetings. Staff is now transitioning all Town Board, Commission, and Committee meetings to in-person meetings with the exception of the Planning and Finance Commissions per the Council's recent approval of modifications to the Town Council Agenda Format Policy.

AB 361 requires public agencies to make findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter that a state of emergency still exists and that state or local officials continue to impose or recommend measures to promote social distancing. The Governor is expected to lift the state of emergency at the end of February at which time this Resolution will no longer be in effect.

Town Council adopted Resolution 2021-044 on October 5, 2021 regarding Brown Act compliance and teleconferencing pursuant to Government Code Section 54953, as amended by AB 361, and adopted resolutions on the following dates reaffirming Resolution 2021-044:

- November 2, 2021 adopted Resolution 2021-046
- November 16, 2021 adopted Resolution 2021-048
- December 7, 2021 adopted Resolution 2021-054
- December 21, 2021 adopted Resolution 2021-059
- January 18, 2022 adopted Resolution 2022-001
- February 1, 2022 adopted Resolution 2022-003
- February 15, 2022 adopted Resolution 2022-004
- March 1, 2022 adopted Resolution 2022-006
- March 15, 2022 adopted Resolution 2022-009
- April 5, 2022 adopted Resolution 2022-013
- April 19, 2022 adopted Resolution 2022-017
- May 3, 2022 adopted Resolution 2022-021
- May 17, 2022 adopted Resolution 2022-031
- June 7, 2022 adopted Resolution 2022-032
- June 21, 2022 adopted Resolution 2022-037

DISCUSSION (continued):

- July 12, 2022 adopted Resolution 2022-048
- August 2, 2022 adopted Resolution 2022-050
- August 16, 2022 adopted Resolution 2022-055
- September 6, 2022 adopted Resolution 2022-056
  
- September 20, 2022 adopted Resolution 2022-059
- October 4, 2022 adopted Resolution 2022-060
- October 18, 2022 adopted Resolution 2022-065
- November 1, 2022 adopted Resolution 2022-068
- November 15, 2022 adopted Resolution 2022-070
- December 6, 2022 adopted Resolution 2022-073
- December 20, 2022 adopted Resolution 2022-076
- January 17, 2023 adopted Resolution 2023-002
- February 7, 2023 adopted Resolution 2023-008

CONCLUSION:

Staff recommends that Town Council adopt a Resolution reaffirming Resolution 2021-044 making findings pursuant to Government Code Section 54953, as amended by Assembly Bill 361, and authorizing the continued use of virtual meetings. The Town Council is conducting hybrid meetings and staff is working to prepare for a transition to in-person meetings for all Town Boards, Commissions, and Committees with the exception of hybrid meetings for the Planning Commission and Finance Commission per the Council's recent approval of modifications to the Town Council Agenda Format Policy.

COORDINATION:

This report was coordinated with the Town Attorney and Town Manager's offices.

FISCAL IMPACT:

There will be no fiscal impact to the Town at this time.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Draft Resolution

## **DRAFT RESOLUTION 2023-**

### **RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS REAFFIRMING RESOLUTION 2021-044 REGARDING BROWN ACT COMPLIANCE AND TELECONFERENCING PURSUANT TO GOVERNMENT CODE SECTION 54953, AS AMENDED BY ASSEMBLY BILL 361, DURING THE COVID-19 PANDEMIC**

**WHEREAS**, on March 4, 2020, the Governor of the State of California declared a state of emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the state prepare for broader spread of COVID-19; and

**WHEREAS**, on March 12, 2020, the Town Manager of Los Gatos acting in the capacity of Town of Director of Emergency Services, issued a Proclamation of Local Emergency; and

**WHEREAS**, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended and modified the teleconferencing requirements under the Brown Act (California Government Code Section 54950 et seq.) so that local legislative bodies can hold public meetings via teleconference (with audio or video communications, without a physical meeting location), as long as the meeting agenda identifies the teleconferencing procedures to be used; and

**WHEREAS**, on March 17, 2020, the Town Council of the Town of Los Gatos ratified the Proclamation of Local Emergency as set forth in Resolution 2020-008 and remains in full force and effect to date; and

**WHEREAS**, on June 4, 2021, the Governor clarified that the “reopening” of California on June 15, 2021, did not include any change to the proclaimed state of emergency or the powers exercised thereunder; and

**WHEREAS**, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended the provision of N-29-20 concerning the conduct of public meetings through September 30, 2021, and the Governor subsequently signed legislation revising Brown Act requirements for teleconferenced public meetings (Assembly Bill 361, referred to hereinafter as “AB 361”); and

**WHEREAS**, on September 16, 2021, Governor Newsom signed AB 361, which added subsection (e) to Government Code section 54953 of the Brown Act, and makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

**WHEREAS**, the Town Council of the Town of Los Gatos approved Resolution No. 2021-044 on October 5, 2021, declaring the need for the Town Council, Boards, Commissions, and Committees to continue to meet remotely in order to ensure the health and safety of the

public; and

**WHEREAS**, the Town of Los Gatos remains in a state of emergency due to the continuing spread of COVID-19; and

**WHEREAS**, given the continued spread of COVID-19 and variants, the Town Council recommends maintaining measures to promote social distancing; and

**WHEREAS**, technology exists that allows full participation from members of the public without requiring in-person attendance at a Town Council, Board, Commission, or Committee meeting; and

**WHEREAS**, the Town Council has considered all information related to this matter, including the associated staff report and other information relating to COVID-19 provided at prior public meetings of the Town Council; and

**WHEREAS**, the Town Council wishes to conduct hybrid meetings, at which members of the public have the option to participate remotely, and to transition to in-person meetings for the Town's Boards, Commissions, and Committees with the exception of the Planning and Finance Commissions; and

**WHEREAS**, the Town Council wishes to adopt a Resolution finding that the requisite conditions continue to exist for the legislative bodies of the Town of Los Gatos, as defined in the Brown Act, to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953.

**NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE:**

1. The Town Council hereby finds that the fact set forth in the above recitals and as contained in Resolution 2021-044 are true and correct, and establish the factual basis for the adoption of this Resolution;
2. There is an ongoing proclaimed state of emergency relating to the novel coronavirus causing the disease known as COVID-19 and as a result of that emergency, meeting in person may present risks to the health or safety of attendees of in-person meetings of this legislative body and all Town advisory bodies within the meaning of California Government Code section 54953(e)(1).
3. Under the present circumstances, including the risks mentioned in the preceding paragraph, attendees may wish to participate in Town meetings remotely.
4. As authorized by Assembly Bill 361, the Town Council wishes to conduct hybrid meetings and to transition to in-person meetings for the Town's Boards, Commissions, and Committees except for the Planning and Finance Commissions.

5. Staff are directed to take all actions necessary to implement this Resolution for all Town Council meetings and Town Board, Commission, and Committee meetings on a rolling basis, in accordance with the foregoing provisions and the requirements of Government Code section 54953, as amended by Assembly Bill 361, including but not limited to returning for ratification of this Resolution every 30 days after teleconferencing for the first time pursuant to Assembly Bill 361 for so long as either of the following circumstances exists: (a) the state of emergency continues to directly impact the ability of this legislative body to meet in person; and/or (b) state or local officials, including but not limited to the County Health Officer, continue to impose or recommend measures to promote social distancing.

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 21<sup>th</sup> day of February 2023, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_

ATTEST:

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

DATE: \_\_\_\_\_





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2022

ITEM NO: 5

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DATE: February 16, 2022  
TO: Mayor and Town Council  
FROM: Gabrielle Whelan, Town Attorney  
SUBJECT: Adopt an Ordinance Amending Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations) of the Town Code Regarding Town-Initiated Parcel Mergers

**RECOMMENDATION:**

Adopt an Ordinance (Attachment 1) amending Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations) of the Town Code regarding Town-initiated parcel mergers.

**DISCUSSION:**

On February 7, 2023, Town Council considered and voted to Introduce and waive the first reading of a proposed Ordinance amending Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations) of the Town Code regarding Town-initiated parcel mergers. The purpose of the amendment is to bring the Town Code into conformance with the State Subdivision Map Act, which preempts local legislation, regarding the circumstances under which the Town can initiate a parcel merger. Adoption of the attached Ordinance (Attachment 1) is the final step to amend the Town's Municipal Code. If adopted, the Ordinance will take effect 30 days after its adoption.

**COORDINATION:**

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

**FISCAL IMPACT:**

The proposed Ordinance will not affect the Town's Budget.

**PREPARED BY:** Bridgette Falconio  
Administrative Technician

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

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PAGE 2 OF 2

SUBJECT: Town Code Amendment Regarding Town-Initiated Parcel Mergers/A-22-003

DATE: February 21, 2023

ENVIRONMENTAL ASSESSMENT:

Because the proposed Ordinance reflects State law, will not result in a change in the physical environment, and is not a project defined under CEQA, no further action is required (Public Resources Code Section 21065).

Attachment:

1. Lot Merger Ordinance

## **DRAFT ORDINANCE**

### **AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING CHAPTER 24, "SUBDIVISION REGULATIONS," AND CHAPTER 29, "ZONING REGULATIONS," OF THE TOWN CODE REGARDING TOWN-INITIATED PARCEL MERGERS**

**WHEREAS**, Town Code Section 29.10.070 currently addresses lot mergers for lots that do not conform with the Town's requirements;

**WHEREAS**, Section 29.10.070(b) currently provides that "any parcels under the same or substantially the same ownership that do not meet the [Town's] criteria . . . shall be considered merged;"

**WHEREAS**, The State Subdivision Map Act (Map Act) governs in the area of subdivisions and preempts local ordinances with regard to lot mergers;

**WHEREAS**, The Town Code currently conflicts with, and is preempted by, State law; and

**WHEREAS**, Staff is proposing an ordinance to amend the Town's subdivision ordinance to conform with State law regarding lot mergers.

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

**SECTION I.** Town Code Section 29.10.070, "Lot Merger," is repealed.

**SECTION II.** A New Section 24.10.080, "Town-Initiated Parcel Merger," is added to Chapter 24, "Subdivision Regulations," of the Town Code to read as follows:

- "(a) The Town may initiate a merger of a parcel with a contiguous parcel held by the same owner if any one of the contiguous parcels held by the same owner does not conform to standards for minimum parcel size, under the zoning ordinance applicable to the parcel and if, in accordance with Government Code Section 66451.11, all of the following requirements are satisfied:
- (1) At least one of the affected parcels is undeveloped by any structure for which a building permit was issued or for which a building permit was not required at the time of construction, or is developed only with an accessory structure or accessory structures, or is developed with a single structure, other than an accessory structure, that is also partially sited on a contiguous parcel.
  - (2) With respect to any affected parcel, one or more of the following conditions exists:

ATTACHMENT 1

- a. Comprises less than 5,000 square feet in area at the time of the determination of merger;
  - b. Was not created in compliance with applicable laws and ordinances in effect at the time of its creation;
  - c. Does not meet current standards for sewage disposal and domestic water supply;
  - d. Does not meet slope stability standards;
  - e. Has no legal access which is adequate for vehicular and safety equipment access and maneuverability;
  - f. Its development would create health or safety hazards; or
  - g. Is inconsistent with the applicable general plan and any applicable specific plan, other than minimum lot size or density standards.
- (b) Before initiating a parcel merger, the Town will notify the owner of the affected parcels and provide the owner with the opportunity for a public hearing. The public hearing will be conducted by the Planning Commission. The decision of the Planning Commission may be appealed to the Town Council within ten days of the decision of the Planning Commission. The decision of the Town Council shall be final."

### **SECTION III. Severability.**

In the event that a court of competent jurisdiction holds any Section, subsection, paragraph, sentence, clause, or phrase in this Ordinance unconstitutional, preempted, or otherwise invalid, the invalid portion shall be severed from this Section and shall not affect the validity of the remaining portions of this Section. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Section irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases in this Section might be declared unconstitutional, preempted, or otherwise invalid.

### **SECTION IV. Publication.**

The Town Clerk is directed to cause copies of this ordinance to be posted in three (3) prominent places in the Town of Los Gatos and to cause publication once in the Los Gatos Weekly, the official publication of legal notices of the Town of Los Gatos, of a notice setting forth the date of adoption, the title of this ordinance, and a list of places where copies of this ordinance are posted, within fifteen (15) days after adoption of this ordinance. In lieu of publication of the full text of the ordinance within fifteen (15) days after its passage, a summary of the ordinance may be published at least five (5) days prior to and fifteen (15) days after adoption by the Town Council and a certified copy shall be posted in the office of the Town Clerk, pursuant to GC 36933(c)(1).

**SECTION V. CEQA.**

Adopting this ordinance addressing Town initiated lot mergers is not a project subject to CEQA because it can be seen with certainty that it will not impact the environment (CEQA Guidelines Section 15378).

**SECTION VI. Effective Date.**

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the 7<sup>th</sup> day of February 2023, and adopted by the following vote as an ordinance of the Town of Los Gatos at a regular meeting of the Town Council of the Town of Los Gatos on the 21<sup>st</sup> day of February 2023. This ordinance takes effect 30 days after it is adopted.

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_

ATTEST:

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

DATE: \_\_\_\_\_



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 6

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DATE: February 6, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a Use Agreement with Los Gatos Little League

**RECOMMENDATION:**

Authorize the Town Manager to execute a Use Agreement with Los Gatos Little League.

**BACKGROUND:**

Los Gatos Little League is organized and chartered under the rules of Little League Baseball, Inc. and the laws of the State of California to provide organized baseball team practice and competition for Los Gatos youth aged four (4) to fifteen (15). Los Gatos Little League has conducted baseball programs at Baggerly and Balzer Fields under contract with the Town since 1958. The previous contract expired on 6/30/2022 (Attachment 1).

In accordance with Council action taken on April 21, 2020 (item #12), Council approved the waiver of rent and utilities for 2020, 2021, and the first 6 months of 2022. The Los Gatos Little League is interested in a new use agreement under which the Little League may use Baggerly and Balzer Fields, and define the responsibility for maintenance of the fields, the responsibility for the costs related to the use of the fields, and the circumstances under which the Little League may make capital improvements to the fields.

**DISCUSSION:**

The proposed Use Agreement (Attachment 2) is retroactive to July 1, 2022 and focuses on the terms for exclusive use and maintenance of Balzer Field and Baggerly Field. The main proposed terms of the agreement are as follows:

**PREPARED BY:** Meredith Johnston  
Administrative Technician

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

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SUBJECT: Authorize the Town Manager to Execute a Use Agreement with Los Gatos Little League

DATE: February 6, 2023

DISCUSSION (continued):

1. The term of the agreement is five years and may be extended for up to two additional five-year periods upon mutual written consent of the parties.

2. The Premises are defined as follows:

Baggerly Field at Blossom Hill Park, consisting of:

1. One baseball diamond, including infield and outfield grass, and dirt
2. Fences and gates surrounding the field of play
3. All portable and fixed bleachers
4. One electronic scoreboard
5. One flagpole
6. Restrooms, snack shack building (includes one storage room and 2 bathrooms)
7. Two dugouts

Balzer Field at 41 Miles Avenue, consisting of:

1. One baseball diamond, including infield and outfield grass, and dirt
2. Fences and gates surrounding the field of play
3. All portable and fixed bleachers
4. One electronic scoreboard
5. One flagpole
6. One batting cage
7. Restrooms, snack shack building (includes one storage room and 2 bathrooms)
8. Two dugouts

3. Exclusive use of Balzer Field and Baggerly Field during the following periods:

January 1 to January 31:

1. Saturdays and Sundays from the time of opening of the Premises pursuant to the policies and procedures of the Town until dusk.

February 1 to July 31:

1. Monday through Friday, from 2:30 p.m. to dusk.
2. During designated Los Gatos Unified School District Vacation Days, use will be from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
3. Saturdays and Sundays, from the time of the opening Premises pursuant to the policies and procedures of the Town until dusk.

August 1 to August 31:

1. There shall be no designated exclusive use times. Use may be requested by LGLL through the Town and, granted if the Premises are available.

SUBJECT: Authorize the Town Manager to Execute a Use Agreement with Los Gatos Little League

DATE: February 6, 2023

DISCUSSION (continued):

September 1 to October 31:

1. Monday through Friday, from 2:30 p.m. to dusk.
2. During designated Los Gatos Unified School District Vacation Days, use will be from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
3. Saturdays and Sundays, from the time of the opening of the Premises pursuant to the policies and procedures of the Town, until dusk.

November 1 to December 31:

1. There shall be no designated exclusive use times. Use may be requested by LGLL through the Town and, granted if the Premises are available.

Baggerly and Balzer fields will remain unlocked and available for public use during LGLL non-exclusive use periods.

4. Los Gatos Little League shall pay the Town of Los Gatos an Annual Use Fee of \$6,600 for the use of the Premises.
5. Los Gatos Little League shall pay the Town of Los Gatos a Facility Maintenance Fee (FMF) for each participant in programs or classes offered by LGLL on Town premises and will be charged four (\$4.00) per class or program.
6. Los Gatos Little League will be responsible for the maintenance of the facilities excluding the parking lots and restroom areas.
7. Los Gatos Little League will pay for half of any Capital Improvements deemed necessary by the Town, with a maximum cap of \$25,000. Los Gatos Little League may make these payments in increments of \$5,000.

CONCLUSION:

Staff is recommending that the Town Council authorize the Town Manager to execute the Use Agreement between the Town of Los Gatos and Los Gatos Little League (Attachment 2).

FISCAL IMPACT:

Approval of the use agreement for the use of Balzer Field and Baggerly Field will result in an annual revenue of \$6,600 and beginning July 1, 2023, and each anniversary thereafter, the Annual User Fee shall be adjusted according to the percent change in the U. S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, All Items, All Urban Consumers, San



PAGE 4 OF 4

SUBJECT: Authorize the Town Manager to Execute a Use Agreement with Los Gatos Little League

DATE: February 6, 2023

FISCAL IMPACT (continued):

Francisco-Oakland-San Jose, 1982-84-100 Index plus \$4.00 per participant per class or program. Payments will be made to the Town of Los Gatos by the Los Gatos Little League on an annual basis.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Prior Use Agreement
2. Proposed Use Agreement between Town of Los Gatos and Los Gatos Little League.

AGR 18.270

IHH 18.357

**USE AGREEMENT  
BETWEEN THE TOWN OF LOS GATOS  
AND  
LOS GATOS LITTLE LEAGUE**

This USE AGREEMENT is entered into this SIXTH day OF NOVEMBER, 2018, by and between the **TOWN OF LOS GATOS**, a California Municipal Corporation ("Town"), and **LOS GATOS LITTLE LEAGUE** ("LGLL")

**RECITALS**

- A. Town is the owner of two (2) baseball facilities, one located in Blossom Hill Park, commonly known as Baggerly Field, and one located at 41 Miles Avenue, commonly known as Balzer Field.
- B. LGLL is chartered under the rules of Little League Baseball, Inc, and the laws of the State of California, to provide organized baseball team practice and competition for Los Gatos youth aged four (4) to fourteen (14).
- C. LGLL has conducted baseball programs at Baggerly and Balzar Fields under contract with the Town since 1958.
- D. Town and LGLL each desire LGLL to continue to conduct its programs at Baggerly and Balzar Fields.
- E. Town and LGLL each desire a new agreement setting forth the specific terms and conditions under which LGLL may use Baggerly and Balzar Fields, responsibility for maintenance of the fields, responsibility for the cost related to the use of the fields, and the circumstances under which Licensee may make capital improvements to the fields.

**AGREEMENT**

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Subject Premises.** The two Premises covered by this Agreement are:

Baggerly Field at Blossom Hill Park, consisting of:

- a. One baseball diamond, including infield and outfield grass, and dirt
- b. Fences and gates surrounding the field of play
- c. All portable and fixed bleachers
- d. One electronic scoreboard
- e. Restroom, snack shack building (includes one storage room and 2 bathrooms)
- f. Two dugouts

Balzar Field at 41 Miles Avenue, consisting of:

- a. One baseball diamond, including infield and outfield grass, and dirt
- b. Fences and gates surrounding the field of play
- c. All portable and fixed bleachers
- d. One electronic scoreboard
- e. One batting cage

ATTACHMENT 1

- f. Restroom, snack shack building (includes one storage room and 2 bathrooms)
  - g. Two dugouts
- 2. Use of Premises. LGLL shall have exclusive use of the Premises, except bathrooms and parking, which are open to the public at large, only during those times and dates:
  - a) **January 1 to January 31:**
    - (i) Saturdays and Sundays from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
  - b) **February 1 to July 31:**
    - (i) Monday through Friday, from 2:30 p.m. to dusk
    - (ii) During designated Los Gatos Unified School District Vacation Days, use will be from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
    - (iii) Saturdays and Sundays, from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
  - c) **August 1 to August 31:**

There shall be no designated exclusive use times. Use may be requested by LGLL through the Town and, granted if the Premises are available.
  - d) **September 1 to October 31:**
    - (i) Monday through Friday, from 2:30 p.m. to dusk.
    - (ii) During designated Los Gatos Unified School District Vacation Days, use will be from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
    - (iii) Saturdays and Sundays, from the time of the opening of the Premises pursuant to the policies and procedures of the Town, until dusk.
  - e) **November 1 to December 31:**

There shall be no designated exclusive use times. Use may be requested by LGLL through the Town and, granted if the Premises are available.
  - f) Notwithstanding the exclusive right to use the Premises during specified periods as set forth herein, Town retains the right to enter the Premises at any time so long as the entry does not unreasonably interfere with LGLL's use of the Premises. Town reserves the right to enter Premises at any time for emergencies.
- 3. Term of Agreement. Unless terminated sooner pursuant to terms of this Agreement, this Use Agreement remains in effect November 6, 2018 through June 30, 2022, with an option to extend for one additional five (5) year period upon mutual consent of the parties.
- 4. Holdover. LGLL has no right to use the Premises or any part thereof beyond the expiration or earlier termination of this Agreement. If LGLL holds over with the consent of the Town, all terms of this lease shall continue to apply.
- 5. Maintenance. LGLL shall be fully responsible for maintaining the Premises, excluding the restrooms and parking lots. LGLL shall pick up and dispose of liter, trash and recyclables in the restrooms and parking areas during the hours of exclusive use of the Premises as described in Sections 1 and 2 above. The maintenance to the playing facilities shall include but is not limited to: cutting, fertilizing, watering, weed control, irrigation repairs and modifications, and replacing grass areas, dragging and filling holes in dirt areas, repairing and replacing premises fencing and

backstops, and maintaining/replacing electronic scoreboards and bleachers. Town shall have the right to approve any vendor used by LGLL for landscape maintenance. LGLL shall submit information to Town about any proposed landscape maintenance vendor not less than 60 days prior to changing landscape maintenance companies. The snack shack shall be maintained in a clean and sanitary condition, and shall comply with all Santa County Clara Health Department regulations pertaining to food services. Trash and recyclables must be properly disposed of. At no time during this contract shall LGLL make any changes to the security or modifications to Town owned structures without the consent of Town representatives. This includes and is not limited to interior/exterior locks, walls, and doors.

6. Capital Improvements and Repairs.

- a) LGLL shall not undertake any capital repairs or improvements to the Premises without first obtaining written consent of Town and without obtaining all permits and approvals as required by Town Code. Policies and guidelines, or as otherwise required by law.
- b) Should it become necessary to make any capital repairs or improvements to the common buildings (restrooms/snack shack) of the Premises, including roof or plumbing repairs or replacement, LGLL shall pay its proportional share of those cost which hereby agreed to be fifty (50%), but shall not exceed a total of twenty-five thousand dollars (\$25,000) over the initial term of this agreement. If the event that the cost of any capital repair or improvement exceeds five thousand dollars (\$5,000), LGLL may make periodic payments of the amount in excess of five thousand (\$5000) over the remaining initial terms of this Use Agreement. In no event shall any periodic payment be made in an amount less than five thousand (\$5,000) per year. The necessity of such repairs or replacement shall be determined at the sole discretion of the Town, which shall provide LGLL with sixty (60) days written notice of its intent to undertake any such project. Town shall make all efforts to schedule repairs and replacements at dates and times that will minimize impact on LGLL's operations. which shall include consulting with LGLL prior to scheduling any such work. LGLL shall cooperate fully reasonable with Town's efforts to complete repairs or replacement. Town shall invoice LGLL for its share of repair or replacement cost, which shall be paid by LGLL within thirty (30) days of the invoice date.
- c) In no event shall Town be responsible for the cost of any capital improvement or repairs to the Premises other than to the common buildings described herein. LGLL shall be solely responsible for all damage to the Premises or other property, whether real or personal, including broken glass, resulting in any way from LGLL's use of Premises. LGLL shall report to the Town the occurrences of all such damage within twenty (24) hours of occurrence or knowledge by licensee, or, in the case of damage occurring between 5:00 p.m. on Friday through dusk the following Saturday, by no later than 9:00 a.m. the following Monday. LGLL shall not be responsible for any damage to the Premises that occur not related in any manner from LGLL's use of the Premises.
- d) Any capital improvements or repairs, whether undertaken or paid for in part by Town or LGLL, shall be the sole property of the Town and shall remain with the Premises upon expiration or termination of this Licensee.

7. Utility Costs. Except as provided in paragraph 5(b) of this Use Agreement, LGLL shall pay the cost of providing water, power and sewer services to the Premises which hereby agreed to be three hundred fifty dollars (\$350) per month. The parties shall renegotiate the amount to be paid by

LGLL in the event of a significant increase in the cost of providing water and power to the Premises.

8. Payment. LGLL shall make all payments required pursuant to this Agreement, whether or not invoiced by Town, no later than July 1 of each year payments are due. All payments shall be mailed by first class mail or delivered in person at Town offices and addressed as follows:

Town of Los Gatos  
Finance Department  
P.O. Box 655  
Los Gatos, California 95031

9. Assignment. LGLL shall not assign any portion of this Agreement or allow any use of the Premises by any other person or entity contrary to the terms of this Agreement, without prior written approval of Town. LGLL is expressly prohibited from use of the Premises for any activity other than activities sanctioned and associated with LGLL.

10. Personal Property. Personal property of LGLL shall be LGLL's sole responsibility to acquire, repair, replace and store. LGLL shall remove its personal property at the expiration or termination of this Agreement. Any personal property not so removed shall become the sole property of Town with no compensation.

11. Insurance.

(a) Minimum Scope of Insurance:

(i) LGLL agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring LGLL, its officers and employees to an amount not less than: one million dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. Insurance is to be placed with insurers with a current Best's rating of no less than B+.

(ii) LGLL agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy insuring LGLL, its officers and employees to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.

(iii) LGLL shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. LGLL shall provide all certificates and endorsements before term of Agreement begins.

(b) General Liability:

(i) The Town, its officers, employees and volunteers are to be covered as additional insured as respects to liability arising out of activities occurring on or related to the occupancy and use of the Premises by LGLL.

(ii) LGLL insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Town,

its officials, employees or volunteers shall be excess of LGLL insurance and shall not contribute with it.

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

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

(c) All Coverages. Each insurance policy required in this Paragraph 12 shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. LGLL shall ensure that current certification of such insurance is on file at all times with the Town Clerk during the term of this agreement.

(d) Workers' Compensation. In addition to these policies, LGLL shall have and maintain Workers' Compensation insurance as required by California law. Further, LGLL shall ensure that all contractors employed on the Premises by LGLL provide the required Workers' Compensation insurance for their respective employees.

(e) Property Insurance. Town shall have no obligation to maintain any insurance of the Premises or any personal property placed on the Premises. LGLL shall be solely responsible for obtaining whatever insurance coverage that LGLL believes may be appropriate to protect and indemnify LGLL for loss to the Premises or to any personal property that LGLL may place on the Premises.

12. Indemnification. LGLL agrees to indemnify, hold harmless, and defend the Town, its officers, employees, volunteers, and agents, from and against any and all damages, claims or liability, penalties, costs or expenses in law or equity that may at any time arise from any loss, damage, or injury to persons or property occurring in or about the Premises that arises out of or incident to LGLL use of the Premises, including use by anyone that LGLL has permitted or allowed to use the Premises. This obligation to indemnify, hold harmless, and defend applies whether or not the incident or claim or liability is or may be related to negligence on the part of the Town.

13. Damage and Destruction.

(a) Damage or destruction of any portion of the Premises by any cause shall not terminate this Agreement or otherwise affect the respective obligations of the two parties, any present or future law to the contrary notwithstanding, except pursuant to the provisions of this Paragraph 13.

(b) If because of the destruction or damage to the Premises, the Premises is entirely unsuitable or inadequate for the use specified herein, LGLL shall be entitled to a pro rata rebate of the fee paid to the Town calculated by dividing the Annual User Fee by the total number of hours of exclusive use as shown in Attachment A, Annual Schedule and then multiplying this calculated hourly rate by the number of hours remaining on the Annual Schedule after the date of the damage or destruction of the Premises.

(c) Under no circumstances does the Town have any obligation to provide LGLL with an alternative property to conduct its operations, and LGLL is solely responsible for obtaining



such insurance as LGLL deems appropriate to protect its interests should damage or destruction to the Premises occur.

(d) LGLL shall be liable for any loss, damage or injury to the field and/or premises as a result of the direct or indirect use of the premises by LGLL under this agreement.

14. Compliance with Town Code. LGLL shall comply with all provisions of the Town Code, including the provisions of Chapter 19 of the Code concerning Parks and Recreation.

15. Termination.

(a) LGLL shall promptly terminate its use of the Premises at the termination of this Agreement, leaving the Premises in the same condition it was received, in good order and repair, reasonable wear and tear and damage by the elements excepted. All improvements and alterations made by LGLL shall become the property of the Town upon termination of the Agreement without compensation by Town. Any personal property not removed by LGLL within thirty (30) days of the termination of this Use Agreement shall become the property of the Town and may be disposed of as the Town in its sole discretion deems advisable.

(b) This Agreement shall continue in full force and effect unless prior to February 1<sup>st</sup> of any calendar year, either Party provides written notice to the other Party that it desires to terminate the Agreement for convenience and, upon such notice, the Agreement shall terminate on June 30<sup>th</sup> of the same calendar year.

(c) If Town in its sole discretion determines that it requires the Premises for any public purpose, Town may terminate this Agreement upon one hundred eighty (180) days written notice. In the event of an emergency, Town may terminate this Agreement upon five (5) days written notice. "Emergency," for the purposes of this paragraph, is defined as when the Town Council declares a State of Emergency. Upon termination of this Agreement in the event of an Emergency, Town and LGLL will work cooperatively to develop a written plan for transition of services and vacation of Premises by LGLL.

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

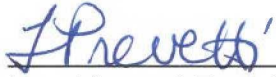
- a. Terminate LGLL's right to possession of the Premises by any lawful means, in which case this Agreement shall terminate and LGLL shall immediately surrender possession of the Premises to Town. In such event, Town shall be entitled to recover from LGLL any damages incurred by Town by reason of LGLL's default including but not limited to: the cost of recovering possession of the Premises and reasonable attorneys' fees.
- b. Pursue any other remedy now or hereafter available to Town under the laws of the State of California. Town shall have all remedies provided in law and equity.
- c. LGLL waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present and future law, in the event LGLL is evicted or Town otherwise lawfully takes possession of the Premises by reason of any default or breach of this Agreement by LGLL.

- d. If LGLL fails to remove any personal property belonging to LGLL from the Premises after forty-five (45) days of the expiration or termination of this Agreement, such property shall at the option of the Town be deemed to have been transferred to Town. Town shall have the right to remove and to dispose of such property without liability to LGLL or to any person claiming under LGLL, and the Town shall have no need to account for such property.
16. No Property Rights. Nothing in this Agreement is in any way intended to establish, convey, create or otherwise grant to LGLL any form of property rights in the Premises, nor shall such rights be established, conveyed, created or otherwise granted by LGLL's use of the Premises pursuant to this Agreement. LGLL hereby acknowledges that it currently has no property interest in the Premises or any improvements thereto or fixtures location thereon, and that any claim it may have to same is hereby and forever waived.
17. Notices. Any written correspondence or Notices given under this Agreement shall be addressed as follows:
- |                             |                                      |
|-----------------------------|--------------------------------------|
| To Los Gatos Little League: | To the Town:                         |
| President                   | Director                             |
| Los Gatos Little League     | Department of Parks and Public Works |
| 1190 Saratoga Avenue        | Town of Los Gatos                    |
| San Jose, CA 95129          | 41 Miles Avenue                      |
|                             | Los Gatos, CA 95030                  |
- Notices shall be delivered by first class, postage prepaid mail or in person. If mailed, a notice shall be deemed effective on the fifth day following deposit in the U.S. Mail.
18. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this License Agreement.
19. Entire Agreement. This Agreement constitutes the complete and exclusive statement of the Agreement between Town and LGLL. No terms, conditions, understanding or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.



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

Town of Los Gatos, by:



Laurel Prevetti, Town Manager

Los Gatos Little League, by:



Signature

RICK OLESER, PRESIDENT

Print Name and Title

Recommended by:



Matt Morley, Director of Parks and Public Works

Approved as to Form:



Robert Schultz, Town Attorney

Attest:



Town Clerk

**USE AGREEMENT  
BETWEEN THE TOWN OF LOS GATOS  
AND  
LOS GATOS LITTLE LEAGUE**

THIS AGREEMENT is dated for identification this 1<sup>st</sup> day of July 2022 and is made by and between TOWN OF LOS GATOS, State of California ("Town") and LOS GATOS Little League ("LGLL") identified as a nonprofit organization and whose address is 1190 Saratoga Avenue, San Jose, California 95129.

**I. RECITALS**

- 1.1 Town is the owner of two (2) baseball facilities, one located in Blossom Hill Park, commonly known as Baggerly Field, and one located at 41 Miles Ave, commonly known as Balzer Field.
- 1.2 LGLL is chartered under the rules of Little League Baseball, Inc, and the laws of the State of California, to provide organized baseball team practice and competition for Los Gatos youth aged four (4) to fifteen (15).
- 1.3 LGLL has conducted baseball programs at Baggerly and Balzer Fields under contract with the Town since 1958.
- 1.4 Town and LGLL each desire LGLL to continue to conduct its programs at Baggerly and Balzer Fields.
- 1.5 Town and LGLL each desire a new agreement setting forth the specific terms and conditions under which LGLL may use Baggerly and Balzer Fields, responsibility for maintenance of the fields, responsibility for the cost related to the use of the fields, and the circumstances under which LGLL may make capital improvements to the field.

**II. AGREEMENTS**

- 2.1 Subject Premises. The Premises covered by this Agreement are depicted in Exhibit A and are as follows:

Baggerly Field at Blossom Hill Park, consisting of:

1. One baseball diamond, including infield and outfield grass, and dirt
2. Fences and gates surrounding the field of play
3. All portable and fixed bleachers
4. One electronic scoreboard
5. One flagpole
6. Restrooms, snack shack building (includes one storage room and 2 bathrooms)
7. Two dugouts

ATTACHMENT 2

Balzer Field at 41 Miles Avenue, consisting of:

1. One baseball diamond, including infield and outfield grass, and dirt
2. Fences and gates surrounding the field of play
3. All portable and fixed bleachers
4. One electronic scoreboard
5. One flagpole
6. One batting cage
7. Restrooms, snack shack building (includes one storage room and 2 bathrooms)
8. Two dugouts

2.2 Use of Premises. LGLL shall have exclusive use of the Premises, except bathrooms and parking, which are open to the public at large, depicted in Exhibit A and are as follows:

January 1 to January 31:

1. Saturdays and Sundays from the time of opening of the Premises pursuant to the policies and procedures of the Town until dusk.

February 1 to July 31:

1. Monday through Friday, from 2:30 p.m. to dusk.
2. During designated Los Gatos Unified School District Vacation Days, use will be from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
3. Saturdays and Sundays, from the time of the opening Premises pursuant to the policies and procedures of the Town until dusk.

August 1 to August 31:

1. There shall be no designated exclusive use times. Use may be requested by LGLL through the Town and, granted if the Premises are available.

September 1 to October 31:

1. Monday through Friday, from 2:30 p.m. to dusk.
2. During designated Los Gatos Unified School District Vacation Days, use will be from the time of the opening of the Premises pursuant to the policies and procedures of the Town until dusk.
3. Saturdays and Sundays, from the time of the opening of the Premises pursuant to the policies and procedures of the Town, until dusk.

November 1 to December 31:

1. There shall be no designated exclusive use times. Use may be requested by LGLL through the Town and, granted if the Premises are available.

Baggerly and Balzer fields will remain unlocked and available for public use during LGLL non-exclusive use periods.

Town has the final say in establishing the master schedule. Town will attempt to accommodate user groups at their requested time but reserves the right to propose use hours that balance the needs of all user groups equitably.

- 2.3 Term of Agreement. Unless terminated sooner pursuant to Section 4.3 of this Agreement, the Use Agreement remains in effect from July 1, 2022 through June 30, 2027. The term of this Agreement may be extended for up to two additional five-year periods upon mutual written consent of the parties.
- 2.4 Maintenance. LGLL shall be fully responsible for maintaining the Premises, excluding the restrooms, and parking lots. LGLL shall pick up and dispose of the litter, trash, and recyclables in the restrooms and parking areas during the hours of exclusive use of the Premises as described in Sections 2.1 and 2.2 above. The maintenance of the playing facilities shall include but is not limited to cutting, fertilizing, watering, weed control, irrigation repairs, and modifications, replacing grass areas, dragging and filling holes in dirt areas, repairing and replacing premises fencing and backstops, and maintaining/replacing electronic scoreboards and bleachers. Town shall have the right to approve any vendor used by LGLL for landscape maintenance. LGLL shall submit information to Town about any proposed landscape maintenance vendor not less than 60 days prior to changing landscape maintenance companies. The snack shack shall be maintained in a clean and sanitary condition and shall comply with all Santa Clara County Health Department regulations pertaining to food services. Trash and recyclables must be properly disposed of. At no time during this contract shall LGLL make any changes to the security or modifications to Town owned structures without the consent of Town representatives. This includes and is not limited to interior/exterior locks, walls, and doors.
- 2.5 Capital Improvements and Repairs. LGLL shall not undertake any capital repairs or improvements to the Premises without first obtaining the written consent of Town and without obtaining all permits and approvals as required by Town Code, policies, and guidelines, or as otherwise required by law.

Should it become necessary to make any capital repairs or improvements to the common buildings (restroom/snack shack) of the Premises, including roof or plumbing repairs or replacement, LGLL shall pay its proportional share of the cost which is hereby agreed to be fifty percent (50%), but shall not exceed a total of twenty-five thousand dollars (\$25,000) over the initial term of this Agreement or any subsequent term. In the event that the cost of any capital repair or improvement exceeds five thousand (\$5,000), LGLL may make periodic payments of the amount in excess of five thousand (\$5,000) over the remaining term of this Agreement until the full amount has been paid. In no event shall any periodic payment be made in an amount less than five thousand (\$5,000) per year or the full amount not be paid. The necessity of such repairs or replacement shall be determined at the sole discretion of the Town, which shall provide LGLL with sixty (60) days written notice of its intent to undertake any such project. Town shall make all efforts to schedule repairs and replacements at dates and times that will minimize the impact on LGLL's operations, which shall include consulting with LGLL prior to scheduling any such work. LGLL shall cooperate fully and reasonably with Town's efforts to complete repairs or replacements. Town shall invoice LGLL for its share of repair or replacement cost, which shall be paid by LGLL within thirty (30) days of the invoice date.

In no event shall Town be responsible for the cost of any capital improvements or repairs to the Premises other than to the common buildings described herein. LGLL shall be solely responsible for all damage to the Premises or other property, whether real or personal, including broken glass, resulting in any way from LGLL's use of Premises. LGLL shall report to the Town the occurrences of all such damage within twenty-four (24) hours of occurrence or knowledge by the licensee, or, in the case of damage occurring between 5:00 p.m. on Friday through the dusk the following Saturday, by no later than 9:00 a.m. the following Monday. LGLL shall not be responsible for any damage to the Premises that occurs not related in any manner to LGLL's use of the Premises.

Any capital improvements or repairs, whether undertaken or paid for in part by Town or LGLL, shall be the sole property of the Town and shall remain with the Premises upon expiration or termination of this Licensee.

2.6 Annual Use Fee. Beginning July 1, 2022, and every year thereafter, LGLL shall pay the Town of Los Gatos an Annual Use Fee for the use of the Premises. The initial Annual Use Fee shall be \$6,600. The Annual Use Fee shall be considered full and fair compensation for the exclusive use of the facility for those days and times indicated on the Annual Schedule. On July 1, 2023, and each anniversary thereafter, the Annual User Fee shall be adjusted according to the percent change in the U. S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, All Items, All Urban Consumers, San Francisco-Oakland-San Jose, 1982-84-100 Index.

2.6 Facility Maintenance Fee. Beginning July 1, 2022, and continuing for the full term of this agreement, including any extensions, each participant in programs or classes offered by LGLL on Town premises will be charged a four (\$4.00) Facility Maintenance Fee (FMF) per season. The Facility Maintenance Fee shall be assessed by LGLL at the time of registration or any payment of program fees and shall be retained by LGLL in a separate account and remitted to the Town annually in conjunction with payment of the Annual Use Fee, no later than November 1 of each year this agreement is in force. Participants shall be charged an FMF for each distinct season at which registration and fees are typically collected by LGLL.

2.7 Payment. LGLL shall make all payments required pursuant to this Agreement, whether or not invoiced by Town, no later than November 1 of each year payments are due. All payments shall be mailed by first class mail or delivered in person at Town offices and addressed as follows:

Town of Los Gatos  
Attn: Finance Department  
P.O. Box 697  
Los Gatos, California 95031

2.8 Assignment. LGLL shall not assign any portion of this Agreement or allow the use of the Premises by any other person or entity contrary to the terms of this Agreement, without

ATTACHMENT 2

the prior written approval of Town. LGLL is expressly prohibited from use of the Premises for any activity other than activities sanctioned and associated with LGLL.

- 2.9 Personal Property. Personal property of LGLL shall be LGLL's sole responsibility to acquire, repair, replace and store. LGLL shall remove its personal property at the expiration or termination of this Agreement. Any personal property not so removed shall become the sole property of Town with no compensation.

### III. INSURANCE AND INDEMNIFICATION

#### 3.1 Minimum Scope of Insurance:

- i. LGLL agrees to have and maintain for the duration of this Agreement, General Liability insurance policies insuring LGLL, its elected and appointed officials, employees, and agents to an amount not less than two million dollars (\$2,000,000) combined single limit per occurrence for bodily injury, personal injury, and property damage. Insurance is to be placed with insurers with a current Best's rating of no less than B+.
- ii. LGLL agrees to have and maintain for the duration of this Agreement, an Automobile Liability insurance policy insuring the LGLL, its elected and appointed officials, employees, and agents to an amount not less than one million (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- iii. LGLL shall provide to the Town all certificates of insurance, with original endorsements affecting coverage. LGLL shall provide all certificates and endorsements before the term of the Agreement begins.

#### General Liability:

- i. The Town, its elected and appointed officials, employees, and agents are to be covered as additional insured with respect to liability arising out of activities occurring on or related to the occupancy and use of the Premises by LGLL.
- ii. LGLL insurance coverage shall be primary insurance as respects the Town, its elected and appointed officials, employees, and agents. Any insurance or self-insurance maintained by the Town, its elected and appointed officials, employees, or agents shall be in excess of the LGLL's insurance and shall not contribute to it.
- iii. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the Town, its elected or appointed officials, employees, or agents.

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

- 3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. The LGLL shall ensure that current certification of such insurance is on file at all times with the Town Clerk during the term of this agreement.
- 3.3 Workers' Compensation. Workers' Compensation. In addition to these policies, LGLL shall have and maintain Workers' Compensation insurance as required by California law. Further, LGLL shall ensure that all contractors employed on the Premises by the LGLL provide the required Workers' Compensation insurance for their respective employees.
- 3.4 Property Insurance. Town shall have no obligation to maintain any insurance of the Premises or any personal property placed on the Premises. LGLL shall be solely responsible for obtaining whatever insurance coverage that LGLL believes may be appropriate to protect and indemnify LGLL for loss to the Premises or to any personal property that LGLL may place on the Premises.
- 3.5 Indemnification. LGLL agrees to indemnify, hold harmless, and defend the Town, its elected and appointed officials, employees, and agents, from and against any and all damages, claims or liability, penalties, costs, or expenses in law or equity that may at any time arise from any loss, damage, or injury to persons or property occurring in or about the Premises that arises out of or incident to the LGLL's use of the Premises, including use by anyone that the LGLL has permitted or allowed to use the Premises. This obligation to indemnify, hold harmless, and defend applies whether or not the incident or claim or liability is or may be related to negligence on the part of the Town.

#### IV. GENERAL TERMS

- 4.1 Damage and Destruction. Damage or destruction of any portion of the Premises by any cause shall not terminate this Agreement or otherwise affect the respective obligations of the two parties, any present or future law to the contrary notwithstanding, except pursuant to the provisions of this Section 4.1.

If because of the destruction or damage to the Premises, the Premises is entirely unsuitable or inadequate for the use specified herein, the Town and/or LGLL shall be entitled to terminate the Agreement.

Under no circumstances does the Town have any obligation to provide LGLL with an alternative property to conduct its operations, and LGLL is solely responsible for obtaining such insurance as LGLL deems appropriate to protect its interests should damage or destruction to the Premises occur.

LGLL shall be liable for any loss, damage or injury to the field and/or Premises as a result of the direct or indirect use of the Premises by LGLL under this agreement.

- 4.2 Facilities Use Policies. LGLL shall comply, without limitation, with all applicable provisions of the Los Gatos Town Code, with special attention to Chapter 19, Parks and Recreation provisions. LGLL shall also comply with any park rules and regulations established by the Director of Parks and Public Works pursuant to Section 19.10.025(17) of the Town Code, including those rules set forth in Attachment A, Town of Los Gatos Park Rules and Regulations. LGLL agrees to apply with the current rules and regulations available at [www.losgatosca.gov/parkres](http://www.losgatosca.gov/parkres) as well as any future amendments to those rules and regulations. Failure to comply with these policies may result in suspension and/or termination of this Agreement.

LGLL agrees to comply with the state "Fair Play in Community Sports Act." LGLL will not discriminate on the basis of gender and boys' and girls' teams will have equal access to the

- 4.3 Termination of Agreement. LGLL shall promptly terminate its use of the Premises at the termination of this Agreement, leaving the Premises in the same condition it was received, in good order and repair, reasonable wear and tear, and damage by the elements excepted. All improvements and alterations made by LGLL shall become the property of the Town upon the termination of the Agreement without compensation by the Town. Any personal property not removed by LGLL within thirty (30) days of the termination of this Use Agreement shall become the property of the Town and may be disposed of as the Town in its sole discretion deems advisable.

This Agreement shall continue in full force and effect unless prior to February 1st of any calendar year, either Party provides written notice to the other Party that it desires to terminate the Agreement for convenience and, upon such notice, the Agreement shall terminate on June 30th of the same calendar year.

If Town in its sole discretion determines that it requires the Premises for any public purpose, Town may terminate this Agreement upon one hundred eighty (180) days written notice. In the event of an emergency, Town may terminate this Agreement upon five (5) days written notice. "Emergency," for the purpose of this paragraph, is defined as when the Town Council declares the State of Emergency. Upon termination of this Agreement in the event of an Emergency, Town and LGLL will work cooperatively to develop a written plan for the transition of services and vacation of Premises by LGLL.

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

Terminate LGLL's right to possession of the Premises by any lawful means, in which case this Agreement shall terminate and LGLL shall immediately surrender possession of the



Premises to Town. In such event, Town shall be entitled to recover from LGLL any damages incurred by Town by reason of LGLL's default including but not limited to: the cost of recovering possession of the Premises and reasonable attorneys' fees.

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

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

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

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

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

To Los Gatos Little League:  
President  
Los Gatos Little League  
1190 Saratoga Avenue  
San Jose, CA 95129

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

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

- 4.6 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this License Agreement.
- 4.7 Entire Agreement. This Agreement constitutes the complete and exclusive statement of the Agreement between Town and LGLL. No terms, conditions, understanding, or

agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

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

Town of Los Gatos:

Los Gatos Little League:

\_\_\_\_\_  
Laurel Prevetti, Town Manager

Recommended by:

\_\_\_\_\_  
Nicolle Burnham  
Director of Parks and Public Works

\_\_\_\_\_  
President

Approved as to Form:

\_\_\_\_\_  
Gabrielle Whelan, Town Attorney

Attest:

\_\_\_\_\_  
Wendy Wood, CMC, Town Clerk

ATTACHMENT 2



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 7

---

DATE: February 6, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a Use Agreement with West Valley Red Hawks Lacrosse Club

**RECOMMENDATION:**

Authorize the Town Manager to execute a Use Agreement with West Valley Red Hawks Lacrosse Club.

**BACKGROUND:**

West Valley Red Hawks Lacrosse Club (Red Hawks) is a non-profit, club-sponsored program run by volunteers and parent coaches established in 2004 to bring the sport of lacrosse to the Los Gatos-Saratoga area. Red Hawks is an affiliate of the Northern California Junior Lacrosse Association (NCJLA) and as such, its coaches, players, officials, and parents are required to abide by the United States Lacrosse "Code of Conduct" that embodies basic common-sense principles, demonstrates consideration of others, and projects a positive image to the boys and girls that participate in their programs.

The Red Hawks were one of the community partners that supported the acquisition and development of the Creekside Sports Park. The Town entered into an agreement with Red Hawks on 7/16/2014 (Attachment 1) and this agreement expired on 6/30/2020.

In accordance with Council action taken on April 21, 2020 (item #12), use charges were waived during 2020, 2021, and the first 6 months of 2022. A contract renewal was not executed during that period.

The Red Hawks are interested in continuing to use the Creekside Sports Park. Should the Town Council agree, the draft agreement (Attachment 2) includes hours of use; responsibility for

**PREPARED BY:** Meredith Johnston  
Administrative Technician

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

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SUBJECT: Authorize the Town Manager to Execute a Use Agreement with West Valley Red Hawks Lacrosse Club

DATE: February 6, 2023

BACKGROUND (continued):

maintenance of the fields and adjacent grounds; use and maintenance of associated facilities and structures; storage of Red Hawks goods and equipment; and other related items. These terms are similar to past agreements with Red Hawks for Creekside.

DISCUSSION:

This Use Agreement is retroactive to July 1, 2022 and focuses on the terms for exclusive use at Creekside Sports Park.

The main proposed terms of the agreement are as follows:

1. The term of the agreement is five years and may be extended for up to two additional five-year periods upon mutual written consent of the parties.
2. Red Hawks shall have exclusive use of the Premises, except bathrooms and parking, which are open to the public at large, only during those times and dates as shown on "Annual Schedules". The Annual Schedule shall cover camps and classes for the Winter, Spring, Summer, and Fall sessions.
3. Red Hawks shall pay the Town of Los Gatos an Annual Use Fee of \$6,500 for the use of the Premises.
4. Red Hawks shall pay the Town of Los Gatos a Facility Maintenance Fee (FMF) of \$4.00 per participant per program or class offered by Red Hawks at Creekside Sports Park
5. Red Hawks shall perform maintenance as set forth in the Maintenance Responsibilities section of the Agreement.
6. Red Hawks shall comply, without limitation, with all applicable provisions of the Los Gatos Town Code, with special attention to Chapter 19, Parks and Recreation provisions. Red Hawks shall also comply with any park rules and regulations established by the Director of Parks and Public Works pursuant to Section 19.10.025(17) of the Town Code, including those rules set forth in Town of Los Gatos Park Rules and Regulations and Town of Los Gatos Creekside Sports Park Special Use Policies.

Creekside Sports Park offers a large artificial turf field for year-round sporting activities and events. This agreement will allow the Red Hawks the ability to utilize 20% of the available hours at Creekside while Los Gatos United Soccer League's agreement allows them the ability

PAGE 3 OF 3

SUBJECT: Authorize the Town Manager to Execute a Use Agreement with West Valley Red Hawks Lacrosse Club

DATE: February 6, 2023

DISCUSSION (continued):

to utilize 80% of the available hours at Creekside. When the two sports clubs are not using the field, Creekside is open to the public.

CONCLUSION:

Staff is recommending that the Town Council authorize the Town Manager to execute a Use Agreement between the Town of Los Gatos and West Valley Red Hawks Lacrosse Club.

FISCAL IMPACT:

Approval of the use agreement with Red Hawks for the use of Creekside Sports Park would result in annual revenue of \$6,500 and on July 1, 2023, and each anniversary thereafter, the Annual User Fee shall be adjusted according to the percent change in the U. S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, All Items, All Urban Consumers, San Francisco-Oakland-San Jose, 1982-84-100 Index, plus \$4.00 per participant per class or program. Payments will be made to the Town of Los Gatos by Red Hawks on an annual basis.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Prior Use Agreement
2. Proposed Use Agreement between the Town of Los Gatos and West Valley Red Hawks Lacrosse Club

**FIRST AMENDMENT  
TO  
USE AGREEMENT  
BETWEEN THE TOWN OF LOS GATOS AND WEST VALLEY RED HAWKS LACROSSE  
CLUB  
FOR USE OF THE LOS GATOS CREEKSIDE SPORTS PARK**

This FIRST AMENDMENT to USE AGREEMENT is entered into this 17<sup>th</sup> day of May, 2018, by and between the **TOWN OF LOS GATOS**, State of California ("Town"), and **WEST VALLEY RED HAWKS LACROSSE CLUB**, a California nonprofit corporation ("Red Hawks").

**RECITALS**

- A. Town and Red Hawks entered into a Use Agreement on July 16, 2014, for use of the Los Gatos Creekside Sports Park, a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment.
- B. Town and Red Hawks mutually desire to extend the term of the existing Use Agreement for one three-year period.

**FIRST AMENDMENT**

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

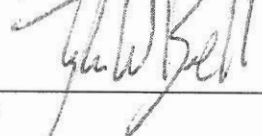
1. The term of this Agreement shall be extended for one additional three-year term as outlined in section 3 of the Use Agreement from July 1, 2017 through June 30, 2020.
2. All other Terms and Conditions of the Use Agreement shall remain in effect.

IN WITNESS WHEREOF:

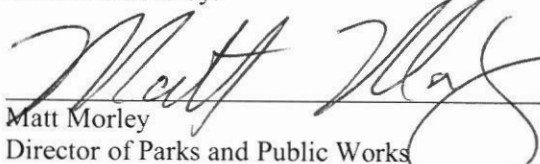
**Town of Los Gatos, by:**

  
\_\_\_\_\_  
Laurel Prevetti, Town Manager

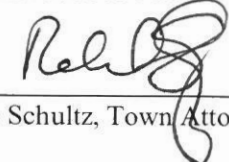
**West Valley Red Hawks Lacrosse Club, by:**

  
\_\_\_\_\_  
Signature  
Tyler Bell, President, West Valley Red Hawks  
\_\_\_\_\_  
Print Name and Title

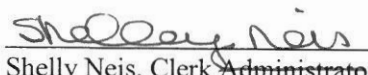
Recommended by:

  
\_\_\_\_\_  
Matt Morley  
Director of Parks and Public Works

Approved as to Form:

  
\_\_\_\_\_  
Rob Schultz, Town Attorney

Attest:

 2/5/19  
\_\_\_\_\_  
Shelly Neis, Clerk Administrator  
Town

**USE AGREEMENT  
BETWEEN THE TOWN OF LOS GATOS  
AND  
WEST VALLEY RED HAWKS LACROSSE CLUB**

This USE AGREEMENT is entered into this 7/16 day \_\_\_\_\_, 2014, by and between the **TOWN OF LOS GATOS**, State of California ("Town"), and **WEST VALLEY RED HAWKS LACROSSE CLUB** ("Red Hawks")

**RECITALS**

- A. Town is the owner of Creekside Sports Park, located at 930 University Avenue, Los Gatos, California.
- B. The Red Hawks is a non-profit, club sponsored program run by volunteers and parent coaches established in 2004 to bring the sport of lacrosse to the Los Gatos-Saratoga area, with boys teams ranging from 2<sup>nd</sup> through 8<sup>th</sup> grade and girls teams from 2<sup>nd</sup> through 6<sup>th</sup> grade, which will expand to 7<sup>th</sup> and 8<sup>th</sup> grade in the future.
- C. Red Hawks is an affiliate of the Northern California Junior Lacrosse Association (NCJLA) and as such, its coaches, players, officials and parents are required to abide by the United States Lacrosse "Code of Conduct" that embodies basic common sense principles, demonstrates consideration of others, and projects a positive image to the boys and girls that participate in their programs.
- D. The Red Hawks were one of the community partners that supported the acquisition and development of the Creekside Sports Park.
- E. Town and Red Hawks each desire an agreement between them setting forth the specific terms and conditions under which the Red Hawks may use the Creekside Sports Park, including: hours of use; responsibility for maintenance of the fields and adjacent grounds; use and maintenance of associated facilities and structures, storage of Red Hawks goods and equipment; and other related items.

**AGREEMENT**

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

- 1. Subject Premises. The Premises covered by this Agreement is the Creekside Sports Park, located at 930 University Avenue, Los Gatos, California. A drawing depicting the Premises is attached hereto and incorporated by reference (Attachment A).
- 2. Use of Premises. Red Hawks shall have exclusive use of the Premises, except bathrooms and parking, which are open to the public at large, only during those times and dates as shown on Attachment B, "Annual Schedule". No later than October 15th of each year this Agreement is in force, Red Hawks and Town staff shall meet to develop an Annual Schedule for the following calendar year. Town retains the right to use or authorize the use of the Premises for all dates and times not allocated to Red Hawks in the Annual Schedule.

Red Hawks may request changes to the Annual Schedule by written notification to the Department of Parks and Public Works, but shall endeavor to minimize changes to the schedule

during each calendar year. All changes should be made in writing no less than 30 days prior to the effective date of the change. The Town of Los Gatos shall have sole authority to approve the Annual Schedule and any requested changes to the Annual Schedule.

3. Term of Agreement. Unless terminated sooner pursuant to Section 16 of this Agreement, this Agreement shall expire on June 30, 2017. The term of this Agreement may be extended for up to two additional three year periods upon mutual written consent of the parties.
4. Annual Use Fee. Beginning July 1, 2014, and every year thereafter, Red Hawks shall pay the Town of Los Gatos an Annual Use Fee for the use of the Premises. The initial Annual Use Fee shall be \$5,000. The Annual Use Fee shall be considered full and fair compensation for exclusive use of the facility for those days and times indicated on the Annual Schedule. On July 1, 2015, and each anniversary thereafter, the Annual User Fee shall be adjusted according to the percent change in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, *All Items, All Urban Consumers, San Francisco-Oakland-San Jose, 1982-84-100 Index*.
5. Facility Maintenance Fee. Beginning July 1, 2014, and continuing for the full term of this agreement, including any extensions, each participant in the Red Hawks Lacrosse program using the Creekside Sports Park will be charged a \$2.00 Facility Maintenance Fee (FMF) per season. The Facility Maintenance Fee shall be assessed by the Red Hawks at the time of registration or and payment of program fees, and shall be retained by the Red Hawks in a separate account and remitted to the Town annually in conjunction with payment of the Annual Use Fee, no later than July 1 of each year this agreement is in force. Participants shall be charged a FMF for each distinct season at which registration and fees are typically collected by the Red Hawks.

FMF revenue received by the Town from the Red Hawks shall be used solely to fund the cost of maintenance and operations of the Premises.
6. Additional Annual Use Fee Adjustment. Should Red Hawks increase or decrease its requested hours of use as set forth in Attachment B, Annual Schedule, by 5% or more, the Annual Use Fee shall be adjusted proportionally based on the percentage change in hours. In no case shall the Annual Use Fee be decreased by more than 10% below the initial Annual Use Fee set forth in Section 4.
7. Maintenance. Red Hawks shall be responsible for the maintenance responsibilities set forth in Attachment C, Maintenance Responsibilities.
8. Facility Use Policies. Red Hawks shall comply, without limitation, to all applicable provisions of the Los Gatos Town Code, with special attention to the provisions of Chapter 19, Parks and Recreation. Red Hawks shall also comply with any park rules and regulations established by the Director of Parks and Public Works pursuant to Section 19.10.025(17) of the Town Code, including those rules set forth in Attachment D, Town of Los Gatos Park Rules and Regulations, and Attachment E, Town of Los Gatos Creekside Sports Park Special Use Policies. Failure to comply with these policies may result in suspension and/or termination of this agreement.
9. Payment. Red Hawks shall make all payments required pursuant to this Agreement, whether or not invoiced by Town, no later than July 1 of each year payments are due. All payments shall be mailed by first class mail or delivered in person at Town offices and addressed as follows:



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

10. Assignment. Red Hawks shall not assign any portion of this Agreement, or allow any use of the Premises by any other person or entity contrary to the terms of this Agreement, without prior written approval of Town. Red Hawks is expressly prohibited from use of the Premises for any activity other than activities sanctioned and associated with Red Hawks.
11. Personal Property. Personal property of Red Hawks shall be Red Hawks' sole responsibility to acquire, repair, replace and store. Red Hawks shall remove its personal property at the expiration or termination of this Agreement. Any personal property not so removed shall become the sole property of Town with no compensation.
12. Insurance.
  - (a) Minimum Scope of Insurance:
    - (i) Red Hawks agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring the Red Hawks, its officers and employees to an amount not less than: one million dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. Insurance is to be placed with insurers with a current Best's rating of no less than B+.
    - (ii) Red Hawks agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy insuring the Red Hawks, its officers and employees to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
    - (iii) Red Hawks shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Red Hawks shall provide all certificates and endorsements before term of Agreement begins.
  - (b) General Liability:
    - (i) The Town, its officers, employees and volunteers are to be covered as additional insured as respects to liability arising out of activities occurring on or related to the occupancy and use of the Premises by the Red Hawks.
    - (ii) The Red Hawks insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Town, its officials, employees or volunteers shall be excess of the Red Hawks insurance and shall not contribute with it.
    - (iii) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.
    - (iv) The Red Hawks insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

- (c) All Coverages. Each insurance policy required in this Paragraph 12 shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. The Red Hawks shall ensure that current certification of such insurance is on file at all times with the Town Clerk during the term of this agreement.
  - (d) Workers' Compensation. In addition to these policies, Red Hawks shall have and maintain Workers' Compensation insurance as required by California law. Further, Red Hawks shall ensure that all contractors employed on the Premises by the Red Hawks provide the required Workers' Compensation insurance for their respective employees.
  - (e) Property Insurance. Town shall have no obligation to maintain any insurance of the Premises or any personal property placed on the Premises. Red Hawks shall be solely responsible for obtaining whatever insurance coverage that the Red Hawks believes may be appropriate to protect and indemnify the Red Hawks for loss to the Premises or to any personal property that the Red Hawks may place on the Premises.
- 13. Indemnification. Red Hawks agrees to indemnify, hold harmless, and defend the Town, its officers, employees, volunteers, and agents, from and against any and all damages, claims or liability, penalties, costs or expenses in law or equity that may at any time arise from any loss, damage, or injury to persons or property occurring in or about the Premises that arises out of or incident to the Red Hawks' use of the Premises, including use by anyone that the Red Hawks has permitted or allowed to use the Premises. This obligation to indemnify, hold harmless, and defend applies whether or not the incident or claim or liability is or may be related to negligence on the part of the Town.
- 14. Damage and Destruction.
  - (a) Damage or destruction of any portion of the Premises by any cause shall not terminate this Agreement or otherwise affect the respective obligations of the two parties, any present or future law to the contrary notwithstanding, except pursuant to the provisions of this Paragraph 13.
  - (b) If because of the destruction or damage to the Premises, the Premises is entirely unsuitable or inadequate for the use specified herein, Red Hawks shall be entitled to a pro rata rebate of the fee paid to the Town calculated by dividing the Annual User Fee by the total number of hours of exclusive use as shown in Attachment A, Annual Schedule and then multiplying this calculated hourly rate by the number of hours remaining on the Annual Schedule after the date of the damage or destruction of the Premises.
  - (c) Under no circumstances does the Town have any obligation to provide the Red Hawks with an alternative property to conduct its operations, and the Red Hawks is solely responsible for obtaining such insurance as the Red Hawks deems appropriate to protect its interests should damage or destruction to the Premises occur.
  - (d) Red Hawks shall be liable for any loss, damage or injury to the field and/or Sports Park premises as a result of the direct or indirect use of the premises by Red Hawks under this agreement.
- 15. Compliance with Town Code. Red Hawks shall comply with all provisions of the Town Code, including the provisions of Chapter 19 of the Code concerning Parks and Recreation.

16. Termination.

- (a) Should Town terminate prior to the end of the term of this Agreement, Red Hawks shall be entitled to a pro rata rebate of the Annual Use Fee calculated by dividing the Annual User Fee by the total number of hours of exclusive use as shown in Attachment B, Annual Schedule and then multiplying this calculated hourly rate by the number of hours remaining on the Annual Schedule after the effective date of termination.
- (b) Red Hawks shall promptly terminate its use of the Premises at the termination of this Agreement, leaving the Premises in the same condition it was received, in good order and repair, reasonable wear and tear and damage by the elements excepted. All improvements and alterations made by the Red Hawks shall become the property of the Town upon termination of the Agreement without compensation by Town. Any personal property not removed by the Red Hawks within thirty (30) days of the termination of this License Agreement shall become the property of the Town and may be disposed of as the Town in its sole discretion deems advisable.
- (c) This Agreement shall continue in full force and effect unless prior to February 1<sup>st</sup> of any calendar year, either Party provides written notice to the other Party that it desires to terminate the Agreement for convenience and, upon such notice, the Agreement shall terminate on June 30<sup>th</sup> of the same calendar year.
- (d) If Town in its sole discretion determines that it requires the Premises for any public purpose, Town may terminate this Agreement upon one hundred eighty (180) days written notice. In the event of an emergency, Town may terminate this Agreement upon five (5) days written notice. "Emergency," for the purposes of this paragraph, is defined as when the Town Council declares a State of Emergency. Upon termination of this Agreement in the event of an Emergency, Town and Red Hawks will work cooperatively to develop a written plan for transition of services and vacation of Premises by Red Hawks.
- (e) In the event of any material default or breach by Red Hawks, Town may at any time thereafter, following any notice required by statute, and without limiting Town in the exercise of any right or remedy which may have reason of such default or breach:
  - a. Terminate Red Hawks' right to possession of the Premises by any lawful means, in which case this Agreement shall terminate and Red Hawks shall immediately surrender possession of the Premises to Town. In such event, Town shall be entitled to recover from Red Hawks any damages incurred by Town by reason of Red Hawks' default including but not limited to: the cost of recovering possession of the Premises and reasonable attorneys' fees.
  - b. Pursue any other remedy now or hereafter available to Town under the laws of the State of California. Town shall have all remedies provided in law and equity.
- (f) Red Hawks waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present and future law, in the event Red Hawks is evicted or Town otherwise lawfully takes possession of the Premises by reason of any default or breach of this Agreement by Red Hawks.
- (g) If Red Hawks fails to remove any personal property belonging to Red Hawks from the Premises after forty-five (45) days of the expiration or termination of this Agreement, such

property shall at the option of the Town be deemed to have been transferred to Town. Town shall have the right to remove and to dispose of such property without liability to Red Hawks or to any person claiming under Red Hawks, and the Town shall have no need to account for such property.

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

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

To the Red Hawks:  
President  
West Valley Red Hawks Lacrosse Club  
126 Twin Oaks Drive  
Los Gatos, CA 95032

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

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


19. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this License Agreement.
20. Entire Agreement. This Agreement constitutes the complete and exclusive statement of the Agreement between Town and Red Hawks. No terms, conditions, understanding or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

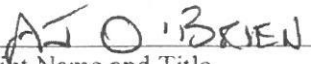
IN WITNESS WHEREOF:

Town of Los Gatos, by:

  
\_\_\_\_\_  
Greg Larson, Town Manager

West Valley Red Hawks Lacrosse Club, by:

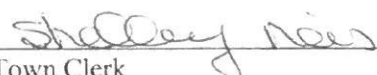
  
\_\_\_\_\_  
Signature

 AJ O'BRIEN, PRESIDENT  
\_\_\_\_\_  
Print Name and Title

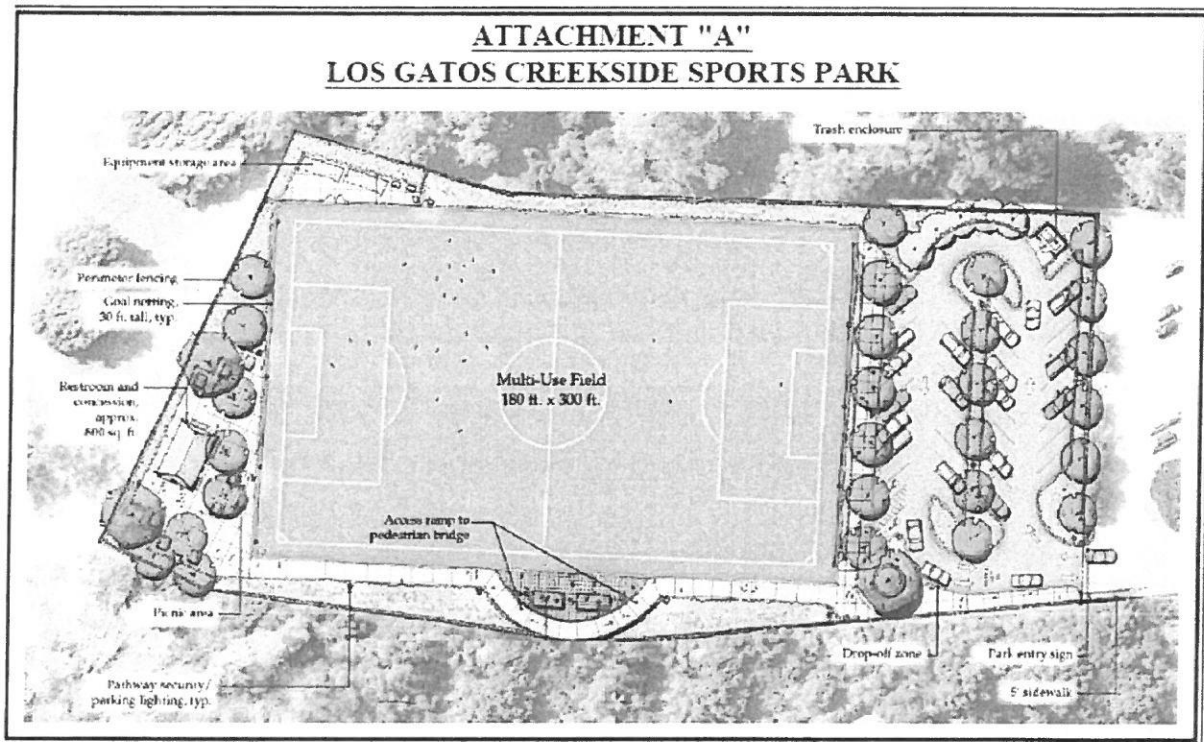
Approved as to Form:

  
\_\_\_\_\_  
Robert Schultz, Town Attorney

Attest:

  
\_\_\_\_\_  
Town Clerk

ATTACHMENT A  
CREEKSIDE SPORTS PARK



**ATTACHMENT B**  
**ANNUAL USE SCHEDULE**

# January 2015

January 2015							February 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
							1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31							

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Dec 28	29	30	31	Jan 1, 15	2	3
4	5 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	6	7 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	8	9	10 9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
11	12 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	13	14 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	15	16	17 9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
18	19 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	20	21 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	22	23	24 9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
25	26 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	27	28 3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)	29	30	31 9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)

Dorrie Romero

# February 2015

February 2015							March 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
							29	30	31				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>Feb 1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)

Feb 1 - 7

Feb 8 - 14

Feb 15 - 21

Feb 22 - 28

Dorrie Romero

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5/15/2014 7:26 AM



# March 2015

March 2015							April 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	5	6	7	8	9	10	11
8	9	10	11	12	13	14	12	13	14	15	16	17	18
15	16	17	18	19	20	21	19	20	21	22	23	24	25
22	23	24	25	26	27	28	26	27	28	29	30		
29	30	31											

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>Mar 1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>29</b>	<b>30</b>	<b>31</b>	<b>Apr 1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)					

Dorrie Romero

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5/15/2014 7:26 AM

# April 2015

April 2015

Su	Mo	Tu	We	Th	Fr	Sa
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May 2015

Su	Mo	Tu	We	Th	Fr	Sa
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>Mar 29</b>	<b>30</b>	<b>31</b>	<b>Apr 1</b>	<b>2</b>	<b>3</b>	<b>4</b>
			3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>May 1</b>	<b>2</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			

Mar 29 - Apr 4

Apr 5 - 11

Apr 12 - 18

Apr 19 - 25

Apr 26 - May 2

Dorrie Romero

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5/15/2014 7:26 AM

# May 2015

May 2015							June 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
3	4	5	6	7	8	9	1	2	3	4	5	6	7
10	11	12	13	14	15	16	7	8	9	10	11	12	13
17	18	19	20	21	22	23	14	15	16	17	18	19	20
24	25	26	27	28	29	30	21	22	23	24	25	26	27
31							28	29	30				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>Apr 26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>May 1</b>	<b>2</b>
						9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			9:00am 1:00pm WVRHL Games (Los Gatos Creekside Sports Park)
<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>
	3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)		3:30pm 7:00pm WVRHL Practice (Los Gatos Creekside Sports Park)			
<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>
<b>31</b>	<b>Jun 1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>

Dorrie Romero

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5/15/2014 7:26 AM

# June 2015

June 2015							July 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6		1	2	3	4	5	6	7
7	8	9	10	11	12	13	8	9	10	11	12	13	14
14	15	16	17	18	19	20	15	16	17	18	19	20	21
21	22	23	24	25	26	27	22	23	24	25	26	27	28
28	29	30					29	30	31				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
May 31	Jun 1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	Jul 1	2	3	4
Jun 28 - Jul 4						
Jun 21 - 27						
Jun 14 - 20						
Jun 7 - 13						
May 31 - Jun 6						

Dorrie Romero

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5/15/2014 7:26 AM

# July 2015

July 2015							August 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
5	6	7	8	9	10	11	2	3	4	5	6	7	1
12	13	14	15	16	17	18	9	10	11	12	13	14	15
19	20	21	22	23	24	25	16	17	18	19	20	21	22
26	27	28	29	30	31		23	24	25	26	27	28	29
							30	31					

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Jun 28	29	30	Jul 1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
9:00am 1:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
19	20	21	22	23	24	25
9:00am 1:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
26	27	28	29	30	31	Aug 1
9:00am 1:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						

Jun 28 - Jul 4

Jul 5 - 11

Jul 12 - 18

Jul 19 - 25

Jul 26 - Aug 1

Dorrie Romero

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5/15/2014 7:26 AM

# August 2015

August 2015							September 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
2	3	4	5	6	7	8	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26
23	24	25	26	27	28	29	27	28	29	30			
30	31												

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Jul 26	27	28	29	30	31	Aug 1
2	3	4	5	6	7	8
9:00am 1:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
9	10	11	12	13	14	15
9:00am 1:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
16	17	18	19	20	21	22
9:00am 1:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
23	24	25	26	27	28	29
30	31	Sep 1	2	3	4	5

Dorrie Romero

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5/15/2014 7:26 AM

# September 2015

September 2015							October 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
6	7	1	2	3	4	5	4	5	6	7	8	9	10
13	14	15	16	17	18	19	11	12	13	14	15	16	17
20	21	22	23	24	25	26	18	19	20	21	22	23	24
27	28	29	30				25	26	27	28	29	30	31

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Aug 30	31	Sep 1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	Oct 1	2	3
Sep 27 - Oct 3						

Dorrie Romero

# October 2015

October 2015							November 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
4	5	6	7	8	9	10	1	2	3	4	5	6	7
11	12	13	14	15	16	17	8	9	10	11	12	13	14
18	19	20	21	22	23	24	15	16	17	18	19	20	21
25	26	27	28	29	30	31	22	23	24	25	26	27	28

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Sep 27	28	29	30	Oct 1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Sep 27 - Oct 3

Oct 4 - 10

Oct 11 - 17

Oct 18 - 24

Oct 25 - 31

Dorrie Romero

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5/15/2014 7:26 AM



# November 2015

November 2015							December 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30						29	30	31				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Nov 1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	Dec 1	2	3	4	5
Nov 29 - Dec 5 3:00pm 5:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						

Dorrie Romero

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5/15/2014 7:26 AM

# December 2015

December 2015							January 2016						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30
							31						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>Nov 29</b>	<b>30</b>	<b>Dec 1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
3:00pm 5:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
3:00pm 5:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>
3:00pm 5:00pm WVRHL Field Time (Los Gatos Creekside Sports Park)						
<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>Jan 1, 16</b>	<b>2</b>
Dec 27 - Jan 2						

Dorrie Romero

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## **ATTACHMENT C**

### **MAINTENANCE RESPONSIBILITIES**

**Red Hawks shall be responsible for the following:**

1. Following each scheduled use, pick up and deposit in receptacles or dumpsters all recyclables, litter and trash from field, walkways, building areas and parking lot.
2. Emptying of receptacles and recycling containers on an "as-needed" basis during or following scheduled use, particularly during tournaments or other heavy use events.
3. Maintaining all lacrosse goals and associated equipment, and ensuring that they are used in a safe and secure manner.

**The Town of Los Gatos shall be responsible for the following:**

1. Opening and closing of premises and restrooms.
2. Cleaning and restocking of restrooms on a daily basis.
3. Providing extra liners for garbage and recycling receptacles as may be needed by Red Hawks.
4. Maintenance of building, parking lot and security lighting.
5. Landscape and irrigation maintenance.
6. Maintenance of all structures, walkways, hardscape, fencing, gates and other surfaces.
7. Field maintenance including twice-a-year relining of the field, once prior to February 20<sup>th</sup>, and the second time at the discretion of the Town.
8. Parking lot sweeping.
9. Graffiti abatement.

## ATTACHMENT D

### TOWN OF LOS GATOS PARK RULES AND REGULATIONS

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

#### General

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

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

Parking at all other Parks: Free

#### No Smoking

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

#### Food & Alcohol

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

#### Decorations & Signs

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

#### Dogs

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

### **Miscellaneous**

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

### **Clean-Up**

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

### **Reservations**

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

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

### Permits

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

### Jump Houses

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

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

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

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

#### **Vehicle Escort**

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

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

## ATTACHMENT E

### TOWN OF LOS GATOS CREEKSIDE SPORTS PARK SPECIAL USE POLICIES

All park users shall comply with the provisions of Chapter 19, Parks and Recreation of the Los Gatos Town Code; Park Rules and Regulations established by the Director of Parks and Public Works pursuant to Section 19.10.025(17) of the Los Gatos Town Code; and these Special Rules and Regulations, also established pursuant to Section 19.10.025(17) of the Los Gatos Town Code. Permitted groups have priority use and other users shall promptly vacate field upon request by permitted users

#### **No Smoking**

- Smoking of any substance and use of any tobacco product, including chewing tobacco, is prohibited.

#### **Artificial Turf Field and Warm Up Area Use**

- No metal cleats or spikes allowed.
- No metal stakes, such as umbrellas or shade structures permitted.
- No bare feet.
- No spitting on artificial turf surfaces.
- No vehicles allowed on field or warm-up area
- No marking or painting of turf unless approved by the Town of Los Gatos.
- No golfing or use of golf clubs.
- No discus, hammer, javelin or other field events permitted.

#### **Food & Beverages**

- No alcoholic beverages permitted within Creekside Sports Park.
- No open fires, flames or portable barbecues (gas or charcoal) permitted.
- No chewing gum or sunflower seeds allowed within Creekside Sports Park.
- No food or beverages allowed on playing field other than water.
- No glass bottles or containers allowed on field or warm-up areas.

#### **Dogs and Other Animals**

- No dogs or other animals allowed except for certified guide animals.

#### **Signage**

- Signs may be affixed with string, rope or ties only. No tape, tacks, staples, or nails allowed.
- All signage and ties must be removed after use.
- No staking of any team signs or banners allowed.



**USE AGREEMENT  
BETWEEN THE TOWN OF LOS GATOS  
AND  
WEST VALLEY RED HAWKS LACROSSE CLUB**

THIS AGREEMENT is dated for identification this 1<sup>st</sup> day of July 2022 and is made by and between TOWN OF LOS GATOS, State of California ("Town") and WEST VALLEY RED HAWKS LACROSSE CLUB ("Red Hawks") identified as a nonprofit organization and whose address is 15151 Old Ranch Road, Los Gatos, California 95033.

**I. RECITALS**

- 1.1 Town is the owner of Creekside Sports Park, located at 930 University Avenue, Los Gatos, California.
- 1.2 The Red Hawks is a non-profit, club-sponsored program run by volunteers and parent coaches established in 2004 to bring the sport of lacrosse to the Los Gatos-Saratoga area.
- 1.3 Red Hawks is an affiliate of the Northern California Junior Lacrosse Association (NCJLA) and as such, its coaches, players, officials, and parents are required to abide by the United States Lacrosse "Code of Conduct" that embodies basic common-sense principles, demonstrates consideration of others, and projects a positive image to the boys and girls that participate in their programs.
- 1.4 The Red Hawks were one of the community partners that supported the acquisition and development of the Creekside Sports Park.
- 1.5 Town and Red Hawks each desire an agreement between them setting forth the specific terms and conditions under which the Red Hawks may use the Creekside Sports Park, including hours of use; responsibility for maintenance of the fields and adjacent grounds; use and maintenance of associated facilities and structures; storage of Red Hawks goods and equipment; and other related items.

**II. AGREEMENTS**

- 2.1 Subject Premises. The Premises covered by this Agreement is the Creekside Sports Park, located at 930 University Avenue, Los Gatos, California. A drawing depicting the Premises is attached hereto and incorporated by reference (Attachment A).
- 2.2 Use of Premises. Red Hawks shall have exclusive use of the Premises, except bathrooms and parking, which are open to the public at large, only during those times and dates as shown on "Annual Schedules". The Annual Schedule shall cover camps and classes for the Winter, Spring, Summer, and Fall sessions. No later than October 1<sup>st</sup> of each year this Agreement is in force, Red Hawks and Town staff shall meet to develop an Annual Schedule for the following calendar year. Town has the final say in establishing the master

ATTACHMENT 2

schedule. Town will attempt to accommodate user groups at their requested time but reserves the right to propose use hours that balance the needs of all user groups equitably. Town retains the right to use or authorize the use of the Premises for all dates and times not allocated to Red Hawks in the Annual Schedule.

Red Hawks may request changes to the Annual Schedule by written notification to the Department of Parks and Public Works but shall endeavor to minimize changes to the schedule during each calendar year. All changes should be made in writing no less than 30 days prior to the effective date of the change. The Town of Los Gatos shall have sole authority to approve the Annual Schedule and any requested changes to the Annual Schedule.

2.3 Term of Agreement. Unless terminated sooner pursuant to Section 4.3 of this Agreement, the Use Agreement remains in effect from July 1, 2022 through June 30, 2027. The term of this Agreement may be extended for up to two additional five-year periods upon mutual written consent of the parties.

2.4 Annual Use Fee. Beginning July 1, 2022, and every year thereafter, Red Hawks shall pay the Town of Los Gatos an Annual Use Fee for the use of the Premises. The initial Annual Use Fee shall be \$6,500. The Annual Use Fee shall be considered full and fair compensation for the exclusive use of the facility for those days and times indicated on the Annual Schedule. On July 1, 2023, and each anniversary thereafter, the Annual User Fee shall be adjusted according to the percent change in the U. S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, All Items, All Urban Consumers, San Francisco-Oakland-San Jose, 1982-84-100 Index.

2.5 Facility Maintenance Fee. Beginning July 1, 2022, and continuing for the full term of this agreement, including any extensions, each participant in the Red Hawks Lacrosse program using Creekside Sports Park will be charged a \$4.00 Facility Maintenance Fee (FMF) per season. The Facility Maintenance Fee shall be assessed by the Red Hawks at the time of registration or any payment of program fees and shall be retained by the Red Hawks in a separate account and remitted to the Town annually in conjunction with payment of the Annual Use Fee, no later than July 1 of each year this agreement is in force. Participants shall be charged an FMF for each distinct season at which registration and fees are typically collected by the Red Hawks.

FMF revenue received by the Town from the Red Hawks shall be used solely to fund the cost of maintenance and operations of the Premises.

2.6 Additional Annual Use Fee Adjustment. Should Red Hawks increase or decrease its requested hours of use as set forth in the Annual Schedule, by 5% or more, the Annual Use Fee shall be adjusted proportionally based on the percentage change in hours. In no case shall the Annual Use Fee be decreased by more than 10% below the initial Annual Use Fee set forth in Section 2.4.

- 2.7 Maintenance. Red Hawks shall be responsible for the maintenance responsibilities set forth in Attachment B, Maintenance Responsibilities.
- 2.8 Facility Use Policies. Red Hawks shall comply, without limitation, with all applicable provisions of the Los Gatos Town Code, with special attention to Chapter 19, Parks and Recreation provisions. Red Hawks shall also comply with any park rules and regulations established by the Director of Parks and Public Works pursuant to Section 19.10.025(17) of the Town Code, including those rules set forth in Attachment C, Town of Los Gatos Park Rules and Regulations, and Attachment D, Town of Los Gatos Creekside Sports Park Special Use Policies. The Red Hawks agrees to apply with the current rules and regulations available at [www.losgatosca.gov/parkres](http://www.losgatosca.gov/parkres) as well as any future amendments to those rules and regulations. Failure to comply with these policies may result in suspension and/or termination of this Agreement.

Red Hawks agrees to comply with the state "Fair Play in Community Sports Act." Red Hawks will not discriminate on the basis of gender and boys' and girls' teams will have equal access to the facilities.

- 2.9 Payment. Red Hawks shall make all payments, whether or not invoiced by Town, required pursuant to this Agreement no later than February 1 of each year payments are due. All payments shall be mailed by first class mail or delivered in person at the Town office and addressed as follows:

Town of Los Gatos  
Attn: Finance Department  
P.O. Box 697  
Los Gatos, California 95031

- 2.10 Assignment. Red Hawks shall not assign any portion of this Agreement or allow the use of the Premises by any other person or entity contrary to this Agreement's terms, with the out Town's prior written approval. Red Hawks is expressly prohibited from use of the Premises for any activity other than activities sanctioned and associated with Red Hawks.
- 2.11 Personal Property. Personal property of Red Hawks shall be Red Hawks' sole responsibility to acquire, repair, replace and store. Red Hawks shall remove its personal property at the expiration or termination of this Agreement. Any personal property not so removed shall become the sole property of Town with no compensation

### III. INSURANCE AND INDEMNIFICATION

- 3.1 Minimum Scope of Insurance:
- i. Red Hawks agrees to have and maintain for the duration of this Agreement, General Liability insurance policies insuring Red Hawks, its elected and

ATTACHMENT 2

appointed officials, employees, and agents to an amount not less than two million dollars (\$2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. Insurance is to be placed with insurers with a current Best's rating of no less than B+.

- ii. Red Hawks agrees to have and maintain for the duration of this Agreement, an Automobile Liability insurance policy insuring the Red Hawks, its elected and appointed officials, employees, and agents to an amount not less than one million (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- iii. Red Hawks shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Red Hawks shall provide all certificates and endorsements before term of Agreement begins.

General Liability:

- i. The Town, its elected and appointed officials, employees, and agents are to be covered as additional insured as respects to liability arising out of activities occurring on or related to the occupancy and use of the Premises by Red Hawks.
- ii. Red Hawks insurance coverage shall be primary insurance as respects the Town, its elected and appointed officials, employees, and agents. Any insurance or self-insurance maintained by the Town, its elected and appointed officials, employees, or agents shall be excess of the Red Hawks' insurance and shall not contribute with it.
- iii. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the Town, its elected and appointed officials, employees or volunteers.
- iv. Red Hawks insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

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

3.3 Workers' Compensation. In addition to these policies, Red Hawks shall have and maintain Workers' Compensation insurance as required by California law. Further, Red Hawks shall

ensure that all contractors employed on the Premises by the Red Hawks provide the required Workers' Compensation insurance for their respective employees.

- 3.4 Property Insurance. Town shall have no obligation to maintain any insurance of the Premises or any personal property placed on the Premises. Red Hawks shall be solely responsible for obtaining whatever insurance coverage that Red Hawks believes may be appropriate to protect and indemnify Red Hawks for loss to the Premises or to any personal property that Red Hawks may place on the Premises.
- 3.5 Indemnification. Red Hawks agrees to indemnify, hold harmless, and defend the Town, its elected and appointed officials, employees, and agents, from and against any and all damages, claims or liability, penalties, costs or expenses in law or equity that may at any time arise from any loss, damage, or injury to persons or property occurring in or about the Premises that arises out of or incident to the Red Hawks' use of the Premises, including use by anyone that the Red Hawks has permitted or allowed to use the Premises. This obligation to indemnify, hold harmless, and defend applies whether or not the incident or claim or liability is or may be related negligence on the part of the Town.

#### IV. GENERAL TERMS

- 4.1 Damage and Destruction. Damage or destruction of any portion of the Premises by any cause shall not terminate this Agreement or otherwise affect the respective obligations of the two parties, any present or future law to the contrary notwithstanding, except pursuant to the provisions of this Section 4.1.

If because of the destruction or damage to the Premises, the Premises is entirely unsuitable or inadequate for the use specified herein, Red Hawks shall be entitled to a pro rata rebate of the fee paid to the Town calculated by dividing the Annual User Fee by the total number of hours of exclusive use as listed in, Annual Schedule and then multiplying this calculated hourly rate by the number of hours remaining on the Annual Schedule after the date of the damage or destruction of the Premises.

Under no circumstances does the Town have any obligation to provide Red Hawks with an alternative property to conduct its operations, and Red Hawks is solely responsible for obtaining such insurance as Red Hawks deems appropriate to protect its interests should damage or destruction to the Premises occur.

Red Hawks shall be liable for any loss, damage or injury to the field and/or Premises as a result of the direct or indirect use of the Premises by Red Hawks under this agreement.

Compliance with Town Codes. Red Hawks shall comply with all provisions of the Town Code, including the provisions of Chapter 19 of the Code concerning Parks and Recreations.

- 4.2 Compliance with Town Codes. Red Hawks shall comply with all provisions of the Town Code, including the provisions of Chapter 19 of the Code concerning Parks and Recreations.
- 4.3 Termination of Agreement. Should Town terminate prior to the end of the term of this Agreement, Red Hawks shall be entitled to a pro rata rebate of the Annual Use Fee calculated by dividing the Annual User Fee by the total number of hours of exclusive use as shown in, Annual Schedule and then multiplying this calculated hourly rate by the number of hours remaining on the Annual Schedule after the effective date of termination.

Red hawks shall promptly terminate its use of the Premises at the termination of this Agreement, leaving the Premises in the same condition it was received, in good order and repair, reasonable wear and tear and damage by the elements excepted. All improvements and alterations made by Red Hawks shall become the property of the Town upon termination of the Agreement without compensation by Town. Any personal property not removed by Red Hawks within thirty (30) days of the termination of this Use Agreement shall become the property of the Town and may be disposed of as the Town in its sole discretion deems advisable.

This Agreement shall continue in full force and effect unless prior to February 1st of any calendar year, either Party provides written notice to the other Party that it desires to terminate the Agreement for convenience and, upon such notice, the Agreement shall terminate on June 30th of the same calendar year.

If Town in its sole discretion determines that it requires the Premises for any public purpose, Town may terminate this Agreement upon one hundred eighty (180) days written notice. In the event of an emergency, Town may terminate this Agreement upon five (5) days written notice. "Emergency," for the purpose of this paragraph, is defined as when the Town Council declares a State of Emergency. Upon termination of this Agreement in the event of an Emergency, Town and Red Hawks will work cooperatively to develop a written plan for transition of services and vacation of Premises by Red Hawks.

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

Terminate Red Hawks' right to possession of the Premises by any lawful means, in which case this Agreement shall terminate, and Red Hawks shall immediately surrender possession of the Premises to Town. In such event, Town shall be entitled to recover from Red Hawks any damages incurred by Town by reason of RedHawks' default including but not limited to the cost of recovering possession of the Premises and reasonable attorneys' fees.

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

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

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

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

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

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

To Red Hawks:  
President  
West Valley Red Hawks Lacrosse Club  
15151 Old Ranch Road  
Los Gatos, CA 95033

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

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

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

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

ATTACHMENT 2

IN WITNESS WHEREOF, the Town and Red Hawks have executed this Use Agreement.

Town of Los Gatos:

West Valley Red Hawks Lacrosse Club:

\_\_\_\_\_  
Laurel Prevetti, Town Manager

\_\_\_\_\_  
Robert H. Bohn, Jr., President

Recommended by:

\_\_\_\_\_  
Nicolle Burnham  
Director of Parks and Public Works

Approved as to Form:

\_\_\_\_\_  
Gabrielle Whelan, Town Attorney

Attest:

\_\_\_\_\_  
Wendy Wood, CMC, Town Clerk





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 8

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DATE: February 6, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt a Resolution Approving the Request to Change the Name "Terrace Court" to "La Terra Court" and Add the Name to the Town's Official Street Names List to be Used at the Development Site

**RECOMMENDATION:**

Adopt a Resolution (see Attachment 1) approving the request to change the name "Terrace Court" to "La Terra Court" and add the name to the Town's Official Street Names List to be used at the development site.

**BACKGROUND:**

On June 4, 2019, the Development Review Committee considered a proposed subdivision at 16100 Greenridge Terrace, received public comment, and approved Subdivision Application M-19-004. The application was appealed to the Planning Commission on June 10, 2019 for concerns pertaining to the proposed scenic easement; however, the appellant withdrew their appeal and the application was not considered by the Planning Commission as a result. The developer, Emerald Lake Investments, has filed the Final Map to subdivide and create eight (8) lots and with it dedicate to the Town multiple easements (see Attachment 2).

**DISCUSSION:**

The developer has provided all necessary maps and drawings and has paid the required fees to fully comply with the previously imposed development conditions and Town ordinances in support of approval of the Final Map.

**PREPARED BY:** James Watson  
Interim Town Engineer

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

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PAGE 2 OF 2

SUBJECT: Adopt a Resolution Approving the Request to Change the Name “Terrace Court” to “La Terra Court” and Add the Name to the Town’s Official Street Names List to be Used at the Development Site

DATE: February 6, 2023

DISCUSSION (continued):

As a parallel request, the developer has provided a letter to request the new street name (see Attachment 3). The letter details that Terrace Court already exists and has a potential for confusion. This new name allows the developer to re-define the project as they prepare to market the development. The street that is proposed to be named "La Terra Court" will be a new private street that will be constructed with the project and subsequently owned, operated, and maintained by the applicant, successors, or assignees.

CONCLUSION:

Staff recommends that Council adopt a resolution approving the request to change the name “Terrace Court” to “La Terra Court” and add the name to the Town’s Official Street Names list to be used at the development site.

COORDINATION:

This project has been coordinated with the Town Attorney and the Community Development Department.

FISCAL IMPACT:

There is no anticipated fiscal impact from this report.

ENVIRONMENTAL ASSESSMENT:

An Administrative Final EIR was prepared for this project by EMC Planning Group Inc. The EIR was approved on April 16, 2019.

Attachments:

1. Resolution approving the request to change the name “Terrace Court” to “La Terra Court” and add the name to the Town’s Official Street Names list to be used at the development site.
2. Exhibit for “La Terra Court”
3. Street Name Approval Request Letter from the applicant title “La Terra (formally The Vistas)”

## **RESOLUTION 2023-**

### **RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS APPROVING THE REQUEST TO CHANGE THE NAME "TERRACE COURT" TO "LA TERRA COURT" AND ADD THE NAME TO THE TOWN'S OFFICIAL STREET NAMES LIST TO BE USED AT THE PROPOSED DEVELOPMENT**

**WHEREAS**, on April 2, 2019, the Town Council of the Town of Los Gatos approved the Planned Development Application PD-16-002, with conditions; and

**WHEREAS**, on March 16, 2021 the Town Council of the Town of Los Gatos approved the Final Map of Tract No. 10537 along with the street name of Terrace Court; and

**WHEREAS**, the street name Terrace Court already exists downtown and has no historic significance with the development; and

**WHEREAS**, the developer requests to add "La Terra Court" to the Town's Official Street Names List; and

**WHEREAS**, the developer requests that the street named Terrace Court be renamed named "La Terra Court"; and

**WHEREAS**, California Government Code Section 34091.1, provides that whenever the legislative body of the Town finds that a name should be changed for any Town street, the legislative body may adopt a resolution designating a name change for such street; and

#### **NOW, THEREFORE, IT IS HEREBY ORDERED:**

1. The Town Council hereby approves the addition of the name "La Terra Court" to the Town's approved street list.
2. Town Council hereby designates the name "Terrace Court" as referenced on Final Map of Tract No. 10537 filed May 6<sup>th</sup>, 2021 to be changed to "La Terra Court".
3. The Town Clerk is directed to record a certified copy of this resolution with the County Recorder of Santa Clara County.

**PASSED AND ADOPTED** at a regular meeting of the Town Council held on the 21<sup>st</sup> day of February, 2023.

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CA

ATTEST:

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

# TRACT NO. 10537

BEING A PORTION OF SECTION 14,  
TOWNSHIP 8 SOUTH, RANGE 1 WEST, M.D.B.&M.  
LANDS OF EMERALD LAKE INVESTMENTS, LLC  
AND GREENFIELD TERRACE DEVELOPMENT, LLC  
PER DOC. NO. 22889512 (PARCEL ONE)  
LYING WITHIN THE TOWN OF LOS GATOS,  
COUNTY OF SANTA CLARA, STATE OF CALIFORNIA

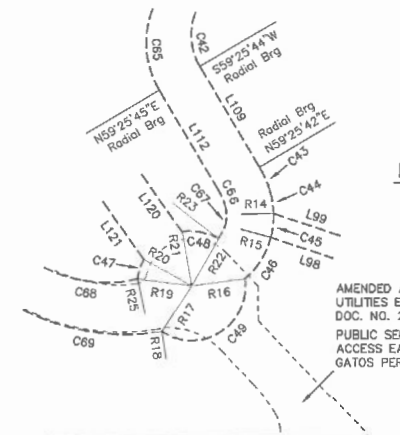
DECEMBER, 2020

SCALE: 1" = 100'

**HANNA & BRUNETTI - CIVIL ENGINEERS AND LAND SURVEYORS**  
7651 EIGLEBERRY STREET - GILROY, CA. 95020 - 408 842-2173

## LEGEND

- --- DENOTES SET 3/4" IRON PIPE, TAGGED PLS 6809
- --- DENOTES FOUND MONUMENT AS NOTED
- P.S.E. --- DENOTES PUBLIC SERVICE EASEMENT
- E.V.A.E. --- DENOTES EMERGENCY VEHICLE ACCESS EASEMENT
- S.E. --- DENOTES SCENIC EASEMENT
- O.S.E. --- DENOTES OPEN SPACE EASEMENT
- Pr.I.E.E. --- DENOTES PRIVATE INGRESS & EGRESS EASEMENT
- Pr.S.S.E. --- DENOTES PRIVATE SANITARY SEWER EASEMENT
- DENOTES DISTINCTIVE BORDER LINE
- DENOTES EXISTING LOT LINE
- DENOTES EXISTING CENTERLINE
- DENOTES EXISTING EASEMENT LINE
- DENOTES TIE LINE
- DENOTES NEW LOT LINE
- DENOTES NEW EASEMENT LINE
- sq.ft. --- DENOTES 'SQUARE FEET'
- T --- DENOTES 'TOTAL DISTANCE'
- ① --- DENOTES FOUND MONUMENT (SEE SHEET SIX)

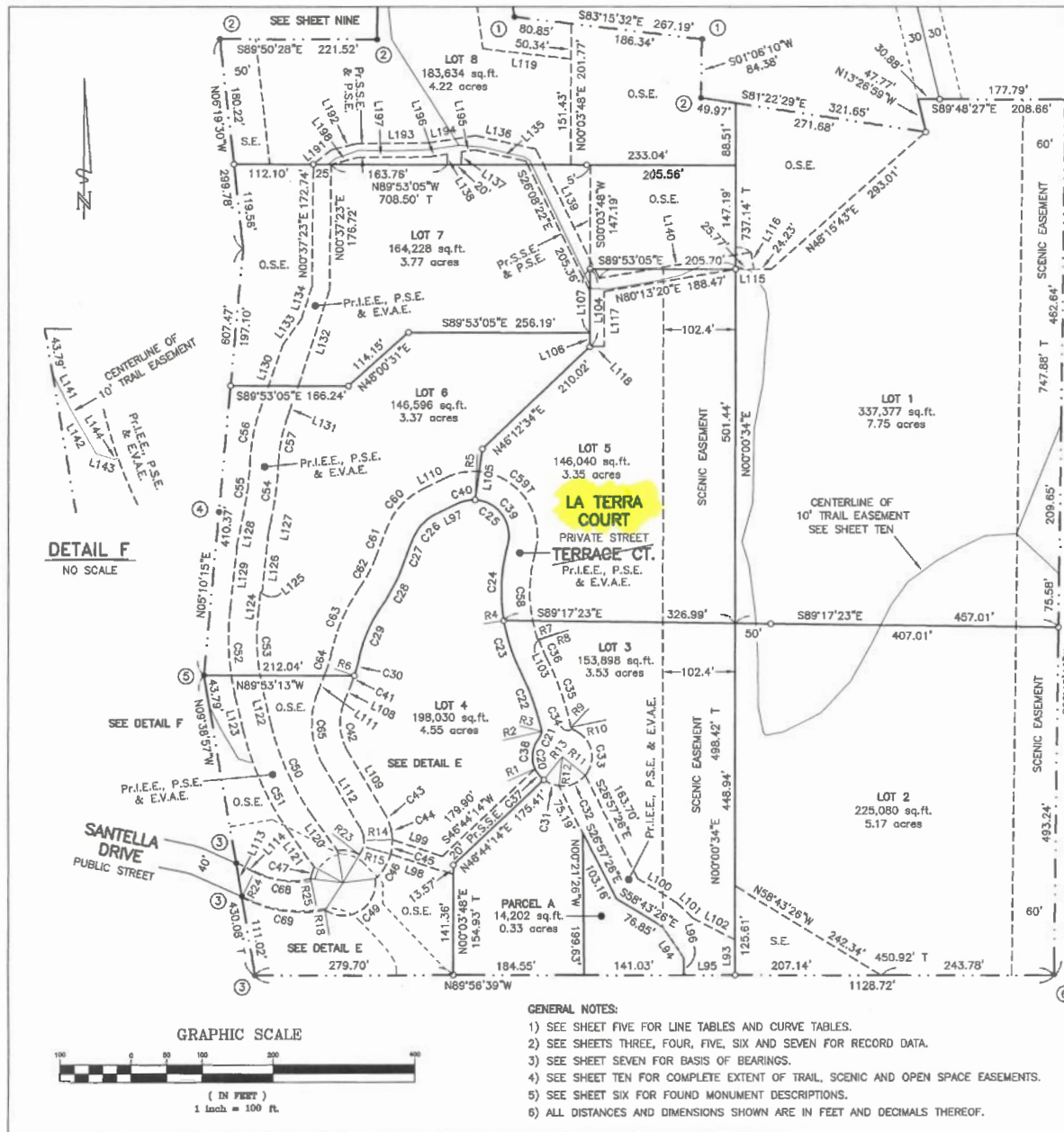


**DETAIL E**  
NO SCALE

AMENDED AND RESTATED ACCESS AND  
UTILITIES EASEMENT AGREEMENT PER  
DOC. NO. 24010978  
PUBLIC SERVICE AND EMERGENCY VEHICLE  
ACCESS EASEMENT TO THE TOWN OF LOS  
GATOS PER DOC. NO. 24043721  
SEE SHEET THREE

SHEET EIGHT OF ELEVEN SHEETS

JOB NO. 16049



**LA TERRA  
(FORMALLY “THE VISTAS”)**

Town of Los Gatos  
Community Development Department  
c/o Jennifer Armer-Planning Manager  
110 E. Main Street  
Los Gatos, CA -95030

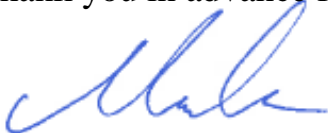
Dear Ms. Armer,

I represent the owner group for the recently re-named La Terra subdivision at the extension of Santella Drive in the Highlands Community. Per our recent discussions we are respectfully requesting to seek approval to change the street name to one of the streets in our new neighborhood. Please consider the street name change for Lots 2, 3,4,5, 6 in our neighborhood to “La Terra Court”. The street name as shown on our filed subdivision map is currently shown as “Terrace Court”. As you may be aware, Terrace Court already exists as an address in downtown Los Gatos near Pleasant Street. Additional to this potential for confusion with addresses, there is no historic significance to Terrace Court’s connection to our project.

We are working hard in this difficult real estate market to re-define and our identity and break a bit from the past as we prepare to market our project. Over the years, this project has carried many names and it is beneficial for all to allow for a fresh start for this fabulous new Los Gatos neighborhood. Part of the excitement and refreshment of the community has been our renaming process. We applied for and received from the California DRE, our HOA and CCR approvals with our new neighborhood name of “La Terra”.

By allowing for this name change to our main drive, it affords us to carry the La Terra name forward and provide our residents with a street name that is consistent with the project name and our registration with the DRE.

Thank you in advance for your consideration.



Matt Fistonich



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 9

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DATE: February 13, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a Fourth Amendment to Agreement Providing for Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program and to Appoint the West Valley Clean Water Authority Executive Director as the Program Representative for the Town

**RECOMMENDATION:**

Authorize the Town Manager to execute a Fourth Amendment to Agreement providing for implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program and to appoint the West Valley Clean Water Authority Executive Director as the Program Representative for the Town.

**BACKGROUND:**

In 1999, the Town entered into a Memorandum of Agreement (MOA) to participate in the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP). A First Amendment to the Agreement was executed in 2005, a Second Amendment in 2006, and a Third Amendment in 2016 authorizing the continuation of SCVURPPP, each without changing the original terms. See Attachment 1 for the Agreement and Amendments.

The SCVURPPP is an association of 15 agencies in Santa Clara County (13 local cities and towns, County of Santa Clara, and Santa Clara Valley Water District) that share a common National Pollutant Discharge Elimination System (NPDES) permit to discharge stormwater to the San Francisco Bay. SCVURPPP assists its member agencies to comply with California Regional Water Board issued permit which is required for discharges of stormwater under the federal Clean Water Act.

This work includes coordination of efforts and leveraging of resources among the SCVURPPP's participants, community outreach, water quality monitoring, research and development,

**PREPARED BY:** Nicolle Burnham  
Director of Parks and Public Works

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

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BACKGROUND (continued):

collaboration with other stormwater programs, and reporting to the Regional Water Board as required.

The Regional Water Quality Control Board adopted the first NPDES permit in 2009 known as the Municipal Regional Permit (MRP) and it is shared by 79 public agencies. Bay Area municipalities were issued a new MRP (2.0) in 2016, and a third (MRP 3.0) that went into effect July 1, 2022. MRP 3.0 includes many of the requirements that were included in previous MRPs, and contains several new requirements designed to further address high priority water quality issues in Bay Area receiving waters. SCVURPPP continues to assist its member agencies to comply with many aspects of MRP compliance.

In February 2018, the Town and neighboring cities, Campbell, Monte Sereno and Saratoga formed the West Valley Clean Water Authority, a Joint Powers Authority (JPA), to coordinate stormwater pollution abatement, control and management efforts and other activities to develop tools and information to assist public and private entities in complying with stormwater NPDES permits and improving surface water quality in California. The jurisdiction of the JPA includes participation in SCVURPPP on behalf of the member agencies. The Executive Director of the JPA has been acting as the Program Representative for the Town and participating in the SCVURPPP Management Committee since the JPA was established in 2018.

DISCUSSION:

The current term of the MOA governing the SCVURPPP is set to expire on June 30, 2023. On January 19, 2023, SCVURPPP's Management Committee, on which the Town participates, unanimously voted to refer the Fourth Amendment of SCVURPPP's MOA to each governing body for consideration. The Fourth Amendment to the Agreement will extend the original terms of the MOA to June 30, 2027. All 15 participants must approve and execute the amendment within 90 days to maintain the SCVURPPP. See Attachment 2 for the proposed Fourth Amendment.

Even though the Executive Director of the JPA has already been representing the Town in SCVURPPP, staff recommends that the Town Council formally designate the Executive Director of the JPA as the Town's Program and Voting representative on SCVURPPP.



CONCLUSION:

Staff recommends that the Council authorize the Town Manager to execute a Fourth Amendment to the Agreement providing for implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) and designate the JPA Executive Director as the Town's Program and Voting representative on SCVURPPP.

COORDINATION:

This report was coordinated with the Town Manager, Town Attorney, Town Finance Director, West Valley Clean Water Authority Executive Director, and other participating municipalities.

FISCAL IMPACT:

As with all prior amendments, no change is proposed relative to the funding allocation for the SCVURPPP, which was negotiated among the participating local governments at the time of its formation in 1990. The cost-sharing allocation set forth in the MOA allocates 30.2% to Valley Water, 30.1% to the City of San Jose, and the remainder to the remaining 13 other municipalities that participate in the SCVURPPP in a manner roughly proportionate to community size and runoff from respective jurisdictions. The Town's proportionate share of the program costs is 1.74% to provide funding for and performance of the countywide collaborative stormwater pollution prevention activities.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Santa Clara Valley Urban Runoff Program Agreement and Amendments Two, Three and Four
2. Fourth Amendment to Agreement Providing for Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program.

**THIRD AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM**

THIS THIRD AMENDMENT TO AGREEMENT PROVIDING FOR IMPLEMENTATION OF THE SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM (the "Amendment") is entered into by and between the SANTA CLARA VALLEY WATER DISTRICT, a local public agency of the State of California ("District"); CITY OF CAMPBELL, a municipal corporation of the State of California; CITY OF CUPERTINO, a municipal corporation of the State of California; CITY OF LOS ALTOS, a municipal corporation of the State of California; TOWN OF LOS ALTOS HILLS, a municipal corporation of the State of California; TOWN OF LOS GATOS, a municipal corporation of the State of California; CITY OF MILPITAS, a municipal corporation of the State of California; CITY OF MONTE SERENO, a municipal corporation of the State of California; CITY OF MOUNTAIN VIEW, a municipal corporation of the State of California; CITY OF PALO ALTO, a municipal corporation of the State of California; CITY OF SAN JOSE, a municipal corporation of the State of California; CITY OF SANTA CLARA, a municipal corporation of the State of California; CITY OF SARATOGA, a municipal corporation of the State of California; CITY OF SUNNYVALE, a municipal corporation of the State of California; and COUNTY OF SANTA CLARA, a political subdivision of the State of California.

All of the above-mentioned entities are hereinafter collectively referred to as "Parties" or individually as "Party."

**RECITALS**

A. The Parties previously entered into that certain Agreement Providing For Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the "Agreement" or "MOA") pursuant to which the Parties established certain terms and conditions relating to the implementation and oversight of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the "Program"), including a cost sharing allocation, which was appended thereto as Exhibit A. A copy of the Agreement, including Exhibit A, is attached hereto as Appendix 1. Unless otherwise set forth herein, all terms shall have the meaning set forth in the Agreement;

B. The Agreement originally provided for a five-year term, which, based on its execution, was set to conclude on or about March 10, 2005. However, on or about February 20, 2005, the Parties unanimously entered into a First Amendment to the Agreement (attached hereto as Appendix 2), which extended the term of the Agreement by one additional year;

C. The Parties thereafter unanimously entered into a Second Amendment to the Agreement (attached hereto as Appendix 3), which extended the term of the amended

Agreement by "one fiscal year beyond the termination date of the (then) next NPDES Permit issued to the Parties, including any administrative extension of the (then) next NPDES Permit's term which occurred pursuant to the NPDES regulations." The next NPDES permit applicable to the Parties (and others) was subsequently adopted by the California Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB SFBR") on October 14, 2009 and was known as the Municipal Regional Permit ("MRP") because it covered numerous public agencies in the San Francisco Bay Region in addition to the Parties;

D. The MRP was then administratively extended until a new NPDES Permit applicable to the Parties (and the other public entities in the San Francisco Bay Region) was adopted by the California Regional Water Quality Control Board, San Francisco Bay Region, on November 19, 2015 ("MRP 2.0"). MRP 2.0 became effective on January 1, 2016 and, unless subject to an administrative extension, is scheduled to terminate on December 31, 2020;

E. The Parties expect to utilize the Program to continue to represent their interests relative to MRP 2.0 (including with respect to an administrative appeal of its adoption that is currently pending before the State Water Resources Control Board), to help them effectuate certain aspects of compliance with MRP 2.0, and, beyond that, in negotiating the terms of a further renewed NPDES Permit when MRP 2.0 nears the end of its anticipated five-year term and any administrative extension provided thereto;

F. The Parties also expect to continue to utilize the Program's preferred approach of achieving consensus to resolve issues and reach decisions, and to rely on the Majority Vote mechanism set forth in Section 2.08 of the Agreement at the Management Committee level only when consensus-based resolutions appear or become elusive;

G. The Parties now desire to update the amended Agreement and further extend the term of the MOA as set forth below;

H. Section 7.02 of the MOA provides that it may be amended by the unanimous written agreement of the Parties and that all Parties agree to bring any proposed amendments to their Council or Board, as applicable, within three (3) months following acceptance by the Management Committee; and

I. The Program's Management Committee accepted this Amendment for referral to the Parties' Councils and/or Boards at its meeting on August 18, 2016.

**NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE AS FOLLOWS:**

1. Recognition of Current Permit. Recital F of the Agreement, as previously amended, is hereby further amended by the addition of the following subsections:

6. Order No. R2-2009-0074 (the Municipal Regional Permit, NPDES Permit CAS612008); adopted, October 14, 2009 and amended by the RWQCB SFBR on November 28, 2011;

7. Order No. R2-2015-0049 (MRP 2.0, NPDES Permit CAS612008); adopted by the RWQCB SFBR on November 19, 2015.

2. Extension of Term of Agreement. Sections 6.02 and 6.02.01 of the Agreement, as previously amended, are hereby replaced as follows:

This Agreement shall have a term extending one fiscal year beyond the date of termination of MRP 2.0; such termination date shall, however, be deemed to include any administrative extension of MRP 2.0 which occurs or arises pursuant to the NPDES regulations or any modification of the MRP 2.0 termination date that arises from an NPDES permitting action undertaken by the RWQCB SFBR or California State Water Resources Control Board.

3. Superseding Effect. This Third Amendment of the Agreement shall supplement the Second Amendment of the Agreement and supersede any conflicting provisions of the Second Amendment of the Agreement.

[remainder of page intentionally blank]

**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***County of Santa Clara:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***City of \_\_\_\_\_:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

THIRD AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM

**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment effective  
as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**City of Campbell:**

By: Todd Capurso

Name: Todd Capurso

Title: Director of Public Works

Date: 10/6/16

IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***City of Cupertino:***

By:  \_\_\_\_\_

Name: David Brandt


Title: City Manager

Date: 10/24/16

IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

*Santa Clara Valley Water District:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*County of Santa Clara:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*City of* Los Altos : By:   
Name: Christopher Jordan  
Title: City Manager  
Date: 10/26/2016



**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:*** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***Town of Los Altos Hills:***

By: Carl Cahill

Name: Carl Cahill

Title: City Manager

Date: 10-26-2016

THIRD AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM

**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment effective  
as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Town of Los Gatos:**

By: Laurel Prevetti

Name: Laurel Prevetti

Title: Town Manager

Approved As to Form: Robert Schultz

Robert Schultz, Town Attorney

Attest: Shelley Neis

Shelley Neis, Town Clerk

Date: 10/20/16

IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***City of Milpitas*** \_\_\_\_\_:

By:  \_\_\_\_\_

Name: Thomas C. Williams

Title: City Manager

Date: 12/7/16

**APPROVED**

Date 12/6/16

 \_\_\_\_\_

Christopher J. Diaz

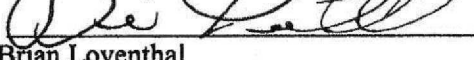
City Attorney

THIRD AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM

**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment effective  
as of the last date indicated below or December 19, 2016, whichever arises earlier.


***Santa Clara Valley Water District:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

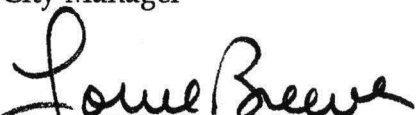
***County of Santa Clara:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**City of Monte Sereno :** By:   
Name: Brian Loventhal  
Title: City Manager  
Date: 10/18/16


IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

CITY OF MOUNTAIN VIEW,  
a municipal corporation of  
the State of California


By:   
City Manager

By:   
City Clerk

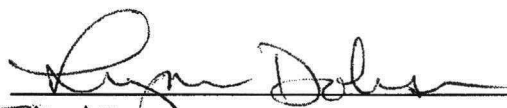
APPROVED AS TO CONTENT:

  
Fire Chief

FINANCIAL APPROVAL:

  
Finance and Administrative  
Services Director

APPROVED AS TO FORM:

  
Sr Asst City Attorney

IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***City of Palo Alto*** \_\_\_\_\_ :

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*JSR/ja*  
*JAMES ICEENE*  
*CIM MANAGER*  
*7.20.16*

**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***City of San José:***

By:  \_\_\_\_\_

Name: TONI TABER

Title: City Clerk

Date: 11-8-2016

IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***County of Santa Clara:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***City of Santa Clara:*** By: Rajeev Batra  
Name: Rajeev Batra  
Title: Acting City Manager  
Date: 10.28.16

**APPROVED AS TO FORM:  
SANTA CLARA CITY ATTORNEY'S OFFICE**

**ATTEST:**

**For** [Signature]  
City Clerk



IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By:  \_\_\_\_\_

Name: **DAVE CORTESE**

Title: **PRESIDENT BOARD OF SUPERVISORS**

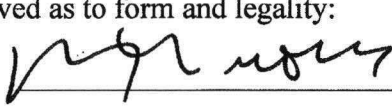
Date: **NOV 15 2016**

Attest:  \_\_\_\_\_

Name: **MEGAN DOYLE**

Title: **Clerk of the Board of Supervisors**

Approved as to form and legality: .

By:  \_\_\_\_\_

Name: **MICHAEL L. ROSSI**

Title: **LEAD DEPUTY COUNTY COUNSEL**

***City of \_\_\_\_\_:***

By: \_\_\_\_\_

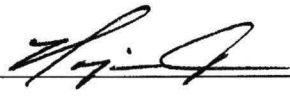
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By:   
Name: NATHAN CHAN  
Title: ACTING CEO  
Date: 11/14/16

***County of Santa Clara:***

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***City of \_\_\_\_\_:***

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

THIRD AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM

***Santa Clara Valley Water District:***

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**City of Saratoga :**

By: \_\_\_\_\_  
Name: James Lindsay  
Title: City Manager

Approved As to Form: \_\_\_\_\_  
Richard S. Taylor, City Attorney

Attest: \_\_\_\_\_  
for Crystal Bothelio, City Clerk  
Debbie Bretschneider  
Deputy City Clerk

Date: 9/22/2016

IN WITNESS WHEREOF, the Parties have executed this Third Amendment effective as of the last date indicated below or December 19, 2016, whichever arises earlier.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

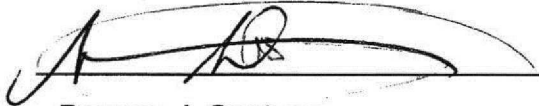
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***City of Sunnyvale*** \_\_\_\_\_ :

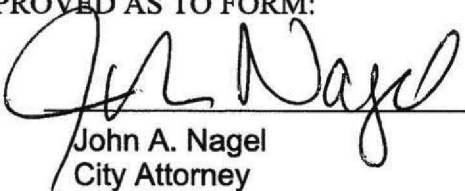
By:  \_\_\_\_\_

Name: Deanna J. Santana

Title: City Manager

Date: 11/18/2016

APPROVED AS TO FORM:

By:  \_\_\_\_\_

John A. Nagel  
City Attorney

## **Appendix 1**

Agreement Providing For Implementation  
of the Santa Clara Valley Urban Runoff  
Pollution Prevention Program  
as fully executed as of March 10, 2000

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AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM

THIS AGREEMENT, is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 1999 by and between the SANTA CLARA VALLEY WATER DISTRICT (DISTRICT), a local public agency of the State of California; COUNTY OF SANTA CLARA, a political subdivision of the State of California; CITY OF CAMPBELL, a municipal corporation of the State of California; CITY OF CUPERTINO, a municipal corporation of the State of California; CITY OF LOS ALTOS, a municipal corporation of the State of California; TOWN OF LOS ALTOS HILLS, a municipal corporation of the State of California; TOWN OF LOS GATOS, a municipal corporation of the State of California; CITY OF MILPITAS, a municipal corporation of the State of California; CITY OF MONTE SERENO, a municipal corporation of the State of California; CITY OF MOUNTAIN VIEW, a municipal corporation of the State of California; CITY OF PALO ALTO, a municipal corporation of the State of California; CITY OF SAN JOSE, a municipal corporation of the State of California; CITY OF SANTA CLARA, a municipal corporation of the State of California; CITY OF SARATOGA, a municipal corporation of the State of California; and CITY OF SUNNYVALE, a municipal corporation of the State of California.

All of the above-mentioned entities are hereinafter collectively referred to as "PARTIES" or individually as "PARTY."

**RECITALS:**

- A. The 1986 Water Quality Control Plan for the San Francisco Bay (Basin Plan), adopted by the California Regional Water Quality Control Board, San Francisco Bay Region, in implementation of the Federal Clean Water Act, required that PARTIES develop a program to control pollution from urban runoff, or nonpoint sources of water pollution in the Santa Clara Valley.
- B. In furtherance of their responsibilities pursuant to the Basin Plan, the PARTIES have previously entered into a series of agreements to jointly fund the cost of preparing an action plan to evaluate nonpoint source pollutants, monitor identified pollutants, and develop control measures to mitigate or reduce nonpoint source pollution. Collectively, the measures undertaken pursuant to the previous agreements and anticipated to continue pursuant to this Agreement, were known as the Santa Clara Valley Nonpoint Source Pollution Control Program and upon execution of this agreement henceforth shall be known as the Santa Clara Valley Urban Runoff Pollution Prevention Program (hereinafter called "Program").
- C. In 1987 Congress added Section 402 (p) to the Federal Clean Water Act (CWA) (33 U.S.C. Section 1342 (p)), which requires certain municipalities and industrial facilities to obtain a National Pollutant Discharge Elimination System (NPDES) permit for the

discharge of stormwater to navigable waters. NPDES permits are also required under Section 402 (p) for any stormwater discharge which the Federal Environmental Protection Agency (EPA) or a State has determined contributes to a violation of a water quality standard or is a significant contributor of pollutants to surface waters.

- D. Section 402 (p) further required EPA to promulgate regulations for initial NPDES permit applications for stormwater discharges. The EPA promulgated such regulations in November 1990.
- E. The EPA has delegated authority to the California State Water Resources Control Board (SWRCB) to administer the NPDES permit process within California and, in turn, the SWRCB has delegated authority to the California Regional Water Quality Control Board - San Francisco Bay Region (RWQCB-SFBR) to administer the NPDES permit process within its region.
- F. Pursuant to Section 402 (p) of the CWA and EPA regulations, the RWQCB-SFBR adopted the following orders further defining the program that the PARTIES are to develop and implement:
  - 1. Order No. 90-094 (NPDES Permit No. CA0029718), adopted June 20, 1990; and
  - 2. Order No 95-180 (NPDES Permit No. CAS029718); adopted August 23, 1995.
- G. In and for the mutual interest of the PARTIES, the PARTIES wish to continue the Program by entering into this Agreement for the purpose of ensuring continued participation, in terms of cost and administrative responsibilities.
- H. DISTRICT is a local public agency of the State of California duly organized and existing within the County of Santa Clara. The County of Santa Clara is a political subdivision of the State of California. All other PARTIES are municipal corporations, duly organized and existing under the laws of the State of California.
- I. The RWQCB-SFBR is conducting a Watershed Management Initiative (WMI) in Santa Clara County. The Program is required, as part of its NPDES permit, to develop and implement a Watershed Management Measures Strategy. The Urban Runoff Management Plan of the Program contains the Program's Watershed Management Measures Strategy. This strategy, consistent with the NPDES permit, coordinates Program activities with the WMI to develop and implement cost-effective approaches to address specific urban runoff pollution problems. The Program, through a continuous improvement process, annually reviews the strategy.



**NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE, AS FOLLOWS:****Section 1. Santa Clara Valley Urban Runoff Pollution Prevention Program**

1.01 The Santa Clara Valley Nonpoint Source Pollution Control Program ("Program") is hereby continued as the Santa Clara Valley Urban Runoff Pollution Prevention Program to fulfill the requirements of NPDES Permit No. CAS029718 as it exists, may be modified, or may be reissued in the future (hereinafter referred to as "NPDES Permit").

1.02 The Program is a collective effort and implementation of area-wide activities, designed to benefit all PARTIES.

**Section 2. Management Committee**

2.01 A Management Committee is hereby reconstituted to provide for overall Program coordination, review, and budget oversight, with respect to the NPDES Permit.

2.02 The Management Committee may as necessary adopt and revise Bylaws for its governance.

2.03 The Management Committee is the official management and oversight body of the Program. The Management Committee shall direct and guide the Program and review and approve the Program Budget. The Management Committee shall consider permit compliance, including benefit to a majority of the PARTIES, as a primary objective in approving Program tasks and corresponding budgets.

2.04 The Management Committee may periodically re-evaluate and make recommendations to the PARTIES concerning reallocation of the proportion of the annual Program contribution that each PARTY shall pay.

2.05 The voting membership of the Management Committee shall consist of one designated voting representative from each PARTY. An alternative voting representative may be appointed by each PARTY. The RWQCB-SFBR may appoint a non - voting representative and alternate to the Management Committee.

2.06 A quorum of the Management Committee shall be achieved when at least nine (9) voting representatives, including at least one (1) representative from each of City of San Jose and Santa Clara Valley Water District, are present at any Management Committee meeting.

2.07 Meetings of the Management Committee, including any closed sessions with Program Legal Counsel, shall be conducted in accordance with the "Brown Act"

(Government Code Section 54950 et seq.) The individual parties have differing opinions on whether the Brown Act legally should be interpreted as applying to members of the Management Committee. In executing this Agreement, the parties do not waive their right to take the position that the Brown Act legally does not apply, but voluntarily agree to follow Brown Act procedures for Management Committee meetings. Except for official meetings of the Management Committee, nothing herein shall be interpreted to require meetings between staff members of the individual Parties (including designated representatives of the Parties) to be subject to the Brown Act, where the Brown Act would not otherwise apply. Each party is individually responsible for ensuring that it complies with the Brown Act.

2.08 The affirmative vote of at least eight (8) voting members of the Management Committee, which collectively contribute at least fifty percent (50%) of the area-wide Program costs (a "Majority Vote"), is necessary to approve any measure brought before the Management Committee.

2.09 The Management Committee shall be responsible for selecting any consultant(s) or contractor(s) who are to be paid from Program funds ("Outside Contractors"), using a process approved by the Contracting Agent, and for reviewing and approving any contracts with Outside Contractors, including the scope(s) of work, schedules of performance, use of subcontractors, and compensation for such Outside Contractors.

2.10 The Management Committee shall select a PARTY or Outside Contractor to act as Program Manager for the Program. The Program Manager shall be responsible for Program management and administration, Permit management, and technical program management all in accordance with the NPDES Permit, this Agreement, Program Bylaws, and as directed by the Management Committee in the best interest of the PARTIES as a whole and individually. The Program Manager shall be paid, from Program funds in accordance with the adopted Program budget, for providing the services described hereunder. The Program Manager shall not be responsible for providing program management services related to individual PARTIES permit programs, but may provide such services under separate contract with any PARTY or PARTIES.

2.11 The Management Committee may select an attorney (Program Attorney) or firm that is experienced with the Clean Water Act and Municipal Stormwater NPDES Permits to provide legal advice to the Management Committee on all matters involving administration of the Program's NPDES permit and such other matters upon which the Management Committee may seek legal advice or request legal representation. Program Legal Counsel shall not be responsible for providing legal advice related to permit compliance to individual PARTIES, but may provide such services under separate contract with any PARTY or PARTIES. The Program Manager may

assist in coordination of activities with the Program Attorney but shall not give direction without prior authorization from the Management Committee.

2.12 The Management Committee shall establish timelines and budgets for completion of Program tasks. The Management Committee shall rate the performance of the Program, and in turn rate the performance of the Program Manager, based upon the Program's ability to meet such approved timelines and budgets.

2.13 The Management Committee, through its Bylaws, may establish procedures for tracking, accounting for, and auditing the Program Fund.

### Section 3. Program Budget

3.01 A collective budget for the Program (Program Budget) shall be based upon a projection of two consecutive fiscal year cycles, however, the Budget shall be adopted for only one fiscal year cycle. The Budget shall include a Contingency/Reserve Fund which shall not exceed ten percent (10%) of the operating costs of the adopted Budget.

3.02 The PARTIES shall each pay a yearly assessment into a fund established for Program operations for their assigned portion of the Program Budget. The proportionate share of the Program Budget that each PARTY shall pay is shown in the schedule marked Exhibit A hereto and incorporated by reference herein.

3.03 Except as provided in Section 6.03, the ending fund balance at the close of each fiscal year shall be disbursed annually to the PARTIES, or credited to the PARTIES' share of the next fiscal year's costs, in accordance with the PARTIES defined participation rates, as requested by each PARTY.

### Section 4. Contracting/ Fiscal Agent

4.01 DISTRICT shall serve as the initial Contracting/Fiscal Agent for the Program.

4.02 DISTRICT may withdraw as the Contracting Fiscal Agent upon the provision of ninety days (90) days written notice to the Management Committee.

4.03 In the event that the Contracting/Fiscal Agent withdraws from the Program or from providing Contracting/Fiscal Agent services to the Program, another PARTY may serve as a successor Contracting/Fiscal Agent. Any PARTY willing to serve as successor Contracting/Fiscal Agent may be nominated by another PARTY. Selection of a Contracting/Fiscal Agent must be by majority vote of the Management Committee.

4.04 The Contracting/Fiscal Agent shall act in a reasonable amount of time to execute contracts with Outside Contractors, including the Program Manager, which have been requested and approved by the Management Committee.

4.05 The Contracting/Fiscal Agent shall be the treasurer of Program funds. The Contracting/Fiscal Agent, in accordance with generally accepted accounting procedures, shall keep the Program funds segregated from any other funds administered by the Contracting/Fiscal Agent; shall credit the Program with appropriate interest income earned on Program funds in each fiscal year; and shall not expend any funds except in accordance with the annual budget approved by the Management Committee or as otherwise directed by the Management Committee.

4.06 The Contracting/Fiscal Agent shall provide a copy of any contract executed on behalf of the Program to any PARTY or person designated by any PARTY or the Management Committee upon request. The governing body of the Contracting/Fiscal Agent, at its discretion, may delegate authority to execute agreements and contracts approved by the Management Committee, to a designated employee. Notice of any such delegation of authority shall be provided to the Management Committee.

4.07 The Contracting/Fiscal Agent may request, as part of the annual Program Budget, reimbursement for reasonable and customary costs incurred in providing the services described hereunder. Reimbursement to the Contracting/Fiscal Agent shall be subject to Management Committee review and approval as part of the Program Budget.

#### Section 5. Ancillary Rights and Duties of the Parties

5.01 In addition to the participation in the Management Committee, the PARTIES accept and agree to perform the following duties:

1. Each will comply with the NPDES Permit conditions set forth in its Community-Specific plan;
2. Each will participate in Management Committee meetings and other required meetings of the PARTIES;
3. Each will implement its Community-Specific program;
4. Each will provide certain agreed upon reports to the Program for purposes of reporting, on a joint basis, compliance with applicable provisions of the NPDES Permit and the status of Program



implementation; and

5. Each will individually address inter-agency issues, agreements or other cooperative efforts.

5.02 This Agreement does not restrict the PARTIES from the ability to individually (or collectively) request NPDES Permit modifications and/or initiate NPDES Permit appeals for permit provisions to the extent that a provision affects an individual party (or group of PARTIES); however, any such PARTY (or PARTIES) shall make reasonable efforts to provide advance notice of their action to the other PARTIES and allow them to comment upon or join in their action before proceeding.

#### Section 6. Term of Agreement

6.01 The term of this Agreement shall commence on the date the last duly authorized representative of the PARTIES executes it.

6.02 This Agreement shall have a term of five (5) years.

6.03 Any PARTY may terminate its participation in this Agreement by giving the Chair of the Management Committee at least thirty (30) day written notice. The terminating PARTY will bear the full responsibility for its compliance with the NPDES Permit commencing on the date it terminates its participation, including its compliance with both Community-Specific and Program-wide responsibilities. Unless the termination is scheduled to be effective at the close of the fiscal year in which the notice is given, termination shall constitute forfeiture of all of the terminating PARTY's share of the Program Budget, for the fiscal year in which the termination occurred (both paid and obligated but unpaid amounts). In addition, unless notice of termination is provided at least ninety (90) days prior to the date established by the Management Committee for approval of the budget for the succeeding fiscal year, termination shall constitute forfeiture of all of the terminating PARTY's share of any unexpended, unencumbered funds remaining from all previous fiscal years. The cost allocations for the remaining PARTIES' may be recalculated for the following fiscal year by the PARTIES without the withdrawing PARTY's participation.

#### Section 7. General Legal Provisions

7.01. This Agreement supersedes any prior agreement among all the PARTIES regarding the Program, but does not supersede any other agreements between any of the PARTIES.

7.02 This Agreement may be amended by unanimous written agreement of the PARTIES. All PARTIES agree to bring any proposed amendment to this Agreement to their Council or Board, as applicable, within three (3) months following acceptance by the Management Committee.

7.03 This Agreement may be executed and delivered in any number of copies ("counterpart") by the PARTIES, including by means of facsimile. When each PARTY has signed and delivered at least one counterpart to the Program, each counterpart shall be deemed an original and, taken together, shall constitute one and the same Agreement, which shall be binding and effective as to the PARTIES hereto.

7.04 No PARTY shall, by entering into this Agreement, participating in the Management Committee, or agreeing to serve as Fiscal Agent, Contracting Agent, Program Manager, and/or Legal Counsel, assume or be deemed to assume responsibility for any other PARTY in complying with the requirements of the NPDES Permit. This Agreement is intended solely for the convenience and benefit of the PARTIES hereto and shall not be deemed to be for the benefit of any third party and may not be enforced by any third party, including, but not limited to, the EPA, the SWRCB, and the RWQCB-SFBR, or any person acting on their behalf or in their stead.

7.05 In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the PARTIES pursuant to Government Code Section 895.6, the PARTIES agree that all losses or liabilities incurred by a PARTY shall not be shared pro rata but instead the PARTIES agree that pursuant to the Government Code Section 895.4, each of the PARTIES hereto shall fully defend, indemnify and hold harmless each of the other PARTIES from any claim, expense or cost, damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts of omissions or willful misconduct of the indemnifying PARTY, its officers agents or employees, under or in connection with or arising from any work, authority or jurisdictions delegated to such PARTY under this Agreement, including but not limited to any non-compliance by a PARTY with its obligations under the Program NPDES Permit. No PARTY, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability incurred by reason of the negligent acts or omissions or willful misconduct of the other parties hereto, their officers, board members, employees or agents under or in connection with or arising from any work, authority or jurisdictions delegated to such PARTY under this Agreement, including but not limited to any non-compliance by a PARTY with its obligations under the Program NPDES Permit.

7.06 In the event that suit shall be brought by either party to this contract, the Parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara, or where otherwise appropriate, exclusively in the United States District Court, Northern District of California, San Jose, California.

///

**EXHIBIT A****SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM  
SCHEDULE OF COST-SHARING PROPORTIONS**

<u>Jurisdiction</u>	<u>Proportional Share</u>
Campbell	1.88%
Cupertino	2.46%
Los Altos	1.59%
Los Altos Hills	0.43%
Los Gatos	1.74%
Milpitas	2.75%
Monte Sereno	0.14%
Mountain View	3.91%
Palo Alto	4.06%
Santa Clara	6.23%
Saratoga	1.59%
Sunnyvale	7.25%
Santa Clara County	5.94%
 Subtotal	 39.97%
 San Jose	 30.01%
District	30.02%
 TOTAL	 100.00%

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: DEC 21 1999

APPROVED AS TO FORM:

By: [Signature]  
Chair, Board of Directors

By: [Signature]  
General Counsel

ATTEST:

By: [Signature]  
General Manager

Date: [Signature]  
By: [Signature]

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date: \_\_\_\_\_

By: \_\_\_\_\_

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date: \_\_\_\_\_

By: \_\_\_\_\_

CITY OF CAMPBELL

Date: 12/7/99

APPROVED AS TO FORM:

By: [Signature]

By: [Signature]

Name: Robert Kass

Name: William R. Seligmann

Title: Public Works Director

Title: City Attorney

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date:

By: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date:

By: \_\_\_\_\_

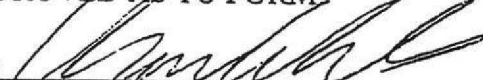
CITY OF CUPERTINO

Date: 11-29-99

By: 

Name: John Statton  
Title: Vice Mayor, City of Cupertino

APPROVED AS TO FORM:

By: 

Name: Charles Kilian  
Title: City Attorney

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

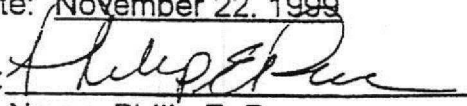
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Date: \_\_\_\_\_

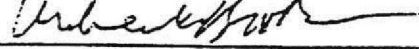
By: \_\_\_\_\_

CITY OF LOS ALTOS

Date: November 22, 1999

By:   
Name: Philip E. Rose  
Title: City Manager

APPROVED AS TO FORM:

By:   
Name: Robert K. Booth  
Title: City Attorney

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

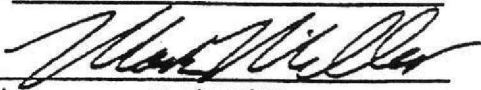
Date: \_\_\_\_\_

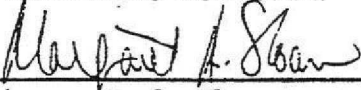
By: \_\_\_\_\_

CITY OF Los Altos Hills

Date: 1/6/00

APPROVED AS TO FORM:

By:   
Name: Mark Miller  
Title: City Manager

By:   
Name: Sandy Sloan  
Title: City Attorney

CITY OF CAMPBELL

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

TOWN OF LOS GATOSDate: 12.2.99

APPROVED AS TO FORM:

ATTEST: 12/3/99By: David W. KorbName : DAVID W. KORBTitle: Town ManagerBy: G.P.K.Name : ORRY P. KORBTitle: TOWN ATTORNEYMARIAN V. COSGROVE  
TOWN CLERKCITY OF MONTE SERENO

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF SARATOGA

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date: \_\_\_\_\_

By: \_\_\_\_\_

CITY OF Milpitas

Date: December 7, 1999

APPROVED AS TO FORM:

By: [Signature]  
Name: June Catalano  
Title: Acting City Manager

By: [Signature]  
Name: Patrick Whitnell  
Title: Asst. City Attorney

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF CAMPBELL

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

TOWN OF LOS GATOS

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

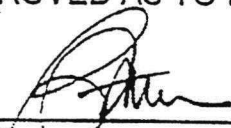
By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF MONTE SERENODate: December 7, 1999

APPROVED AS TO FORM:

By: Name: Jack LucasTitle: MayorBy: Name: Robert LoganTitle: City AttorneyCITY OF SARATOGA

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name : \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
—

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date: \_\_\_\_\_  
By: \_\_\_\_\_

CITY OF Mountain View

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: K. Ogden  
Name : \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name : \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF \_\_\_\_\_



IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date: \_\_\_\_\_

By: \_\_\_\_\_

CITY OF Palo Alto

Date: 7-7

By: [Signature]  
Name: Susan W. Case  
Title: Senior Asst. City Attorney

APPROVED AS TO FORM:

By: Susan W. Case  
Name: Susan W. Case  
Title: Senior Asst. City Attorney

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

By: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

CITY OF SANTA CLARA

Date: November 30, 1999

APPROVED AS TO FORM:

By: Jennifer Sparacino  
 Name : Jennifer Sparacino  
 Title: City Manager

By: Elena Ramirez  
 Name : ELENA RAMIREZ  
 Title: DEPUTY CITY ATTORNEY

ATTEST: J. L. Bociano  
 City Clerk  
 CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

By: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

By: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF SARATOGADate: December 1, 1999

APPROVED AS TO FORM:

By: [Signature]Name: LARRY E. PERLINTitle: CITY MANAGERBy: [Signature]Name: Richard TaylorTitle: City Attorney

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date:

By: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date:

By: \_\_\_\_\_

CITY OF Sunnyvale

Date: \_\_\_\_\_

By: Robert S. LaSala  
Name: Robert S. LaSala  
Title: City Manager

APPROVED AS TO FORM:

By: Valerie J. Armento  
Name: Valerie J. Armento  
Title: City Attorney

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
—

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: DEC 14 1999

APPROVED AS TO FORM:

By: [Signature]  
Chair, Board of Supervisors

By: [Signature]  
Deputy County Counsel

ATTEST:

Date: DEC 14 1999

By: [Signature]  
Phyllis A. Perez, Clerk  
Board of Supervisors

CITY OF \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name : \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name : \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement as of the dates shown below.

SANTA CLARA VALLEY WATER DISTRICT, a body corporate and politic of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
General Counsel

ATTEST:

By: \_\_\_\_\_  
General Manager

Date:

By: \_\_\_\_\_

COUNTY OF SANTA CLARA, a public entity of the State of California

Date: \_\_\_\_\_ APPROVED AS TO FORM:

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy County Counsel

ATTEST:

Date:

By: \_\_\_\_\_

CITY OF SAN JOSE

Date: 3.10.00

APPROVED AS TO FORM:

By: *Jennifer A. Maguire*  
Name: Jennifer A. Maguire  
Title: Assistant to the City Manager

By: *Mollie J. Dent*  
Name: Mollie J. Dent  
Title: Senior Deputy City Attorney

## **Appendix 2**

First Amendment to Agreement Providing For Implementation  
of the Santa Clara Valley Urban Runoff  
Pollution Prevention Program  
as fully executed as of March 10, 2005

[page intentionally blank]



**FIRST AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION  
OF  
THE SANTA CLARA VALLEY  
URBAN RUNOFF POLLUTION PREVENTION PROGRAM**

This first amendment to Agreement providing for implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (THE "Amendment") is entered into by and between the SANTA CLARA VALLEY WATER DISTRICT, a local public agency of the State of California ("District"); CITY OF CAMPBELL, a municipal corporation of the State of California; CITY OF CUPERTINO, a municipal corporation of the State of California; CITY OF LOS ALTOS, a municipal corporation of the State of California; TOWN OF LOS ALTOS HILLS, a municipal corporation of the State of California; TOWN OF LOS GATOS, a municipal corporation of the State of California; CITY OF MILPITAS, a municipal corporation of the State of California; CITY OF MONTE SERENO, a municipal corporation of the State of California; CITY OF MOUNTAIN VIEW, a municipal corporation of the State of California; CITY OF PALO ALTO, a municipal corporation of the State of California; CITY OF SARATOGA, a municipal corporation of the State of California; CITY OF SAN JOSE, a municipal corporation of the State of California; CITY OF SANTA CLARA, a municipal corporation of the State of California; CITY OF SUNNYVALE, a municipal corporation of the State of California; and COUNTY OF SANTA CLARA, a municipal corporation of the State of California.

All of the above mentioned entities are hereinafter collectively referred to as "Parties" or individually as "Party."

**RECITALS**

- A. The Parties previously entered into that certain Agreement Providing For Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the "Agreement" or "MOA") pursuant to which the Parties established certain terms and conditions relating to the implementation and oversight of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the "Program"). A copy of the agreement is attached hereto as Appendix A. Unless otherwise set forth herein, all terms shall have the meaning set forth in the Agreement;
- B. The Agreement provided for a five-year term, which, based on its execution, is currently set to conclude on or about March 10, 2005;
- C. The Parties expect to utilize the Program to submit a reapplication for the NPDES Permit in early 2005 and to otherwise address a variety of matters related to assisting the Parties in effectuating compliance with the Permit after March 10, 2005;
- D. The Parties therefore desire to extend the term of the MOA as set forth below;
- E. Section 7.02 of the MOA provides that it may be amended by the unanimous written agreement of the Parties and that all Parties agree to bring any proposed amendments to their Council or Board, as applicable, within three (3) months following acceptance by the Management Committee; and

**NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE AS FOLLOWS:**

**Section 6.**

Section 6.02 of the Agreement is hereby amended as follows:

6.02.01 This Agreement shall continue in full force and effect for an additional one year beyond its original termination date of March 10, 2005, unless otherwise terminated by the Parties in accordance with Section 6.03.

**Section 2.**

Section 2.04 of the Agreement is hereby amended as follows:

2.04.01 The Program shall conduct an independent review by December 31, 2005 to evaluate the MOA's cost allocation formula and evaluate the term, scope and cost of the Program MOA.

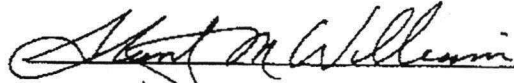
**IN WITNESS WHEREOF**, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

  
Stanley M. Williams  
CBO  
2/18/05

**County of Santa Clara:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

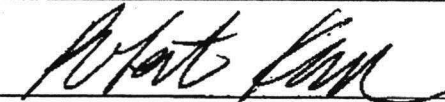
**City of** Campbell :

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

  
Robert Kass  
Interim City Manager  
3/2/05

NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE AS FOLLOWS:

**Section 6.**

Section 6.02 of the Agreement is hereby amended as follows:

6.02.01 This Agreement shall continue in full force and effect for an additional one year beyond its original termination date of March 10, 2005, unless otherwise terminated by the Parties in accordance with Section 6.03.

**Section 2.**

Section 2.04 of the Agreement is hereby amended as follows:

2.04.01 The Program shall conduct an independent review by December 31, 2005 to evaluate the MOA's cost allocation formula and evaluate the term, scope and cost of the Program MOA.

IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

***Santa Clara Valley Water District:*** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***City of Cupertino:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*David W. Knap*  
DAVID W Knap  
City Manager  
3.10.05

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of  
March 10, 2005.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of Los Altos:*

By:  \_\_\_\_\_

Name: Philip E. Rose

Title: City Manager

Date: \_\_\_\_\_

IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

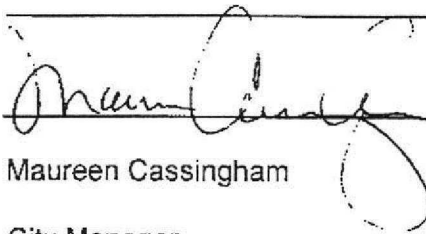
Date: \_\_\_\_\_

**County of Santa Clara:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Town of Los Altos Hills:** By:  \_\_\_\_\_

Name: Maureen Cassingham

Title: City Manager

Date: March 8, 2005

**IN WITNESS WHEREOF**, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_


Date: \_\_\_\_\_

**County of Santa Clara:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_


Date: \_\_\_\_\_

**Town of Los Gatos:** By:  \_\_\_\_\_  
Debra J. Figone, Town Manager

Date: 3/8/05

Approved as to Form By:  \_\_\_\_\_  
Orry Korb, Town Attorney

Date: 3.7.05

Attest By:  \_\_\_\_\_  
MarLyn J. Rasmussen, Clerk Administrator

Date: 3/8/05

NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE AS FOLLOWS:

Section 6.

Section 6.02 of the Agreement is hereby amended as follows:

- 6.02 This Agreement shall continue in full force and effect for an additional one year beyond its original termination date of March 10, 2005, unless otherwise terminated by the Parties in accordance with Section 6.03.

Section 2.

Section 2.04 of the Agreement is hereby amended as follows:

- 2.04 The Program shall conduct an independent review by December 31, 2005 to evaluate the MOA's cost allocation formula and evaluate the term, scope and cost of the Program MOA.

IN WITNESS WHEREOF, The Parties have executed this Amendment as of March 10, 2005.

*Santa Clara Valley Water District:* By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:* By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of* MILPITAS :

By:  \_\_\_\_\_

Name: Charles R. Lawson

Title: Acting City Manager

Date: \_\_\_\_\_

**APPROVED**

DATE 3/03/2005


  
CITY ATTORNEY



IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_


**County of Santa Clara:** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**City of Monte Sereno:** By:   
Name: Brian Lovesthal  
Title: City Manager  
Date: 3/3/05

**IN WITNESS WHEREOF,** The Parties have executed this Amendment effective as of  
March 10, 2005.

*Santa Clara Valley Water District:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*County of Santa Clara:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*City of Mountain View:* By:  \_\_\_\_\_  
Name: Kevin Duggan  
Title: City Manager  
Date: March 9, 2005

Appendix 2

IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

*Santa Clara Valley Water District*: By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara*: By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of* Palo Alto : By: 

Name: Jim Burch

Title: Mayor

Date: March 10, 2005

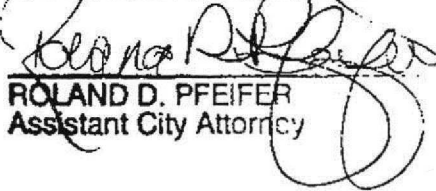
IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

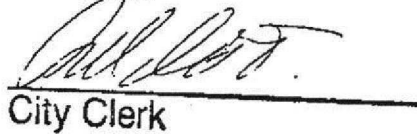
**County of Santa Clara:** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**City of Santa Clara:** By: Jennifer Sparacino  
Name: Jennifer Sparacino  
Title: City Manager  
Date: March 8, 2005

APPROVED AS TO FORM:

  
ROLAND D. PFEIFER  
Assistant City Attorney

ATTEST:

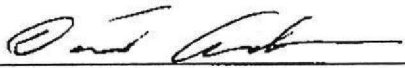
  
City Clerk

Appendix 2

IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**County of Santa Clara:** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**City of Saratoga:** By:   
Name: Dave Anderson  
Title: City Manager  
Date: 3-10-05

ATTEST:

City Clerk 

IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**County of Santa Clara:** By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**City of Sunnyvale:**

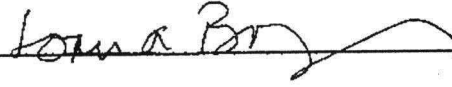
By: 

Name: Amy Chan

Title: City Manager

Date: 3-14-05

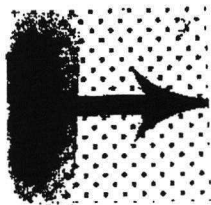
**Approved as to Form:**

By: 

Name: Joan Borger

Title: Acting City Attorney

Date: \_\_\_\_\_



IN WITNESS WHEREOF, The Parties have executed this Amendment effective as of March 10, 2005.

**Santa Clara Valley Water District:** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**County of Santa Clara:** By: Liz Kniss  
Name: LIZ KNISS  
Title: CHAIR BOARD OF SUPERVISORS  
Date: MAR 01 2005

**City of** \_\_\_\_\_ : By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Attest: Phyllis Perez  
Phyllis Perez, Clerk of the Board of Supervisors  
Date: MAR 01 2005

Approved as to form and legality:

Kathy Kretchmer  
Kathy Kretchmer, Deputy County Counsel

Date: 2/18/05

Appendix 2

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2005.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of San Jose:*

By: Peter Jensen

Name: PETER JENSEN

Title: ASSISTANT TO THE CITY MANAGER

Date: 3-10-05

Mallory J. Hart  
MAY 17 2005 11:00 AM  
CITY OF SAN JOSE



### **Appendix 3**

Second Amendment to Agreement Providing For Implementation  
of the Santa Clara Valley Urban Runoff  
Pollution Prevention Program  
as fully executed as of March 10, 2006

[page intentionally blank]

**SECOND AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM**

THIS SECOND AMENDMENT TO AGREEMENT PROVIDING FOR IMPLEMENTATION OF THE SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM (the "Amendment") is entered into by and between the SANTA CLARA VALLEY WATER DISTRICT, a local public agency of the State of California ("District"); CITY OF CAMPBELL, a municipal corporation of the State of California; CITY OF CUPERTINO, a municipal corporation of the State of California; CITY OF LOS ALTOS, a municipal corporation of the State of California; TOWN OF LOS ALTOS HILLS, a municipal corporation of the State of California; TOWN OF LOS GATOS, a municipal corporation of the State of California; CITY OF MILPITAS, a municipal corporation of the State of California; CITY OF MONTE SERENO, a municipal corporation of the State of California; CITY OF MOUNTAIN VIEW, a municipal corporation of the State of California; CITY OF PALO ALTO, a municipal corporation of the State of California; CITY OF SAN JOSE, a municipal corporation of the State of California; CITY OF SANTA CLARA, a municipal corporation of the State of California; CITY OF SARATOGA, a municipal corporation of the State of California; CITY OF SUNNYVALE, a municipal corporation of the State of California; and COUNTY OF SANTA CLARA, a political subdivision of the State of California.

All of the above-mentioned entities are hereinafter collectively referred to as "Parties" or individually as "Party."

**RECITALS**

A. The Parties previously entered into that certain Agreement Providing For Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the "Agreement" or "MOA") pursuant to which the Parties established certain terms and conditions relating to the implementation and oversight of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the "Program"), including a cost sharing allocation, which was appended thereto as Exhibit A. A copy of the Agreement, including Exhibit A, is attached hereto as Appendix 1. Unless otherwise set forth herein, all terms shall have the meaning set forth in the Agreement;

B. The Agreement originally provided for a five year term, which, based on its execution, was set to conclude on or about March 10, 2005. However, on or about February 20, 2005, the Parties unanimously entered into a First Amendment to the Agreement (attached hereto as Appendix 2), which extended the term of the Agreement by one additional year and, during that year, directed the Program to undertake a management and cost allocation review. The Program used an independent contractor to conduct the management and cost allocation review, which was completed and submitted to the Management Committee in November 2005;

C. The Parties expect to utilize the Program to continue to represent their interests in negotiating the terms of a renewed NPDES Permit, which may manifest itself in a Municipal Regional Permit ("MRP"), in 2006, and to otherwise address a variety of matters related to assisting the Parties in effectuating compliance with the Permit and/or MRP after March 10, 2006;

D. The Parties also expect to continue to utilize the Program's preferred approach of achieving consensus to resolve issues and reach decisions, and to rely on the Majority Vote mechanism set forth in Section 2.08 of the Agreement at the Management Committee level only when consensus-based resolutions appear or become elusive;

E. The Parties desire to update the Agreement and extend the term of the MOA as set forth below;

F. Section 7.02 of the MOA provides that it may be amended by the unanimous written agreement of the Parties and that all Parties agree to bring any proposed amendments to their Council or Board, as applicable, within three (3) months following acceptance by the Management Committee; and

G. The Program's Management Committee accepted this Amendment for referral to the Parties' Councils and/or Boards at its meeting on December 15, 2005.

**NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE AS FOLLOWS:**

1. Recognition of Current Permit. Recital F of the Agreement is hereby amended by the following additional subsections:

3. Order No. 01-024 (re-issued NPDES Permit No. CAS029718); adopted February 21, 2001;

4. Order No. 01-119 (Modification to re-issued NPDES Permit No. CAS029718); adopted October 17, 2001;

5. Order No. R2-2005-0035 (Further Modification to re-issued NPDES Permit No. CAS029718); adopted July 20, 2005.

2. Cost Sharing Allocation. Effective with fiscal year 2007, the following footnote shall be deemed to have been added to "Exhibit A" of the MOA and to be shown by means of an asterisk placed immediately following the Proportional Share of "30.02%" shown for the District:

\*One-third of the District's 30.02% contribution is expected to be from funding derived by the District from Outcome 2 and Activity 2.5 of the voter-adopted Clean Safe Creeks program; the remaining two-thirds of the District's contribution is expected to be derived by the District from property tax revenues.

3. Contracting/Fiscal Agent. Section 4.02 of the Agreement is hereby replaced by the following:

In March 2005, the District notified the Management Committee that it was withdrawing as the Contracting/Fiscal Agent within ninety (90) days; the City of Sunnyvale thereafter agreed to serve as the Contracting/Fiscal Agent and was nominated to do so by another Party and selected as the Program's Contracting/Fiscal Agent by a majority vote of the Management Committee. The City of Sunnyvale may withdraw as the Contracting/Fiscal Agent upon the provision of ninety (90) days written notice to the Management Committee.

4. Extension of Term of Agreement. Sections 6.02 and 6.02.01 of the Agreement, as previously amended, are hereby replaced as follows:

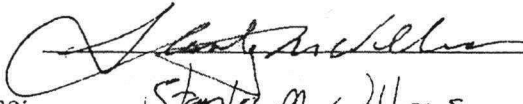
This Agreement shall have a term extending one fiscal year beyond the termination date of the next NPDES Permit issued to the Parties by the RWQCB-SFBR; such termination date shall, include any administrative extension of the next NPDES Permit's term which occurs pursuant to the NPDES regulations.

5. Superseding Effect. This Second Amendment of the Agreement shall supersede and replace the First Amendment of the Agreement.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the Parties, have executed this Amendment effective as of  
March 10, 2006.

*Santa Clara Valley Water District:*

By:   
Name: Stanley M. Williams  
Title: CEO  
Date: 12/22/2005

*County of Santa Clara:*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*City of \_\_\_\_\_:*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of  
March 10, 2006.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

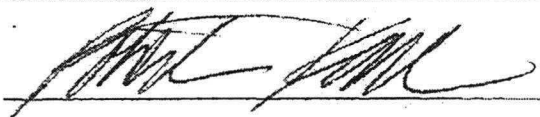
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of* Campbell :

By: 

Name: Robert Kass

Title: Public Works Director

Date: January 23, 2006

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as  
of March 10, 2006.  
TOTAL P.06

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of Cupertino:*

By: David W Knapp

Name: \_\_\_\_\_

DAVID W KNAPP

Title: \_\_\_\_\_

City Manager

Date: \_\_\_\_\_

1.26.06



IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

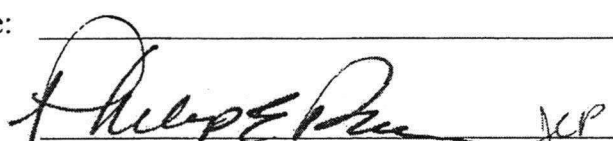
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of Los Altos:*

By:  JCR

Name: Philip Rose

Title: City Manager

Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***Town of Los Altos Hills:***

By: Carl Cahill

Name: ~~Maureen Cassingham~~ Carl Cahill


Title: ~~City Manager~~ Acting City Manager

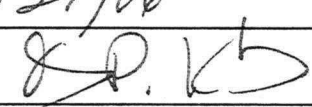
Date: February 2, 2006

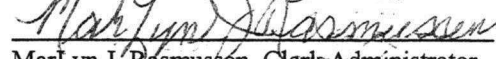
IN WITNESS THEREOF, the Parties have executed this Amendment Effective as of March 10, 2006.

***Santa Clara Valley Water District:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***County of Santa Clara:*** By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

***Town of Los Gatos:*** By:  \_\_\_\_\_ PS)  
Debra J. Figone, Town Manager  
Date: 1/27/06

***Approved as to Form*** By:  \_\_\_\_\_  
Orry Korb, Town Attorney  
Date: 1.23.06

***Attest*** By:  \_\_\_\_\_  
MarLyn J. Rasmussen, Clerk Administrator  
Date: 1/30/06

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:* By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:* By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of* MILPITAS \_\_\_\_\_:

By: 


Name: CHARLES R. LAWSON

Title: CITY MANAGER

Date: 23 FEBRUARY 2006

**APPROVED**

DATE 2.22.2006

  
for Steven Mattas  
CITY ATTORNEY, City of Milpitas

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of Monte Sereno*

By:  \_\_\_\_\_

Name: Brian Loventhal

Title: City Manager

Date: January 18, 2006

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of Mountain View:*

By:  \_\_\_\_\_

Name: Kevin C. Duggan

Title: City Manager

Date: 1/27/06

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*County of Santa Clara:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*City of Palo Alto:* By: Judy Kleinberg  
Name: Judy Kleinberg  
Title: Mayor  
Date: March 6, 2006

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*County of Santa Clara:* By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*City of SANTA CLARA :* By: Jennifer Sparacino  
Name: JENNIFER SPARACINO  
Title: CITY MANAGER  
Date: 1-30-06

APPROVED AS TO FORM:  
[Signature]  
MICHAEL R. DOWNEY  
City Attorney

ATTEST:

[Signature]  
City Clerk



IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

***Santa Clara Valley Water District:***

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***County of Santa Clara:***


By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***City of Saratoga :***

By: 

Name: Dave Anderson

Title: City Manager

Date: 1-24-2006

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of Sunnyvale:*

By: \_\_\_\_\_

Name: \_\_\_\_\_ Amy Chan

Title: \_\_\_\_\_ City Manager

Date: \_\_\_\_\_

*Approved as to Form:*

By: \_\_\_\_\_

*(City of Sunnyvale)*

Name: \_\_\_\_\_ David Kahn

Title: \_\_\_\_\_ City Attorney

Date: \_\_\_\_\_ 2-15-06

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

**Santa Clara Valley Water District:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**County of Santa Clara:**

By: James T. Beall, Jr.  
Name: JAMES T. BEALL, JR.  
Title: CHAIR  
Date: JAN 24 2006

**City of \_\_\_\_\_:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to Form and Legality

Kathy Ketchum  
Deputy County Counsel

Date 1/5/06

ATTEST : Phyllis A. Perez, Clerk  
Board of Supervisors

Phyllis A. Perez

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of March 10, 2006.

*Santa Clara Valley Water District:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*County of Santa Clara:*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*City of San Jose:*

By: Deanna Santana

Name: Deanna Santana

Title: Deputy City Manager

Date: March 10, 2006

Approved As To Form

By: Mollie J. Dent

Name: Mollie J. Dent

Title: Senior Deputy City Attorney

**FOURTH AMENDMENT TO AGREEMENT  
PROVIDING FOR IMPLEMENTATION OF  
THE SANTA CLARA VALLEY URBAN RUNOFF  
POLLUTION PREVENTION PROGRAM**

THIS FOURTH AMENDMENT TO AGREEMENT PROVIDING FOR IMPLEMENTATION OF THE SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM (the “Amendment”) is entered into by and between the SANTA CLARA VALLEY WATER DISTRICT, a local public agency of the State of California (“District”); CITY OF CAMPBELL, a municipal corporation of the State of California; CITY OF CUPERTINO, a municipal corporation of the State of California; CITY OF LOS ALTOS, a municipal corporation of the State of California; TOWN OF LOS ALTOS HILLS, a municipal corporation of the State of California; TOWN OF LOS GATOS, a municipal corporation of the State of California; CITY OF MILPITAS, a municipal corporation of the State of California; CITY OF MONTE SERENO, a municipal corporation of the State of California; CITY OF MOUNTAIN VIEW, a municipal corporation of the State of California; CITY OF PALO ALTO, a municipal corporation of the State of California; CITY OF SAN JOSE, a municipal corporation of the State of California; CITY OF SANTA CLARA, a municipal corporation of the State of California; CITY OF SARATOGA, a municipal corporation of the State of California; CITY OF SUNNYVALE, a municipal corporation of the State of California; and COUNTY OF SANTA CLARA, a political subdivision of the State of California.

All of the above-mentioned entities are hereinafter collectively referred to as “Parties” or individually as “Party.”

**RECITALS**

A. The Parties previously entered into that certain Agreement Providing For Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the “Agreement” or “MOA”) pursuant to which the Parties established certain terms and conditions relating to the implementation and oversight of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the “Program”), including a cost sharing allocation, which was appended thereto as Exhibit A. Unless otherwise set forth herein, all terms shall have the meaning set forth in the Agreement as amended. A copy of the Agreement inclusive of Exhibit A is attached hereto as Appendix 1. A copy of the Agreement inclusive of all of its previous amendments is available via the internet at [https://scvurppp.org/wp-content/uploads/2019/10/MOA\\_2016\\_complete\\_package\\_DEC\\_2016.pdf](https://scvurppp.org/wp-content/uploads/2019/10/MOA_2016_complete_package_DEC_2016.pdf));

B. The Agreement originally provided for a five-year term, which, based on its execution, was set to conclude on or about March 10, 2005. However, on or about February 20, 2005, the Parties unanimously entered into a First Amendment to the Agreement, which extended the term of the Agreement by one additional year.

C. The Parties thereafter unanimously entered into a Second Amendment to the Agreement, which extended the term of the amended Agreement by “one fiscal year beyond the termination date of the (then) next NPDES Permit issued to the Parties, including any administrative extension of the (then) next NPDES Permit’s term which occurred pursuant to the NPDES regulations.” The next NPDES permit applicable to the Parties (and others) was subsequently adopted by the California Regional Water Quality Control Board, San Francisco Bay Region (“RWQCB SFBR”) on October 14, 2009 and was known as the Municipal Regional Permit (“MRP”) because it covered numerous public agencies in the San Francisco Bay Region in addition to the Parties. The MRP was then administratively extended until a new NPDES Permit applicable to the Parties (and the other public entities in the San Francisco Bay Region) was adopted by the California Regional Water Quality Control Board, San Francisco Bay Region, on November 19, 2015 (“MRP 2.0”). MRP 2.0 became effective on January 1, 2016 and was originally scheduled to terminate on December 31, 2020;

D. The Parties thereafter unanimously entered into a Third Amendment to the Agreement, which once again extended the term of the amended Agreement by “one fiscal year beyond the termination date of the next NPDES Permit issued to the Parties, including any administrative extension of the next NPDES Permit’s term which occurred pursuant to the NPDES regulations.” MRP 2.0 was then administratively extended, largely due to the COVID-19 pandemic, until a new NPDES Permit applicable to the Parties (and the other public entities in the San Francisco Bay Region) was adopted by the California Regional Water Quality Control Board, San Francisco Bay Region, on May 11, 2022 (“MRP 3.0”). MRP 3.0 became effective on July 1, 2022 and is currently scheduled to terminate on June 30, 2027 unless administratively extended;

E. The Parties expect to utilize the Program to continue to represent their interests relative to MRP 3.0 (including with respect to an administrative appeal of its adoption that the State Water Resources Control Board is considering to pursue on its own motion), to help them effectuate certain aspects of compliance with MRP 3.0, and, beyond that, in negotiating the terms of a further renewed NPDES Permit when MRP 3.0 nears the end of its anticipated five-year term and any administrative extension provided thereto;

F. The Parties also expect to continue to utilize the Program’s preferred approach of achieving consensus to resolve issues and reach decisions, and to rely on the Majority Vote mechanism set forth in Section 2.08 of the Agreement at the Management Committee level only when consensus-based resolutions appear or become elusive;

G. The Parties now desire to update the Agreement as previously amended and further extend the term of the MOA as set forth below;

H. Section 7.02 of the MOA provides that it may be amended by the unanimous written agreement of the Parties and that all Parties agree to bring any proposed amendments to their Council or Board, as applicable, within three (3) months following acceptance by the Management Committee; and

I. The Program's Management Committee accepted this Amendment for referral to the Parties' Councils and/or Boards at its meeting on January 19, 2023.

**NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE AS FOLLOWS:**

1. Recognition of Current Permit. Recital F of the Agreement, as previously amended, is hereby further amended by the addition of the following subsections:

6. Order No. R2-2009-0074 (the Municipal Regional Permit, NPDES Permit CAS612008); adopted October 14, 2009 and amended by the RWQCB SFBR on November 28, 2011;

7. Order No. R2-2015-0049 (MRP 2.0, NPDES Permit CAS612008); adopted by the RWQCB SFBR on November 19, 2015;

8. Order No. R2-2022-0018 (MRP 3.0, NPDES Permit CAS612008); adopted by the RWQCB SFBR on May 11, 2022.

2. Extension of Term of Agreement. Sections 6.02 and 6.02.01 of the Agreement, as previously amended, are hereby replaced as follows:

This Agreement shall have a term extending one fiscal year beyond the date of termination of MRP 3.0; such termination date shall, however, be deemed to include any administrative extension of MRP 3.0 which occurs or arises pursuant to the NPDES regulations or any modification of the MRP 3.0 termination date that arises from an NPDES permitting action undertaken by the RWQCB SFBR or California State Water Resources Control Board.

3. Superseding Effect. This Fourth Amendment of the Agreement shall supplement all prior amendments of the Agreement and supersede any conflicting provisions of the prior amendments of the Agreement.

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**IN WITNESS WHEREOF**, the Parties have executed this Fourth Amendment effective as of the last date indicated below or April 19, 2023, whichever arises earlier.

*Town of* \_\_\_\_\_: By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_





**TOWN OF LOS GATOS**  
**TOWN COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 10

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DATE: February 16, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive the Monthly Financial and Investment Report for December 2022.

**RECOMMENDATION:**

Receive the Monthly Financial and Investment Report for December 2022.

**DISCUSSION:**

As of January 2023, staff has changed the frequency of the reporting from quarterly to monthly to comply with the California Government Code Section 41004. California Government Code Section 41004 requires that the Town Treasurer submits to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursement, and fund balances. The Finance Director assumes the Town Treasurer role. Attachment 1 contains the December 2022 Monthly Financial and Investment Report which fulfills this requirement.

Based on the Finance Commission's comments at the January meeting, Attachment 1 contains a Fund Balance Schedule, representing estimated funding available for all funds at the end of the December 2022. The Finance Commission reviewed the new format at its February meeting and recommended additional clarification to the Investment Portfolio Reporting including changing fund balance to cash balance, noting that weighted average yield to maturity (YTM) pertains to total investments under management, adding coupon rate, and adding a calculation comparing current market value versus historical costs to the investment reporting schedule. All of the Finance Commission recommendations are included in the attached December Financial and Investment Report.

Please note that the amount in the Fund Schedule differs from the Portfolio Allocation and Treasurer's Cash Fund Balances Summary schedule because assets and liabilities are components of the fund balance. As illustrated in the summary below, Total Cash is adjusted

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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DISCUSSION (continued):

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.

As of December 31, 2022, the Town's financial position (Assets \$76.1M, Liabilities \$27.2M and Fund Equity \$48.9M) remains strong and there are no issues meeting financial obligation in the near future.

<b>Reconciling Cash to Fund Balance</b>		
Total Cash	\$	64,463,675
Plus: Asset	\$	11,663,388
Less: Liabilities	\$	(27,224,307)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>48,902,756</b>

As of December 31, 2022, the Town's weighted portfolio yield was 2.28% which exceeded by 11 basis points the Local Agency Investment Fund (LAIF) yield of 2.17% for the same reporting period. Currently the LAIF portfolio's weighted average maturity (WAM) is 304 days versus the Town's longer WAM of 439 days. This slightly longer maturity allows the Town to pick up higher yields available on the later maturities. The Town's weighted average rate of return of 2.28% at the close of December was 25 basis points higher when compared to the prior months return of 2.03% reported as of November 30, 2022.

Since September 30, 2022, LAIF yields had climbed from 151 basis points (1.51%) to 217 basis points (2.17%) through the end of December 2022. Staff in coordination with the Town's investment advisor continued primarily replacing maturing investments with shorter to medium term maturities in the two- to three-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.

Regarding the state of the interest rate environment as of December 2022, the Federal Reserve (Fed), announced a downshift in its policy tightening. It raised the upper bound of its policy rate by 50 basis points from 4% to 4.5% following four consecutive 75 basis points hikes. The Fed indicated that it still has more interest rate hiking to do in calendar year 2023. Federal Reserve chair Powell stated that rates are still "not sufficiently restrictive." The Fed's most notable and anticipated change was to its calendar year 2023 year-end interest rate forecast, now projected at 5.13%, up from latest prior forecast of 4.65%. Only two of the board members projected a lower rate than the consensus rate.

The Town's investments are in compliance with the Town's Investment Policy dated January 17, 2023 and also in compliance with the requirements of Section 53600 at seq. of the California

PAGE 3 OF 3

SUBJECT: Monthly Financial and Investment Report (December 2022)

DATE: February 16, 2023

State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Review and recommend changes for Town Council consideration regarding the proposed new format for the Monthly Financial and Investment Report (December 2022).

Attachments:

1. Financial and Investment Report as of December 31, 2022
2. Public Comment Received before Publishing this Staff Report

**Town of Los Gatos  
Summary Investment Information  
December 31, 2022**

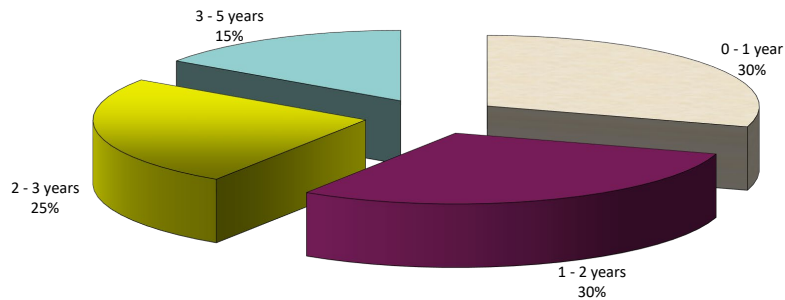
**Weighted Average YTM Portfolio Yield on Investments under Management**      **2.28%**      **Weighted Average Maturity (days)**      **439**

	<u><b>This Month</b></u>	<u><b>Last Month</b></u>	<u><b>One year ago</b></u>
<b>Portfolio Allocation &amp; Treasurer's Cash Balances</b>	\$64,463,675	\$65,273,987	\$60,407,357
Managed Investments	\$46,905,578		
Local Agency Investment Fund	\$6,941,940		
<u>Reconciled Demand Deposit Balances</u>	<u>\$10,616,157</u>		
Portfolio Allocation & Treasurer's Cash Balances	\$64,463,675		

**Benchmarks/ References:**

Town's Average Yield	2.28%	2.01%	1.20%
LAIF Yield for month	2.17%	1.77%	0.21%
3 mo. Treasury	4.41%	4.38%	0.06%
6 mo. Treasury	4.77%	4.71%	0.19%
2 yr. Treasury	4.43%	4.31%	0.74%
5 yr. Treasury (most recent)	4.01%	3.74%	1.27%
10 Yr. Treasury	3.88%	3.61%	1.51%

**Portfolio Maturity Profile**



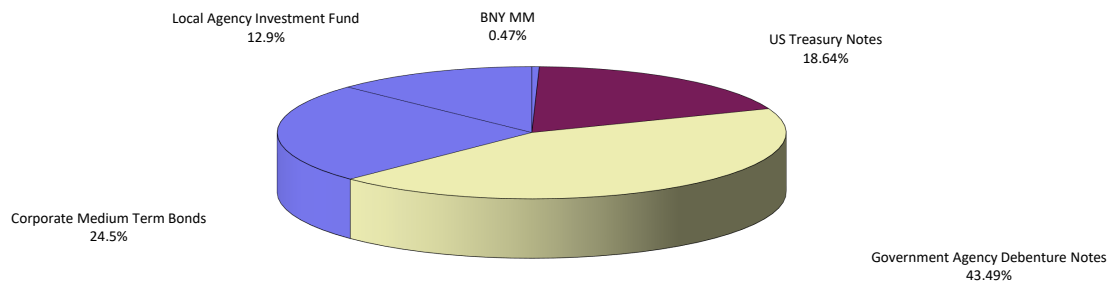
**Compliance:** The Town's investments are in compliance with the Town's investment policy dated January 17, 2023 and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos**  
**Portfolio Allocation & Treasurer's Cash Balances**  
**December 31, 2022**

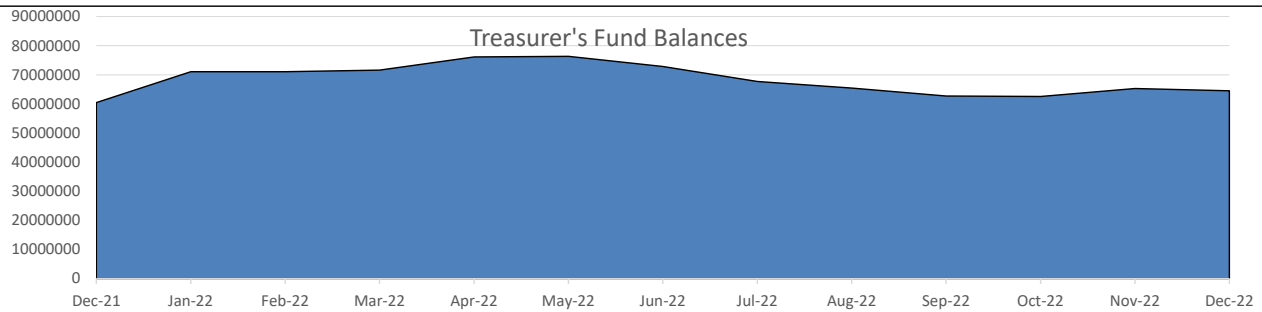
	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	\$65,273,986.94	\$72,886,942.83
Receipts	4,407,209.11	24,570,269.20
Disbursements	(5,217,521.12)	(32,993,537.10)
Cash & Investment Balances - End of Month/Period	<u>\$64,463,674.93</u>	<u>\$64,463,674.93</u>

<u>Portfolio Allocation:</u>	% of Portfolio	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$252,778.29 0.47%	20% of Town Portfolio
US Treasury Notes	\$10,037,973.70 18.64%	No Max. on US Treasuries
Government Agency Debenture Notes	\$23,416,349.00 43.49%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,198,477.01 24.51%	30% of Town Portfolio
Local Agency Investment Fund	\$6,941,939.56 12.89%	\$75 M per State Law
Subtotal - Investments	<u>53,847,517.56</u> 100.00%	
Reconciled Demand Deposit Balances	<u>10,616,157.37</u>	
Total Portfolio Allocation & Treasurer's Cash Balances	<u>\$64,463,674.93</u>	

**Portfolio Investment Allocation**



**Treasurer's Fund Balances**



**Town of Los Gatos**  
**Non-Treasury Restricted Fund Balances**  
**December 31, 2022**

	Beginning Balance	DEC 22 Deposits Realized Gain/Adj.	DEC 22 Interest/ Earnings	DEC 22 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Series A Reserve Fund	\$ 688,680.37		\$ 1,776.46		\$ 690,456.83	Note 1
Cert. Of Participation 2010 Ser A Lease Pymt Fund	132.84		0.34		133.18	Note 1
Cert. of Participation 2002 Lease Payment Fund	2,043.36		5.32		2,048.68	Note 1
Cert. of Participation 2010 Series Reserve Fund	1,287,499.24		3,620.15		1,291,119.39	Note 2
Total Restricted Funds:	<u>\$ 1,978,355.81</u>	<u>\$ -</u>	<u>\$ 5,402.27</u>	<u>\$ -</u>	<u>\$ 1,983,758.08</u>	
CEPPT IRS Section 115 Trust	643,821.47		18,501.50	0.00	\$ 662,322.97	Just check this with the final quai
Grand Total COP's and CEPPT Trust	<u>\$ 2,622,177.28</u>	<u>\$ -</u>	<u>\$ 23,903.77</u>	<u>\$ -</u>	<u>\$ 2,646,081.05</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 p

**Town of Los Gatos  
Statement of Interest Earned  
December 31, 2022**

Interest by Month

July 2022	\$60,107.76
August 2022	61,456.65
September 2022	60,153.38
October 2022	68,965.25
November 2022	68,430.71
December 2022	77,485.61
January 2023	
February 2023	
March 2023	
April 2023	
May 2023	
June 2023	
	<hr/>
	<u>\$396,599.36</u>

# Town of Los Gatos Investment Schedule December 31, 2022

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Market Value	Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Treasury	91282CAP6	US Treasury Note	0.13%	6/30/2021	1,000,000.00	995,390.63	964,726.56	(30,664.07)		10/15/2023	0.33%	\$ 1,615.44	\$ 3,260.06	\$ 1,643.43	288
Toyota Motor Credit	89236THA6_1	Corporate Bond	1.35%	04/12/21	500,000.00	510,580.00	488,811.04	(21,768.96)		8/25/2023	0.45%	\$ 9,243.75	\$ 2,780.30	\$ 1,152.20	237
Toyota Motor Credit	89236THA6	Corporate Bond	1.35%	1/11/2022	1,100,000.00	1,107,315.00	1,075,384.30	(31,930.70)		8/25/2023	0.94%	\$ 9,240.00	\$ 4,812.29	\$ 5,208.60	237
US Treasury	91282CDD0	US Treasury Note	0.38%	1/13/2022	1,100,000.00	1,090,675.78	1,060,769.53	(29,906.25)		10/31/2023	0.85%	\$ 3,281.77	\$ 4,286.54	\$ 4,694.78	304
US Treasury	91282CCN9	US Treasury Note	0.13%	1/13/2022	1,200,000.00	1,188,375.00	1,168,406.26	(19,968.74)		7/31/2023	0.75%	\$ 823.37	\$ 4,153.18	\$ 4,548.72	212
FFCB	3133EKMx1	Gov. Agency Debenture	2.23%	8/2/2019	1,000,000.00	1,014,400.00	971,934.33	(42,465.67)		2/23/2024	1.90%	\$ 73,775.83	\$ 55,756.94	\$ 9,651.25	419
FFCB	3133EMBE1	Gov. Agency Debenture	0.30%	10/8/2020	1,600,000.00	1,598,000.00	1,512,321.33	(85,678.67)		3/28/2024	0.34%	\$ 9,453.34	\$ 9,279.41	\$ 2,710.18	453
FFCB	3133EMCQ3	Gov. Agency Debenture	0.28%	10/16/2020	2,000,000.00	1,998,000.00	1,927,630.96	(70,369.04)		10/13/2024	0.31%	\$ 11,153.33	\$ 10,396.24	\$ 3,075.41	652
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	1,213,653.62	(14,937.38)	10,262.78	6/21/2027	4.19%	\$ (10,262.78)	\$ -	\$ 1,613.96	1633
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	952,740.40	(39,219.60)		1/1/2026	3.04%	\$ 4,750.00	\$ -	\$ 13,208.02	1097
Home Depot	91282ZW3	US Treasury Note	0.25%	8/9/2022	350,000.00	322,096.88	317,310.55	(4,786.33)		6/30/2025	3.16%	\$ 342.39	\$ -	\$ 4,150.18	912
IBM	459200JY8	Corporate Bond	3.00%	3/25/2021	1,000,000.00	1,071,040.00	972,886.72	(98,153.28)		5/15/2024	0.71%	\$ 49,166.67	\$ 9,358.41	\$ 3,727.16	501
US Treasury	91282R28	US Treasury Note	1.63%	7/2/2019	500,000.00	497,246.09	495,351.56	(1,894.53)		4/30/2023	1.77%	\$ 27,046.54	\$ 26,507.80	\$ 4,458.35	120
Freddie Mac	3137EAE5	Gov. Agency Debenture	2.75%	7/19/2019	2,000,000.00	2,072,358.00	1,983,123.36	(89,234.64)		6/19/2023	1.79%	\$ 187,916.67	\$ 107,829.55	\$ 18,422.13	170
FFCB	3133EKFV0	Gov. Agency Debenture	1.88%	7/22/2019	1,000,000.00	999,630.00	999,028.21	(601.79)		1/17/2023	1.89%	\$ 55,989.58	\$ 55,482.90	\$ 9,505.45	17
Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	717,875.00	5,309.82		3/31/2026	4.14%	\$ -	\$ -	\$ 7,806.54	1186
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	899,153.96	(1,785.64)		9/30/2025	4.14%	\$ -	\$ -	\$ 9,562.22	1004
US Treasury	91282CDA6	Gov. Agency Debenture	0.25%	1/31/2022	1,100,000.00	1,085,222.44	1,063,433.59	(21,788.85)		9/30/2023	1.07%	\$ 1,820.74	\$ 4,781.92	\$ 5,865.83	273
US Treasury	91282CAW1	Gov. Agency Debenture	0.25%	7/15/2021	1,200,000.00	1,199,437.50	1,153,875.00	(45,562.50)		11/15/2023	0.27%	\$ 4,002.72	\$ 3,107.52	\$ 1,633.67	319
American Honda	02665WCZ2	Corporate Bond	2.40%	11/27/2019	1,000,000.00	1,012,410.01	963,812.31	(48,597.70)		6/27/2024	2.12%	\$ 72,733.34	\$ 55,189.68	\$ 10,734.57	544
JP Morgan Chase	46625HRS1	Gov. Agency Debenture	3.20%	9/23/2022	500,000.00	474,660.00	472,653.08	(2,006.92)		3/15/2026	4.70%	\$ 3,644.44	\$ -	\$ 6,316.61	1170
Honeywell Int'l.	438516BW5	Corporate Bond	2.30%	11/20/2019	1,000,000.00	1,014,660.00	961,879.02	(52,780.98)		7/15/2024	1.64%	\$ 62,483.33	\$ 51,828.99	\$ 10,006.86	562
Caterpillar Financial Serv	14913Q2V0	Corporate Bond	2.85%	2/23/2021	1,000,000.00	1,077,370.00	972,522.93	(104,847.07)		5/17/2024	0.44%	\$ 49,400.00	\$ 6,129.72	\$ 2,292.42	503
FNMA	3135G0V75	Gov. Agency Debenture	1.75%	10/17/2019	1,100,000.00	1,105,833.30	1,053,414.19	(52,419.11)		7/2/2024	1.63%	\$ 52,456.25	\$ 48,706.74	\$ 9,080.08	549
US Bancorp	91159HHV5	Corporate Bond	3.38%	12/24/2019	1,000,000.00	1,049,040.00	982,424.56	(66,615.44)		1/5/2024	2.12%	\$ 88,218.75	\$ 54,380.13	\$ 10,887.86	370
FHLB	3133834G3	Gov. Agency Debenture	2.13%	3/11/2021	1,400,000.00	1,460,522.00	1,384,401.94	(76,120.06)		6/9/2023	0.19%	\$ 51,897.22	\$ 3,664.98	\$ 1,416.71	160
FFCB	3133EKQA7	Gov. Agency Debenture	2.08%	10/21/2019	1,000,000.00	1,019,780.00	958,996.01	(60,783.99)		9/10/2024	1.66%	\$ 60,031.11	\$ 45,130.78	\$ 8,447.67	619
PNC Financial	69349LAM0	Corporate Bond	3.80%	2/7/2022	1,000,000.00	1,033,470.00	993,122.23	(40,347.77)		6/25/2023	1.49%	\$ 17,733.33	\$ 5,372.34	\$ 6,912.67	176
FHLB	3135G0SX7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	1,083,218.59	(19,733.81)		8/25/2025	3.04%	\$ 937.50	\$ 1,902.68	\$ 17,504.64	968
Treasury	91282ZL7	Gov. Agency Debenture	0.38%	4/12/2022	1,700,000.00	1,583,927.57	1,552,710.95	(31,216.62)		4/30/2025	2.72%	\$ 3,504.49	\$ 9,611.14	\$ 22,385.45	851
JP Morgan Chase	46625HJT8	Corporate Bond	3.88%	9/23/2019	1,400,000.00	1,485,414.00	1,382,205.59	(103,208.41)		2/1/2024	2.39%	\$ 154,913.89	\$ 96,022.89	\$ 17,475.98	397
American Honda	02665WDH1	Corporate Bond	1.95%	2/14/2020	600,000.00	603,756.00	592,990.07	(10,765.93)		5/10/2023	1.75%	\$ 33,995.00	\$ 25,034.14	\$ 5,312.90	130
Treasury	912828V23	US Treasury Note	2.25%	11/29/2021	1,000,000.00	1,032,933.04	975,546.88	(57,386.16)		12/31/2023	0.66%	\$ 24,456.52	\$ 3,924.44	\$ 3,390.13	365
Treasury	91282CBE0_2	Gov. Agency Debenture	0.13%	10/7/2021	1,000,000.00	994,768.98	953,710.94	(41,058.04)		1/15/2024	0.36%	\$ 964.67	\$ 2,587.41	\$ 1,789.78	380
FHLB	3130ALH98	Gov. Agency Debenture	0.25%	2/26/2021	1,000,000.00	997,610.00	946,443.31	(51,166.69)		2/26/2024	0.33%	\$ 3,750.00	\$ 4,416.63	\$ 1,661.88	422
FHLB	3130AQF65	US Treasury Note	1.25%	11/30/2022	1,300,000.00	1,160,559.40	1,165,394.27	4,834.87		12/21/2026	4.15%	\$ 947.92	\$ -	\$ 4,296.91	1451
Treasury	912828U57	US Treasury Note	2.13%	7/31/2019	1,000,000.00	1,011,875.00	976,640.62	(35,234.38)		11/30/2023	1.84%	\$ 70,833.33	\$ 54,014.24	\$ 9,332.04	334
Treasury	912828X70	US Treasury Note	2.20%	12/30/2019	1,000,000.00	1,010,589.29	965,156.25	(45,433.04)		4/30/2024	1.75%	\$ 62,703.30	\$ 48,922.73	\$ 9,859.56	486
Treasury	912828XT2	US Treasury Note	2.00%	10/31/2019	1,000,000.00	1,015,667.41	963,828.12	(51,839.29)		5/31/2024	1.64%	\$ 61,639.34	\$ 44,208.50	\$ 8,360.09	517
American Honda	02665WCQ2	Corporate Bond	3.63%	9/14/2021	950,000.00	1,012,871.00	943,283.17	(69,587.83)		10/10/2023	0.41%	\$ 36,924.65	\$ 3,232.93	\$ 2,058.34	283
FFCB	3133EJ3Q0	Gov. Agency Debenture	2.88%	8/28/2019	1,500,000.00	1,587,503.75	1,469,140.89	(118,362.86)		12/21/2023	2.12%	\$ 142,911.46	\$ 64,945.24	\$ 11,523.55	355
Freddie Mac	3133EKKT2	Gov. Agency Debenture	2.25%	6/24/2019	1,550,000.00	1,573,188.00	1,546,731.53	(26,456.47)		2/8/2023	1.82%	\$ 117,606.25	\$ 86,008.42	\$ 14,360.75	39
Treasury	91282CBE0	Gov. Agency Debenture	0.13%	9/15/2021	650,000.00	647,615.46	619,912.11	(27,703.35)		1/15/2024	0.28%	\$ 675.62	\$ 1,447.14	\$ 924.56	380

Subtotal					\$ 46,500,000.00	\$ 46,652,799.71	\$ 44,818,555.84	\$ (1,834,243.87)	\$ 10,262.78			\$ 1,614,721.07	\$ 1,018,474.95	\$ 308,970.06	
BNY MM	Money Market					252,778.29	252,778.29	0.00			0.00%				1
LAIF	State Investment Pool					6,941,939.56	6,941,939.56	0.00			2.17%			59,805.13	1
						\$53,847,517.56	\$52,013,273.69	\$ (1,834,243.87)	\$ 10,262.78			\$ 1,614,721.07	\$ 1,018,474.95	\$ 368,775.19	

<b>Matured Assets</b>															
IBM	459200HG9	Corporate Bond		8/8/2019	1,000,000.00	995,010.00				8/1/2022	2.05%	\$ 55,885.42	\$ 59,141.32	\$ 1,790.47	
JP Morgan Chase	46625HJE1	Gov. Agency Debenture		2/11/2020	900,000.00	934,587.00				9/23/2022	1.74%	\$ 76,537.50	\$ 38,210.60	\$ 3,733.22	
Treasury	912828L57	US Treasury Note		7/22/2019	1,200,000.00	1,197,988.40				9/30/2022	2.09%	\$ 67,016.39	\$ 63,644.66	\$ 5,451.87	
Treasury	912828M80	US Treasury Note		7/22/2019	1,000,000.00	1,006,175.23				11/30/2022	1.81%	\$ 67,158.47	\$ 53,444.10	\$ 7,613.55	
BankAmerica Corp	06051GHC6	Corporate Bond		10/9/2020	1,300,000.00	1,366,287.00				12/20/2023	0.66%	\$ 85,805.92	\$ 31,569.88	\$ 9,235.07	

Total Investments "Matured"														\$ 27,824.17	
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Total Interest FY 22_23 Matured and Current														\$ 396,599.36	
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<b>Maturity Profile</b>					Amount
	I				\$27,257,067.08
	1-2 years				\$18,112,198.45
	2-3 years				\$3,909,916.45
	3-5 years				\$ 4,568,335.58
					\$53,847,517.56

## Market to Cost Position Report

					Amortized
					Cost
Institution					
BNY Assets					\$46,652,799.71
BNY MM					252,778.29
LAIF					6,941,939.56
Totals:					\$53,847,517.56



## Town of Los Gatos

### Insight ESG Ratings as of December 31, 2022

Security Description	Maturity Date	Par/Shares	Moody Rating	S&P Rating	Insight ESG Rating	Environment	Social	Governance
IBM CORP 1.875% 01AUG2022	8/1/2022	\$ 1,000,000	A3	A-	2	1	2	5
JPMORGAN CHASE & CO 3.25% 23SEP2022	9/23/2022	\$ 900,000	A1	A-	3	1	2	4
AMERICAN HONDA FINANCE 1.95% 10MAY2023	5/10/2023	\$ 600,000	A3	A-	2	2	3	3
PNC BANK NA 3.8% 25JUL2023 (CALLABLE 25JUN23)	7/25/2023	\$ 1,000,000	A3	A-	3	2	3	3
TOYOTA MOTOR CREDIT CORP 1.35% 25AUG2023	8/25/2023	\$ 1,600,000	A1	A+	3	3	3	5
AMERICAN HONDA FINANCE 3.625% 10OCT2023	10/10/2023	\$ 950,000	A3	A-	2	2	3	3
JPMORGAN CHASE & CO 3.875% 01FEB2024	2/1/2024	\$ 1,400,000	A1	A-	3	1	2	4
US BANCORP 3.375% 05FEB2024 (CALLABLE 05JAN24)	2/5/2024	\$ 1,000,000	A2	A	3	3	4	4
IBM CORP 3.0% 15MAY2024	5/15/2024	\$ 1,000,000	A3	A-	2	1	2	5
CATERPILLAR FIN SERVICES 2.85% 17MAY24	5/17/2024	\$ 1,000,000	A2	A	3	3	2	4
AMERICAN HONDA FINANCE 2.4% 27JUN2024	6/27/2024	\$ 1,000,000	A3	A-	2	2	3	3
HONEYWELL INTERNATIONAL 2.3% 15AUG2024 (CALLABLE 15JUL24)	8/15/2024	\$ 1,000,000	A2	A	3	3	4	4
HOME DEPOT INC. 3% 01APR2026 (CALLABLE 01JAN2026)	4/1/2026	\$ 1,000,000	A2	A	1	2	2	2
APPLE INC. 2.9% 12SEP2027 (CALLABLE 12JUN2027)	9/12/2027	\$ 1,300,000	Aaa	AA+	3	3	3	5
<b>Total/Average</b>		<b>\$ 14,750,000</b>			<b>2.5</b>	<b>2.1</b>	<b>2.7</b>	<b>3.9</b>

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

## Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) July-Nov	December 2022				Estimated Fund Balance 12/31/2022*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
111	<b>GENERAL FUND</b>							
	<b>Non-Spendable:</b>		-	-	-	-	-	
	Loans Receivable	159,000						159,000
	<b>Restricted Fund Balances:</b>							
	Pension	690,000						690,000
	<b>Committed Fund Balances:</b>							
	Budget Stabilization	5,991,566						5,991,566
	Catastrphic	5,991,566						5,991,566
	Pension/OPEB	300,000						300,000
	<b>Assigned Fund Balances:</b>							
	Open Space	410,000		-	-	-		410,000
	Sustainability	140,553						140,553
	Capital/Special Projects	11,071,231						11,071,231
	Carryover Encumbrances	33,145	-	-	-	-		33,145
	Compensated Absences	1,519,147	-	-	-	-		1,519,147
	Measure G District Sales Tax	590,581	-	-	-	-		590,581
	<b>Unassigned Fund Balances:</b>							
	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	(3,355,854)	6,211,284	(6,732,033)		-	(3,876,603)
	<b>General Fund Total</b>	26,896,789	(3,355,854)	6,211,284	(6,732,033)	-	-	23,020,186

## Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) July-Nov	December 2022				Estimated Fund Balance 12/31/2022*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	<b>SPECIAL REVENUE</b>							
211/212	CDBG	166,654	-	-	-	-	-	166,654
222	Urban Runoff (NPDES)	451,558	55,835	29,996	(20,719)	-	-	516,670
231-236	Landscape & Lighting Districts	174,236	(2,243)	-	(75)	-	-	171,918
241	ARPA	-	3,614,872	-	-	-	-	3,614,872
251	Los Gatos Theatre	19,500	(3,182)	17,850	(192)	-	-	33,976
711-714	Library Trusts	555,254	15,463	-	(382)	-	-	570,335
	<b>Special Revenue Total</b>	<b>1,367,202</b>	<b>3,680,745</b>	<b>47,846</b>	<b>(21,368)</b>	<b>-</b>	<b>-</b>	<b>5,074,425</b>
	<b>CAPITAL PROJECTS</b>							
411	GFAR - General Fund Appropriated Reserve	14,783,787	1,314,643	82,237	(310,913)	33,000	-	15,902,754
421	Grant Funded Projects	(948,603)	26,444	293,900	(27,787)	-	-	(656,046)
461-463	Storm Basin Projects	3,218,811	56,072	888	-	-	-	3,275,771
471	Traffic Mitigation Projects	405,570	(1,127)	-	(670,514)	-	-	(266,071)
472	Utility Undergrounding Projects	3,302,514	60,167	159	-	-	-	3,362,840
481	Gas Tax Projects	1,836,068	(1,015,244)	130,617	-	-	-	951,441
	<b>Capital Projects Total</b>	<b>22,598,147</b>	<b>440,955</b>	<b>507,801</b>	<b>(1,009,214)</b>	<b>33,000</b>	<b>-</b>	<b>22,570,689</b>
	<b>INTERNAL SERVICE FUNDS</b>							
611	Town General Liability	803,292	(624,462)	46,200	(600)	-	-	224,430
612	Workers Compensation	1,295,185	(212,201)	111,905	(128,184)	-	-	1,066,705
621	Information Technology	2,990,932	(124,793)	159,136	(58,362)	-	-	2,966,913
631	Vehicle & Equipment Replacement	2,222,395	(135,356)	164,209	-	-	-	2,251,248
633	Facility Maintenance	928,481	(171,633)	234,783	(12,398)	-	-	979,233
	<b>Internal Service Funds Total</b>	<b>8,240,285</b>	<b>(1,268,445)</b>	<b>716,233</b>	<b>(199,544)</b>	<b>-</b>	<b>-</b>	<b>7,488,529</b>
	<b>Trust/Agency</b>							
942	RDA Successor Agency	(7,607,527)	(1,643,350)	1,893,713	(1,893,909)	-	-	(9,251,073)
	<b>Trust/Agency Fund Total</b>	<b>(7,607,527)</b>	<b>(1,643,350)</b>	<b>1,893,713</b>	<b>(1,893,909)</b>	<b>-</b>	<b>-</b>	<b>(9,251,073)</b>
	<b>Total Town</b>	<b>51,494,896</b>	<b>(2,145,949)</b>	<b>9,376,877</b>	<b>(9,856,068)</b>	<b>33,000</b>	<b>-</b>	<b>48,902,756</b>

\* 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 \$1,310,890  
 111-23521 BMP Housing deposit account balance \$3,698,538

**From:** [Phil Koen](#)  
**To:** [Gitta Ungvari](#)  
**Subject:** General Items  
**Date:** Monday, February 13, 2023 2:17:42 PM

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[EXTERNAL SENDER]

Hi Gitta,

I hope you had a good weekend and got some rest. Thank you again for meeting with me on Friday.

In preparing for the FC meeting this evening, I had two items for you.

1. Could you please walk the FC through the investment report – We have several new members, including me, who might be looking at this report for the first time. It might be helpful to walk everyone through the report to make sure there is a common understanding. I would appreciate you taking a few minutes to do so. Please touch on the following:
  - a. Weighted Avg YTM Portfolio Yield – please make sure everyone understands that this is not for the entire \$64.4m portfolio but only the BNY managed portion of the portfolio (\$44.8m). The heading is confusing.
  - b. Weighted avg maturity – explain how this is changing over time and if this is only for the BNY assets. Currently there is \$27.7m of the of the \$53.8 invested portfolio (BNY assets, BNY MM and LAIF) that has a maturity less than 365 days. In October it was \$23.4m. We will have an opportunity to re-invest a portion of the portfolio at much higher rates over the coming year. This plants the seed for the 5 year forecast for interest income.
  - c. Please point out the amount we are carrying in demand deposit accounts – you are thinking about whether that is the right number.
  - d. Please clarify the “fund balances” are not fund balances but the total amount of the BNY asset portfolio. We should also be clear on the terms used such as Total Treasurer’s Fund.
  - e. On the investment schedule touch on “original Cost”. I assume this is the original acquisition cost. You might discuss how the mark to market works relative to original acquisition cost since we took a \$2.6m hit last year. How is this reflected in the report?
  - f. On interest earned in current year you could talk about how you can compute the current yield (interest income/current market value) of the BNY asset portfolio.
  - g. On the maturity profile you can discuss how this is changing each month as the portfolio ages.

I think this will take about 10 minutes max, but I know a number of the members would greatly appreciate it you taking the time. Sharing with the FC how you look at this report would be very helpful.

2. I checked on the how the ARPA revenue was reported in the ACFR, and the revenue was recorded in the Special Revenue ARPA Fund. In the Annual City Financial Report, the ARPA revenue was recorded as Other State Grants functional revenue and applied against Public Safety – Disaster Preparedness expense. But for ACFR purposes, the revenue was reported as

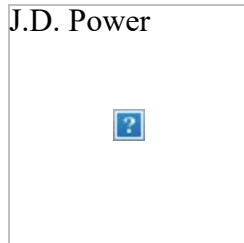
revenue in the ARPA Fund with no expenses recorded in that fund. The \$3.4m fund balance was then transferred to the GF. After that, all visibility is lost.

Thanks for your help.

Phil



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**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 2/21/2023

ITEM NO: 11

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**DATE:** February 6, 2023  
**TO:** Mayor and Town Council  
**FROM:** Laurel Prevetti, Town Manager  
**SUBJECT:** Authorize the Town Manager to Execute a Certificate of Acceptance and Notice of Completion for the Fiscal Year 2021/22 Street Repair and Resurfacing Project (CIP No. 811-9901), Completed by Pavement Coatings, and Authorize the Town Clerk to File for Recordation

**RECOMMENDATION:**

Authorize the Town Manager to execute a Certificate of Acceptance and Notice of Completion for the Fiscal Year (FY) 2021/22 Street Repair and Resurfacing Project (CIP No. 811-9901), completed by Pavement Coatings, and authorize the Town Clerk to file for recordation.

**BACKGROUND:**

The Town's FY 2021/22 Street Repair and Resurfacing Project focused on preventive maintenance through rubber cape seal, slurry seal, and crack seal treatments.

On February 15, 2022, the Town Council approved the plans and specifications for the FY 2021/22 Street Project, approved advertising the project for bid, and authorized the Town Manager to award a construction contract in an amount not to exceed \$2,981,000, including contingencies.

On March 15, the Town received bids ranging from \$2,292,624 to \$2,468,000 for the project. The lowest responsible bid of \$2,292,624.00 was received from Pavement Coatings, and a construction contract was awarded for the amount. On March 16, Council authorized the project contingency to be increased from ten percent to 30 percent of the contract award amount to allow for additional street repair and resurfacing work to be completed utilizing the low unit bid prices received from Pavement Coatings.

**PREPARED BY:** James Watson  
Interim Town Engineer

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

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PAGE 2 OF 3

SUBJECT: Authorize the Town Manager to Execute a Certificate of Acceptance and Notice of Completion for the Fiscal Year 2021/22 Street Repair and Resurfacing Project (CIP No. 811-9901), Completed by Pavement Coatings, and Authorize the Town Clerk to File for Recordation

DATE: February 6, 2023

DISCUSSION:

The construction project started in July 2022. Pavement Coatings has since satisfactorily completed all contracted work items, including work on additional streets, for a final contract amount of \$2,273,850.40. Staff recommends acceptance of the project.

Five percent of the faithful performance bonds will remain in effect for a period of two years as a guarantee for any needed repair or replacement caused by defective materials and/or workmanship for the project. The execution and recordation of the Certificate of Acceptance is now required to finalize the Town's acceptance of the project.

CONCLUSION:

Authorize the Town Manager to execute a Certificate of Acceptance and Notice of Completion for the FY 2021/22 Street Repair and Resurfacing Project (CIP No. 811-9901), completed by Pavement Coatings, and authorize the Town Clerk to file for recordation.

COORDINATION:

This project has been coordinated with the Finance Department and Town Attorney.

FISCAL IMPACT:

The fiscal table below reflects a multi-year project that crosses FY 2020/21 and FY 2021/22. The table reflects the updated project budget and costs accrued to date. There may be additional miscellaneous charges for the final closeout of the project. The project balance carries forward to the next annual Street Project.

SUBJECT: Authorize the Town Manager to Execute a Certificate of Acceptance and Notice of Completion for the Fiscal Year 2021/22 Street Repair and Resurfacing Project (CIP No. 811-9901), Completed by Pavement Coatings, and Authorize the Town Clerk to File for Recordation

DATE: February 6, 2023

FISCAL IMPACT (continued):

FY 2021/22 Street Repair and Resurfacing CIP Project 811-9901		
	Budget	Costs
GFAR FY 2021/22	\$ 2,471,318	
Gas Tax	\$ 1,676,361	
Gas Tax Increase	\$ 45,844	
Reimbursement from San Jose Water Company for Utility Adjustments	\$ 83,076	
Reimbursement from West Valley Sanitation District for Utility Adjustments	\$ 55,545	
<b>Total Budget</b>	<b>\$ 4,332,144</b>	
Construction		\$ 2,273,850
Consultation Services		\$ 25,706
Cost Share - City of Campbell		\$ 201,851
Other Project Delivery Costs		\$ 64,943
<b>Total Expenditures</b>		<b>\$ 2,566,350</b>
<b>Remaining Budget Carries Forward to Next Annual Street Project</b>		<b>\$ 1,765,794</b>
<b>Staff Costs</b>		
Operating Budget		\$ 13,500
<b>Total</b>		<b>\$ 13,500</b>

Parks and Public Works staff costs are tracked for all projects. Tracking of staff costs allows for accountability in the costs of the project, recovery of costs for grant funded projects, and identification of future staffing needs. This project utilized both full-time and part-time temporary staff.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under the California Environmental Quality Act and is Categorically Exempt (Section 15301c). A Notice of Exemption was previously filed.

Attachment:

1. Certificate of Acceptance and Notice of Completion



**Recording Requested by:**

TOWN OF LOS GATOS

**WHEN RECORDED MAIL TO:**

TOWN CLERK  
TOWN OF LOS GATOS  
110 E MAIN ST  
LOS GATOS, CA 95030

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(SPACE ABOVE BAR FOR RECORDER'S USE)

(RECORD WITHOUT FEE UNDER GOVERNMENT CODE SECTIONS 27383 AND 6103)

**TYPE OF RECORDING**

**CERTIFICATE OF ACCEPTANCE AND NOTICE OF COMPLETION**

**PPW JOB NO. 21-811-9901 Street Repair and Resurfacing 2021/22**

**TO WHOM IT MAY CONCERN:**

I do hereby certify that Pavement Coatings Co. completed the work called for in the agreement with the Town of Los Gatos dated March 30<sup>th</sup>, 2022. The work is outlined in the Town's bid process prepared by the Town of Los Gatos and generally consisted of furnishing all labor, materials, tools, equipment, and services required for completion of the PPW Job No. 21-811-9901 located in the TOWN OF LOS GATOS, County of Santa Clara, State of California and was completed, approved and accepted **December 5, 2022**.

Bond No.: 024251933

Date: April 8, 2022

TOWN OF LOS GATOS

By: \_\_\_\_\_  
Laurel Prevetti, Town Manager

*Acknowledgment Required*



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 2/21/2023

ITEM NO: 12

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DATE: February 15, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Approve the Changes to the Town's Investment Policy as Recommended by the Finance Commission

**RECOMMENDATION:**

Approve the changes to the Town's Investment Policy as recommended by the Finance Commission.

**DISCUSSION:**

The Town's Investment Policy for its operating portfolio was previously reviewed by the Finance Committee in January 2023 and adopted by Council in January of 2023, changing the frequency of the reporting from quarterly to monthly to comply with California Government Code Section 41004.

The Investment Policy establishes the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, State mandated eligible investments, transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the operating funds of the Town. All Town funds are invested and/or will be invested in accordance with the Investment Policy and with applicable sections of the California Government Code.

At its February 13, 2023 meeting, the Finance Commission requested additional changes to include references to Government Code Sections 53607 and 53646(b) as redlined in Attachment 1.

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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PAGE 2 OF 2

SUBJECT: Operating Portfolio Investment Policy Review and Recommendation to Town Council

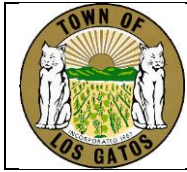
DATE: February 15, 2023

FISCAL IMPACT:

There is no fiscal impact associated with modifying the Investment Policy.

Attachment:

1. Town Council Policy 4-02: Investment Policy - Redlined



TOWN OF  
**LOS GATOS**  
CALIFORNIA

## COUNCIL POLICY MANUAL

*Small Town Service    Community Stewardship    Future Focus*

**TITLE: Investment Policy**

**POLICY NUMBER: 4-02**

**EFFECTIVE DATE: 11/1/16**

**PAGES: 8**

**ENABLING ACTIONS: 2016-063**

**REVISED DATES: 5/16/17;5/15/2018;  
9/3/2019; 11/03/2020, 1/17/2023,  
2/21/2023**

**APPROVED:**

### PURPOSE

The Town of Los Gatos (the “Town”), incorporated in 1887, is located approximately 60 miles south of San Francisco, in the southwestern portion of Santa Clara County. The Town operates under the Council/Manager form of government. The Town Council is the legislative body for the Town. It has five members elected to serve staggered four year terms. The Town Manager is appointed by the Town Council.

The Town Council has adopted this Investment Policy in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the Town. All Town funds will be invested in accordance with this Investment Policy and with applicable sections of the California Government Code **53607 and 53646(b)**.

This Investment Policy was originally adopted by the Town Council of the Town of Los Gatos November 1, 2016. Town Council adopted revisions replace any previous investment policy or investment procedures of the Town.

### SCOPE

This Investment Policy applies to all of the Town's short-term operating funds. These funds are described in the Town's annual financial report and include, but are not limited to:

General Fund  
Special Revenue Funds  
Capital Project Funds  
Debt Service Funds  
Enterprise Fund  
Internal Service Funds  
Fiduciary Funds

ATTACHMENT 1

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Specifically excluded from this Investment Policy are amounts which are held by a trustee or fiscal agent and pledged as payment or security for bonds or other indebtedness, obligations under a lease, or obligations under certificates of participation. Such funds are invested in accordance with statutory provisions, ordinance, resolution, or indenture governing the issuance of the obligations. In addition, this Investment Policy is not applicable to the Town's Deferred Compensation Plan. These investments are directed by each employee participant in accordance with the rules of the Deferred Compensation Plan.

## **POLICY**

### **OBJECTIVES**

The Town's funds shall be invested in accordance with all applicable Town policies and codes, State statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market value rate of return.
4. Diversification to avoid incurring unreasonable market risks.

### **DELEGATION OF AUTHORITY**

Management responsibility for the Town's investment program is delegated annually by the Town Manager to the Town Treasurer/Finance Director (the "Treasurer") pursuant to California Government Code Section 36510. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. The Treasurer shall maintain a list of persons authorized to transact securities business for the Town. No person may engage in an investment transaction except as expressly provided under the terms of this Investment Policy.

The Treasurer shall develop written administrative procedures and internal controls, consistent with this Investment Policy, for the operation of the Town's investment program. Such procedures shall be designed to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees.

The Town may engage the support services of outside investment advisors in regard to its investment program, so long as it can be demonstrated that these services produce a net financial advantage or necessary financial protection of the Town's financial resources.

### **PRUDENCE**

The standard of prudence to be used for managing the Town's investments shall be California Government Code Section 53600.3, the prudent investor standard which states, "When

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investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

The Town's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Town recognizes that no investment is totally without risk and that the investment activities of the Town are a matter of public record. Accordingly, the Town recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the Town.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the Town Council and appropriate action is taken to control adverse developments.

### **ETHICS AND CONFLICTS OF INTEREST**

Elected officials and Town employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Elected officials and Town employees shall disclose to the Town Council any business interests they have in financial institutions that conduct business with the Town and they shall subordinate their personal investment transactions to those of the Town. In addition, the Town Manager and the Treasurer shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203 and regulations of the Fair Political Practices Commission.

### **SOCIALLY RESPONSIBLE INVESTING**

In addition to and subordinate to the objectives set forth above, investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to other investments permitted by state law.

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(1) Environmental, Social Responsibility and Governance Concerns

Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. All corporate securities within the portfolio will be monitored by an independent third-party who will provide the Town with an ESG (Environmental, Social Responsibility, and Governance) rating. The Town will prefer companies when appropriate that maintain a higher ESG rating as opposed to those companies that have a lower ESG Rating.

(2) Community Investments

Investments are encouraged in entities that promote community economic development, and investments are discouraged in entities that finance high-cost check-cashing and deferred deposit (payday-lending) businesses. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low-income affordable housing and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

### **AUTHORIZED SECURITIES AND TRANSACTIONS**

All investments and deposits of the Town shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686, except that pursuant to California Government Code Section 5903(e), proceeds of bonds and any moneys set aside or pledged to secure payment of the bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds. Any revisions or extensions of these code sections will be assumed to be part of this Investment Policy immediately upon being enacted. However, in the event that amendments to these sections conflict with this Investment Policy and past Town investment practices, the Town may delay adherence to the new requirements when it is deemed in the best interest of the Town to do so. In such instances, after consultation with the Town's attorney, the Treasurer will present a recommended course of action to the Town Council for approval. All investment limits specified in the Policy are calculated at the time of investment.

The Town has further restricted the eligible types of securities and transactions as follows:

1. United States Treasury bills, notes, bonds, or certificates with a final maturity not exceeding five years from the date of trade settlement.
2. Federal Agency Obligations for which the faith and credit of the United States are pledged for the payment of principal and interest and which have a final maturity not exceeding five years from the date of trade settlement. There is no limit on the percentage of the

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portfolio that can be invested in this category, however, no more than 20% of the town's total portfolio shall be invested in the combination of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) mortgage-backed securities.

3. Federal Instrumentality (government sponsored enterprise) debentures, discount notes, callable securities, step-up securities, and mortgage-backed securities (including FNMA and FHLMC) with a final maturity not exceeding five years from the date of trade settlement. There is no limit on the percentage of the portfolio that can be invested in this category, however, no more than 20% of the town's total portfolio shall be invested in the combination of GNMA, FNMA, and FHLMC mortgage-backed securities.
4. Prime Commercial Paper with a maturity not exceeding 270 days from the date of trade settlement with the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either sub-paragraph A. or sub-paragraph B. below:

A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of five hundred million dollars (\$500,000,000) and (3) Have debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program wide credit enhancements, including, but not limited to, over collateralization, letters of credit or surety bond and (3) have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Purchases of eligible commercial paper shall not exceed:

- 10% of the outstanding commercial paper of any single corporate issuer,
- 5% of the Town's total portfolio in the commercial paper of any one issuer, and
- 25% of the Town's total portfolio.

5. Eligible Bankers Acceptances with a maturity not exceeding 180 days from the date of trade settlement, issued by a state or national bank with combined capital and surplus of at least \$250 million, whose deposits are insured by the FDIC, and whose senior long-term debt is rated at least A or the equivalent by a NRSRO at the time of purchase. No more than 5% of the Town's total portfolio shall be invested in banker's acceptances of any one issuer, and the aggregate investment in banker's acceptances shall not exceed 30% of the Town's total portfolio.



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6. Medium Term Notes (Corporate Notes) issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from the date of trade settlement and rated at least “A” or the equivalent by a NRSRO. No more than 5% of the Town’s total portfolio shall be invested in the medium-term notes of any one issuer and the aggregate investment in medium term notes shall not exceed 30% of the Town’s total portfolio.
7. Municipal & State Obligations:
  - A. Municipal bonds including registered notes or bonds of any of the 50 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 states.
  - B. In addition, bonds, notes, warrants, or other evidences of indebtedness of any local agency in California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, operated by the local agency, or by a department, board, agency, or authority of the local agency.

Municipal bonds must be rated at least “A” or the equivalent by a NRSRO with maturities not exceeding five years from the date of the trade settlement. No more than 5% of the Town’s total portfolio shall be invested in “A” rated bonds or in the bonds of any one municipality. In addition, the aggregate investment in municipal bonds may not exceed 30% of the total portfolio.

8. Certificates of Deposit with a final maturity not exceeding five years from the date of trade settlement. The aggregate investment in certificates of deposit shall not exceed 30% of the Town’s portfolio, and no more than 5% of the portfolio shall be held in any one deposit or allocated to any one issuer. Certificates of Deposit shall be issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank or by a federally licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated at least “A” or the equivalent by a NRSRO.

Negotiable certificates of deposit issued by a nationally or state-chartered bank, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposits are subject to the limitations of Section 53601(i), shall be fully insured by the FDIC with a corresponding FDIC certification number, and shall be delivered through the Depository Trust Company.

Non-Negotiable certificates of deposit issued by a nationally or state-chartered bank, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of non-negotiable certificates of deposit are subject to the limitations of Sections 53601(n) and 53638 and shall be fully insured by the FDIC with a corresponding FDIC certification number.

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Private sector entities may be used to place certificates of deposit subject to the limitations of Section 53601.8.

9. State of California's Local Agency Investment Fund (LAIF), pursuant to California Government Code Section 16429.1. The aggregate amount invested in LAIF shall not exceed the maximum allowed by the fund.
10. Money Market Funds registered under the Investment Company Act of 1940 that (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant net asset value per share of \$1.00; (3) invest only in government securities, and (4) have a rating of at least AAA or the equivalent by at least two NRSROs. No more than 10% of the Town's total portfolio shall be invested in money market funds of any one issuer, and the aggregate investment in money market funds shall not exceed 20% of the Town's total portfolio.

Securities that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the Town's discretion. The portfolio will be brought back into compliance with Investment Policy guidelines as soon as is practical.

The foregoing list of authorized securities and transactions shall be strictly interpreted. Any deviation from it must be preapproved by resolution of the Town Council.

### **PORTFOLIO MATURITIES AND LIQUIDITY**

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The Town will not invest in securities maturing more than five years from the date of trade settlement, unless the Town Council has by resolution granted authority to make such an investment at least three months prior to the date of investment.

### **SELECTION OF BROKER/DEALERS**

The Treasurer shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the Town to purchase securities only from those authorized firms. To be eligible, a firm must meet at least one of the following criteria:

- Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a primary dealer within their holding company structure; or
- Report voluntarily to the Federal Reserve Bank of New York; or
- Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

In addition, authorized broker/dealers must be licensed by the State of California as a broker/dealer as defined in Section 25004 of the California Corporations Code.

The Town may engage the services of investment advisory firms to assist in the management of the portfolio and investment advisors may utilize their own list of approved broker/dealers.

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Such broker/dealers will comply with the selection criteria above and the list of approved firms shall be provided to the Town on an annual basis or upon request.

In the event that an external investment advisor is not used in the process of recommending a particular transaction in the Town's portfolio, authorized broker/dealers shall attest in writing that they have received and reviewed a copy of the this Investment Policy and shall be required to submit and annually update a Town approved Broker/Dealer Information request form, which includes the firm's most recent financial statements.

The Town may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in Item 4 of the Authorized Securities and Transactions section of this Investment Policy.

### **COMPETITIVE TRANSACTIONS**

Each investment transaction shall be competitively transacted with authorized broker/dealers. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the Town is offered a security for which there is no other readily available competitive offering, the Treasurer will document quotations for comparable or alternative securities.

### **SELECTION OF BANKS**

The Treasurer shall maintain a list of banks and savings banks approved to provide banking services for the Town. To be eligible, a bank must be a member of the Federal Deposit Insurance Corporation, must qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and shall secure deposits in excess of FDIC coverage in accordance with California Government Code Section 53652.

Authorized banks that accept deposits from the Town shall meet high standards with regard to liquidity, asset quality, profitability and capital adequacy. The Treasurer shall utilize a commercial bank rating service to perform credit analysis on banks seeking authorization. Banks that in the judgment of the Treasurer no longer offer adequate safety to the Town shall be removed from the Town's list of authorized banks.

### **SAFEKEEPING AND CUSTODY**

The Treasurer shall select one or more financial institutions to provide safekeeping and custodial services for the Town. A Safekeeping Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services.

Custodian banks will be selected on the basis of their ability to provide services for the Town's account and the competitive pricing of their safekeeping related services.

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The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. All securities shall be perfected in the name of the Town. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities, purchased by the Town, will be delivered by book entry and will be held in third-party safekeeping by a Town approved custodian bank or its Depository Trust Company (DTC) participant account.

All Fed wireable book entry securities owned by the Town shall be held in the Federal Reserve System in a customer account for the custodian bank which will name the Town as "customer."

All DTC eligible securities shall be held in the custodian bank's DTC participant account and the custodian bank shall provide evidence that the securities are held for the Town as "customer."

### **PORTFOLIO PERFORMANCE**

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the Town's investments shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's weighted average effective maturity. When comparing the performance of the Town's portfolio, its rate of return will be computed net of all fees and expenses.

### **REPORTING**

Every month, the Treasurer shall prepare a report that conforms to Government Code Section 41004. The report shall be submitted to the Town Clerk within 45 days after the end of each month for inclusion as an agenda item at the next scheduled Town Council meeting. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by the Town;
2. A market value as of the date of the report (or the most recent valuation as to assets not valued monthly) and the source of the valuation;
3. Realized and unrealized gains or losses calculated by amortized cost and by fair value;
4. The weighted average maturity of the portfolio and a percentage breakdown of the total portfolio by maturity;
5. A description of the funds, investments and programs that are under the management of contracted parties;
6. The Town of Los Gatos Environmental, Social and Governance (ESG) scores;
7. A statement of compliance with this Investment Policy or an explanation for non-compliance; and

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8. A statement of the ability to meet expenditure requirements for the next six months, and an explanation of why money will not be available if that is the case.

## **PROCEDURES**

This Investment Policy shall be adopted by resolution of the Town Council. Annually the Town Manager shall present this Investment Policy to the Town Council and the Finance Commission for review to ensure its consistency with the Town's investment objectives, current law and economic trends. Any amendments to this Investment Policy shall be approved by the Town Council.

APPROVED AS TO FORM:

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Gabrielle Whelan, Town Attorney



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 13

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DATE: February 21, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive Update on the Community Grant Program and Provide Direction on the Program's Funding Level for Fiscal Year (FY) 2023-24

**RECOMMENDATION:**

Receive update on the Community Grant Program and provide direction on the program's funding level for FY2023-24.

**BACKGROUND:**

The Town of Los Gatos has been awarding grants since 1992 to support community groups working toward the benefit of Los Gatos residents. The program was administered by the Town's Community Services Department until the Department was dissolved in FY 2011/12. In that year, program administration was transferred to the Town Manager's Office with review of applications and award recommendations passing through the Arts and Culture Commission (ACC) and the Community and Senior Services Commission [now Community Health and Senior Services Commission (CHSSC)] before final approval from Town Council. In 2018, the ACC and CHSSC revised and streamlined the application process.

On February 4, 2020, the Town Council approved revisions to the Community Grant program which had been recommended by Town staff working in conjunction with the ACC and the CHSSC. These changes included establishing the total funding amount for community grants as part of the regular budget process; moving the application cycle to begin after approval of the annual budget; allowing grant applications for projects addressing Community Vitality and Events in addition to the traditional categories of Human Services, Arts, and Education; and establishing three classes of grants: one-time grants focusing on assisting new projects or surmounting new challenges for non-profits, two-year grants for sustaining non-profit projects in social services that had been receiving funding consistently between 2014 and 2020, and

**PREPARED BY:** Ryan Baker  
Library Director

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

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BACKGROUND (continued):

one-time innovation grants to assist individual community members in launching a project for the community. On June 2, 2020, the Town Council approved a standardized scoring rubric for judging and rating grant applications by using a fair and equally comparable set of guidelines, with staff making minor administrative changes each year where additional clarity was needed (Attachment 1). Grant applications are read and ranked by a joint subcommittee consisting of two members of the ACC and two members of the CHSSC.

Between FY2020-21 to FY2022-23, the Town has allocated between \$150,000 to \$151,000 per fiscal year to fund the Community Grant Program. In those three years, the Town has awarded a total of 32 one-time Community Grants for non-profits at approximately \$7,500 each, 14 Sustaining Grants for non-profits ranging between \$5,000 and \$22,000 each, and seven Innovation Grants for individual community members at a flat \$1,500 each.

The Community Grant Program is funded with General Fund monies with no tie or crossover with American Rescue Plan Act (ARPA) funding. Under the Council's authority and discretion, the Council did award grants to organizations using ARPA funds outside of the community grant process. As such, these ARPA grants are not discussed in this report.

DISCUSSION:

Demand for grant funding from local organizations each year far exceeds the budget allocated, with approximately 15 applications per year not awarded funding for a total of 45 unfunded applications over the three-year period. Additionally, several organizations each year approach Council directly to request funding for their projects either in addition to, or in lieu of, applying for a Community Grant.

If Council is agreeable to continuing the Community Grant Program in its current form, Council may wish to consider what funding levels can be afforded within the limitations of the FY2023-24 budget in relation to Council's priorities for support to community organizations.

Additionally, if Council is agreeable to continuing the program in its current form, staff requests that Council be forthright throughout the year in directing requests received at Council meetings to the Community Grant application process to ensure that all community organizations are subject to the same standard set of guidelines, processes, and rating considerations so that all competition for such funding is on equal footing and within threshold allocation amounts.

CONCLUSION:

The Town's Community Grant Program is unique in that few local government agencies offer similar competitive application programs on an annual basis for distributing grants of public money from their General Funds; where such programs do exist, they are often funded from Community Development Block Grants or passed through from other State or Federal grants. There is no doubt that such funds greatly aid organizations in our community, although it is not possible for staff to determine what amount of budget placed towards grant giving would meet community demand for funding.

ALTERNATIVES:

If Council is not amenable to continuing the Community Grant Program in its current form, either by discontinuing the program due to budget constraints, assigning funding directly to select organizations instead of employing a competitive process, or desiring to revise the program process other than changes to funding levels, Council should provide staff with direction regarding desired changes.

FISCAL IMPACT:

A status quo budget for Community Grants for FY2023-24 would be equal to \$151,000. Any amount greater or less would be taken from or returned to the General Fund.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Community Grant Scoring Rubric



**GRANT SCORING RUBRIC FY2022-2023 – ONE-TIME GRANTS FOR NON-PROFITS**

<b>Criteria</b>	<b>5 points</b> <b>Exemplary</b>	<b>3-4 points</b> <b>Good</b>	<b>1-2 points</b> <b>Passable or Needs Improvement</b>	<b>subtract 1 point from final tally</b> <b>Evidence not demonstrated.</b>
<b>Project overview</b>	Proposal clearly explains the project and the scope, steps, methods and intended results with logical and systematic detail	Proposal adequately explains the scope, steps, methods and intended results of the project in general terms	Proposal explains the general scope and intended results but lacks detail of the project steps and methods	Proposal lacks sufficient detail to convey the scope or intended results of the project
<b>Advancing new ideas or surmounting new challenges</b>	The project clearly represents the implementation of a new insight or idea that has not been piloted previously, or surmounts a new (non-financial) challenge facing the organization	The project clearly represents the implementation of an emerging innovation or trend that has been piloted in other communities but will be new to the Los Gatos community	The project clearly represents the adoption of a change, addition, or variation to an already established program for the Los Gatos community	The project just continues an already established program or service, or the proposal lacks information or evidence to suggest that it is a new project or service

**ATTACHMENT 1**

<b>Community Impact</b>	<p>Target audience/population clearly and specifically defined.</p> <p>Strong presentation of the meaningful positive impact to the target audience/population provided with evidence or data specific to Los Gatos.</p>	<p>Target audience/population reasonably well defined.</p> <p>Sufficient presentation of meaningful positive impact to the target audience/population provided with general evidence or data although specific to Los Gatos.</p>	<p>Target audience/population very broadly defined.</p> <p>Presentation of positive impact based on realistic assumptions despite gaps in evidence</p>	<p>Target audience/population not sufficiently defined or too broadly defined</p> <p>Proposal lacks demonstration of meaningful impact to target audience/population</p>
<b>Direct Benefit to Los Gatos Community</b>	<p>Project is highly local and specifically targets the incorporated Los Gatos Community (whether or not the organization is based in Los Gatos)</p>	<p>Project is regional but specifically is targeting expansion into the incorporated Los Gatos Community or shows significant benefit to the Los Gatos Community</p>	<p>Project is regional but gives strong evidence for how the incorporated Los Gatos Community will directly benefit</p>	<p>Project is regional with a wide regional target audience indicating only an indirect benefit for the Los Gatos Community</p>
<b>Organizational Goals</b>	<p>The goals of the organization are clearly aligned with</p>	<p>Applicant demonstrates it has adequate experience or knowledge in the field as it relates to completing the project or expertise in a related</p>	<p>Applicant has gaps in experience or knowledge as it relates to the proposal but demonstrates that it can reasonably bridge gaps to successfully accomplish project</p>	<p>Applicant does not demonstrate the experience or knowledge to complete the project</p>

		field that would transfer to the project		
<b>Budget Analysis</b>	<p>Strongly detailed and realistic budget with sound use of funds.</p> <p>Any funding necessary above the limit of the grant is both accounted for and secured through commitments from other means.</p>	<p>Realistic budget with general detail to show responsible use of funds. Any funding necessary above the limit of the grant is accounted for with reasonable certainty or commitment.</p>	<p>Budget generally appears to support the project activities as described although there are gaps in detail.</p> <p>Applicant has realistic opportunity to secure necessary funding above the limit of the grant even if commitment from those sources is not certain</p>	<p>Described proposal is not supported by the budget or no reliable source of funding is presented to provide any necessary funding beyond the limit of the grant.</p>
<b>Feasibility and Timeline</b>	<p>Project, personnel, available resources, and timeline are realistic and congruent with project descriptions and outcomes.</p> <p>High likelihood of project being achievable based on information presented.</p>	<p>Deficiencies or overestimations exist in project, personnel, available resources or timeline within tolerable range. Outcome appears achievable despite some gaps or leaps.</p>	<p>Project, personnel, timeline or resources as described expose weaknesses in the proposal that will leave gaps.</p> <p>Project outcome's ability to be achieved is questionable at the level proposed, but likely will be achievable at a smaller level.</p>	<p>Insufficient information about personnel, resources, project or timeline to gauge feasibility.</p>

<b>Assessment/Evaluation</b>	Clear definition of success of program. Clear picture of how data will be collected to demonstrate degree to which outcomes are met.	Good understanding of anticipated specific results of success, but plan lacks details about data or methods.	Success difficult to ascertain, flawed by untestable outcomes, inappropriate methods, or lack of useful data collection.	Evaluation plans missing or unusable.
<b>Fairness considerations to organizations that do not have access to alternative Town funding</b>	N/A	N/A	N/A	Deduct 5 points from proposals that receive funding for projects from the Town through sources other than One-time Community Grants,

### Los Gatos Community Grant Scoring Rubric – Innovation Grants for Individual Community Members and Students

<b>Criteria</b>	<b>5 points Exemplary</b>	<b>3-4 points Good</b>	<b>1-2 points Needs Improvement</b>	<b>0 points Not demonstrated</b>
<b>Innovation</b>	Project represents the implementation of a new insight or idea	Project represents local implementation of emerging popular innovations or trends	Project represents the adoption of a change, addition, or variation to an already established program in Los Gatos	No innovation described. Project reproduces or continues an already established program in Los Gatos.
<b>Sustainability</b>	Evidence presented that the project can be sustained locally beyond the grant period without additional funding necessary from the Town	Project is temporary, designed to end when the grant ends with meaningful rationale of ending explained.	Plans for future are stated as assumptions without supporting evidence.	Project is not designed to be temporary, but no meaningful plans for future beyond funding term appear in proposal.
<b>Community Spirit</b>	Proposal is a role model of inclusive spirit, desire to better the community and/or provide new opportunities.	Proposal demonstrates a good to strong sense of inclusive spirit, desire to better the community and/or provide new opportunities.	Proposal implies an adequate sense of inclusive spirit, desire to better the community and/or provide new opportunities even if wording is somewhat vague in this area.	Proposal lacks demonstration of inclusive community spirit or desire to better the community.
<b>Community Impact</b>	Strong presentation of positive impact based on robust evidence of need.	Sufficient presentation of positive impact based on reliable observations of need.	Presentation of positive impact lacking but based on realistic assumptions.	Proposal lacks demonstration of meaningful positive impact or is based on unsupported assumptions.
<b>Applicant Starting Point</b>	Applicant demonstrates they have significant experience, expertise, or resource connections as it relates to completing the project.	Applicant demonstrates they have adequate experience, knowledge, or resource connections that would translate to completing the project	Applicant has gaps in experience, knowledge, or resource connections as it relates to the proposal but demonstrates they can reasonably bridge gaps to successfully accomplish project	Applicant does not demonstrate the experience, knowledge, or resource connections to complete the project
<b>Feasibility</b>	High likelihood of project being achievable based on information presented.	Outcome appears achievable despite some gaps or leaps.	Project outcome's ability to be achieved is questionable at the level proposed, but likely will be achievable at a smaller level.	Insufficient information to gauge feasibility, or project is unrealistic as presented.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 13

DESK ITEM

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DATE: February 21, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive Update on the Community Grant Program and Provide Direction on the Program's Funding Level for Fiscal Year (FY) 2023-24

REMARKS:

Attachment 2 contains comments from a Council Member.

Attachment Previously Received with the Staff Report:

1. Community Grant Scoring Rubric

Attachment Received with this Desk Item:

2. Council Member comments

PREPARED BY: Ryan Baker  
Library Director

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

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**From:** Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>

**Sent:** Monday, February 20, 2023 5:58 PM

**To:** Wendy Wood <[WWood@losgatosca.gov](mailto:WWood@losgatosca.gov)>; Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>

**Subject:** Item 13 Desk Item

Hi Laurel and Wendy,

Please see my attached desk item for Tuesday evening's meeting.

Thank you very much!

Rob

**Rob Moore**

Councilmember, Los Gatos Town Council

**Item 13 Desk Item (Councilmember Moore):**

I am very supportive of the Community Grant Program and I hope to continue to expand on the great success of this program.

In order to better align our Community Grants Program with the Town's ongoing JEDI efforts, I recommend the Town Council add an "Equity" category to each of the scoring rubrics. This is a common practice among grant-giving organizations, as evidenced by the [Silicon Valley Community Foundation](#), one of the largest philanthropic organizations in Silicon Valley.

In each of its grant category areas, from Arts and Culture to Health to Neighborhoods, SVCF's grant applications begin with an equity statement that affirms SVCF's commitment to prioritizing funding for organizations that have historically been underfunded and are focused on advancing equity in the community. I believe that Los Gatos should have a similar focus as we award grants to community based organizations.

**Recommendation:** Town Council should add an "Equity" scoring category to each of the two scoring rubrics used for evaluating Community Grant Program applications. Staff should reference SVCF and other existing philanthropic organizations equity scoring categories to create specific language for our Community Grant Program scoring rubric.





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 14

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DATE: February 15, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Mid-Year Budget Report - July 1 - December 31, 2022:  
a. Receive FY 2022/23 Mid-Year Budget Report;  
b. Authorize Budget Adjustments as Recommended in the Mid-Year Budget Report; and  
c. Provide Direction of the Order of Authorized Funding Source to Balance the FY 2022/23 Operating Budget, if Necessary, at the Final Close of the Fiscal Year.

**RECOMMENDATION:**

Staff recommends that the Town Council take the following actions regarding the Mid-Year Budget Performance Report - July 1 - December 31, 2021:

- a. Receive FY 2021/22 Mid-Year Budget Report (Attachment 1);
- b. Authorize budget adjustments as recommended in the Mid-Year Budget Report; and
- c. Provide direction of the order of authorized funding sources to balance the FY 2022/23 Operating Budget, if necessary, at the close of the Fiscal Year.

**REMARKS:**

The purposes of the Mid-Year Report (Attachment 1) are to provide the Town Council with a status of the adopted Fiscal Year (FY) 2021/22 Operating Budget after the first six months and to make any adjustments to ensure the continuity of municipal services and operations for the remainder of the fiscal year. The Report is one of several periodic updates to the Town Council on the status of the current year's revenues and expenditures and the projected financial condition of all Town funds compared with the Adopted Operating Budget. The updates primarily focus on the Town's General Fund.

On February 13, 2023, the Finance Commission discussed the Mid-Year Report. The Commission's comments are included in this report to Town Council.

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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REMARKS (continued):

Highlights of the Mid-Year Budget Report include:

*Financial Overview and Executive Summary*

As discussed in the Report, the current fiscal year-end projections for FY 2022/23 reflect an anticipated \$0.7 million surplus of operating revenues and planned use of reserves over expenditures compared to the anticipated \$3.2 million deficit in the Adopted Budget.

As discussed in greater detail later in this Report, the primary drivers of the reduction in the projected deficit are estimated increases in property tax, business license tax, Transient Occupancy Tax (TOT), and franchise fee distribution. In addition to the improvement in revenue projections, staff is estimating that there will be year-end operating expenditure savings. Staff anticipates savings attributable to Departmental vacancies and lower cost structures associated with retiree replacements. In addition, for FY 2022/23, salaries were again budgeted at actual salary plus a one step increase, which was a significant budgeting methodology change from previous practice.

On June 7, 2023, the Town Council adopted the combined use of American Rescue Plan Act (ARPA) funding, residual Measure G proceeds, and Other Post-Employment Benefits (OPEB) Trust reimbursement to balance the FY 2022/23 budget as illustrated in the table below.

<b>Planned Use of One-Time Sources Balancing the FY 2022/23 Operating Budget</b>	
ARPA Replacement Revenue	\$1,643,281
Measure G Residual for Operation	\$679,443
OPEB Trust Reimbursement for Retiree Medical	\$902,579
<b>Total</b>	<b>\$3,225,303</b>

The significant revenue increases combined with projected expenditure savings indicate that the approved sources might not be necessary; however, it can only be determined at the time of the final close of the fiscal year. Staff recommends not to re-program the proposed sources until the fiscal year is closed. Since it is probable that not all sources will be utilized, staff is asking for Council direction regarding what source should be utilized first to cure current fiscal year deficit, if needed. Due to the fact that OPEB Trust withdrawal should be requested in June, significantly earlier than the final numbers are available, staff recommend to not utilizing the Trust Reimbursement first. The Finance Commission did not agree with the staff recommendation. It preferred using the ARPA source last so as to give Council more resources to reprogram.

REMARKS (continued):

*General Fund Revenue Analysis*

The current forecast expects increases in economically sensitive revenues such as property tax, business license tax, transient occupancy tax, and franchise fee; however, sales tax revenues trending lower than the adopted budget. Pass Through Revenue increase with matching expenditure increases also recognized for development activity, recognizing loan repayment and grant proceeds. The combined recommended mid-year revenue adjustments total a net increase of \$2.8 million. While staff conducted a detailed analysis of all General Fund revenues and provided the expected year-end estimates, only major revenue sources are recommended for adjustment at this time.

*General Fund Expenditure Analysis*

General Fund expenditure totals are trending in accordance with the Adjusted Budget, with total operational expenditures at the end of the second quarter at or about 40% of the Adjusted Budget. With six months of data now available, staff expects that the next six months of expenditures will be within the Adjusted Budget, although unexpected costs can still occur which may require future Council action. The staff analysis examines potential salary and other expenditure savings; however, budget adjustments are only recommended in certain instances as outlined in the next section of the Report. The recommended General Fund mid-year expenditure adjustments including pas through items with matching revenues total a net increase of \$1.4 million.

*FY 2022/23 Recommended Budget Adjustments and Summary of Key Recommended Budget Adjustments*

All recommended revenue and expenditure adjustments are contained in these sections along with a description of the major adjustments.

*General Fund Financial Summaries and Estimates*

This section introduces the *Schedule of General Fund Operating Revenues Versus Operating Expenditures* for the second quarter of FY 2022/23 which includes comparison information from the prior year.

*Financial Summaries of Other Funds*

This section provides financial summaries and presents data by governmental, proprietary, and fiduciary fund types. For each, the fund information starts with a beginning fund balance, adds

REMARKS (continued):

current year revenues, and subtracts current year expenditures, resulting in an ending fund balance.

*Finance Commission Review*

On February 13, 2023, the Finance Commission received the FY 2022/23 Mid-Year Budget Report. After staff presentation, the Commission asked questions and provided input regarding the FY 2022/23 Mid-Year Budget Report. Commissioners commented on the big uncertainty of the ERAF proceeds and the probability of a higher year end surpluses. As mentioned above, the Finance Commission did not recommend using ARPA first as one of the three budget balancing options.

COORDINATION:

All Town Departments participated in the data collection and analysis that informed the preparation of the Mid-Year Report and proposed budget adjustments.

CONCLUSION AND NEXT STEPS:

Staff is continuing to monitor all revenues and expenditures during the preparation of the Proposed Operating and Capital Budgets for FY 2023/24. Should any additional budget adjustments be necessary to balance operating revenue and expenditures prior to the FY 2022/23 close, staff will advise the Council accordingly. The Draft FY 2023/24 Operating and Capital Budgets will be available in May with the budget hearing tentatively scheduled for May 16, 2023.

Staff recommends that the Town Council approve the proposed revenue and expenditure budget adjustments as described in Attachment 1 and provide direction on the order of the use of the approved funding sources to balance the FY 2022/23 Operating Budget, if necessary, at the close of the Fiscal Year. In addition, staff looks forward to answering the Town Council's questions.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Mid-Year Budget Report - July 1 - December 31, 2022 as Presented at the Finance Commission February 13, 2023 Meeting.
2. Public Comments Received before Posting the Staff Report



**TOWN OF LOS GATOS  
FINANCE COMMISSION REPORT**

MEETING DATE: 02/13/2023

ITEM NO: 5

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DATE: February 8, 2023  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Provide Comments to the Town Council Regarding Mid-Year Budget Report

**RECOMMENDATION:**

Review and provide comments to the Town Council regarding Mid-Year Budget Report.

**DISCUSSION:**

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:  
Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.

On February 21, 2023, the Town Council will consider the FY 2022/23 Mid-Year Budget Report and recommendations for budget adjustments (see Attachment 1). Staff will provide the Finance Commission comments to the Town Council for the February 21, 2023 meeting.

**Attachment:**

1. Town Council Draft FY 2022/23 Mid-Year Budget Report
2. Commissioner Communication Received before Publishing the Staff Report

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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**TOWN OF LOS GATOS  
MID-YEAR BUDGET REPORT  
JULY 1 - DECEMBER 31, 2022**

**February 9, 2023**

**FINANCIAL OVERVIEW AND EXECUTIVE SUMMARY: STATUS OF FY 2022/23  
ADOPTED BUDGET**

The purposes of the Mid-Year Report are to provide the Town Council with a status of the Adopted Fiscal Year (FY) 2022/23 Operating Budget after the first six months and to make any adjustments to ensure the continuity of municipal services and operations for the remainder of the fiscal year. The Report is one of several periodic updates to the Town Council on the status of the current year's revenues and expenditures and the projected financial condition of all Town funds compared with the Adopted Operating Budget. The updates typically focus on the Town's General Fund.

On January 24, 2023, the Town Council determined the Strategic Priorities for 2023-2025, providing guidance to Town staff and Commissions on workload prioritization. The Council affirmed its Strategic Priorities to be multi-year efforts focused on Safety, Prudent Financial Management, Traffic/Transportation, and Quality of Life. Under these broad topics, the Council added a few new items including: Hazardous Tree Management, Develop a Five-Year Structurally Balanced and Sustainable Operating Forecast, Develop a Five-Year Full Funded Capital Plan, Traffic Calming/Safety for All Users, Streamline Permit Process, Work with Town Partners to Support Needs of Unhoused Residents, and Redefine Town Commissions in Alignment with Strategic Priorities. (see the following page).

Based on the Town Council's identified Strategic Priorities, staff has started budget development work for the next fiscal year, including an update of the Five-Year Financial Forecast, identification of critical Town needs, contractual obligations, unfunded mandates, potential adjustments to the Fee and Fine Schedule, and other analyses. Staff is actively engaged in the FY 2023/24 budget process with the primary focus of ensuring that the available Town resources are allocated to meet the priority service needs of the community. The Town Council is scheduled to hold a public hearing on the Proposed FY 2023/24 Budget on May 17, 2022.

The prior fiscal year closed with approximately \$0.9 million surplus operating revenues over expenditures. The actual net change in fund balance was \$2,982,171, of which \$2,065,302 are proceeds from the second tranche of American Rescue Plan Act (ARPA) payments that has not been expended yet.

Current fiscal year-end projections for FY 2022/23 reflect an anticipated \$0.7 million surplus of operating revenues and planned use of reserves over expenditures compared to the anticipated \$3.2 million deficit in the Adopted Budget.

**ATTACHMENT 1**



# Ongoing Strategic Priorities 2023-2025

## **SAFETY**

- Community Policing
- Emergency Preparedness
  - CERT Recruitment & Training
  - Communications, EOC Readiness & Emergency Plan Development
- Fire Protection
  - Implementation of Ad Hoc Wildfire Mitigation Plan
- Vegetation and Hazardous Tree Management

## **PRUDENT FINANCIAL MANAGEMENT**

- Address Pension & OPEB Obligations
- Sell or Lease Certain Town Properties
- Develop a Five-Year Structurally Balanced and Sustainable Operating Forecast
  - Explore New Revenue Opportunities
  - Cure Forecasted Structural Deficit
- Develop a Five-Year Full Funded Capital Plan

## **QUALITY OF LIFE**

- Community Vitality
  - Diversity, Equity & Inclusion Efforts
  - Community Where Older Adults Thrive
    - Adopt a Senior Road Map
  - Events & Other Town-Wide Efforts
  - Community Engagement
  - Environmental Sustainability/Climate Resiliency
- Economic Vitality & Pandemic Recovery
  - Policies & Ordinances
  - Semi-Permanent Parklets
  - Streamline Permit Process
- Land Use Planning
  - General Plan 2040
  - Housing Element
  - Affordable Housing Partnerships
  - SB9 Implementation
- Work with Town Partners to Support Needs of Unhoused Residents
- Redefine Town Commissions in Alignment with Strategic Priorities

## **TRAFFIC/TRANSPORTATION**

- Comprehensive Parking Study
  - Short, Medium, and Long-Term Actions
- Transportation Demand Management
  - Measure B Transportation Projects
  - Bicycle & Pedestrian Improvements
  - Community Shuttle
  - Summer/Rush Hour/School Traffic
  - Regional Transportation Issues
- Traffic Calming/Safety for All Users

As discussed in greater detail later in this Report, the primary drivers of the reduction in the projected deficit are estimated increases in property tax, business license tax, Transient Occupancy Tax (TOT), and franchise fee distribution. In addition to the improvement in revenue projections, staff is estimating that there will be year-end operating expenditure savings. Staff anticipates savings attributable to Departmental vacancies and lower cost structures associated with retiree replacements. In addition, for FY 2022/23, salaries were again budgeted at actual salary plus a one step increase, which was a significant budgeting methodology change from previous practice.

On June 7, 2023, the Town Council adopted the combined use of ARPA funding, residual Measure G proceeds, and Other Post-Employment Benefits (OPEB) Trust reimbursement to balance the FY 2022/23 budget as illustrated in the table below.

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The significant revenue increases combined with projected expenditure savings indicate that the approved sources might not be necessary; however it can only be determined at the time of the final close of the fiscal year. Staff recommends not to re-program the proposed sources until the fiscal year is closed. Since it is probable that not all sources will be utilized, staff is asking for Council direction regarding what source should be utilized first to cure current fiscal year deficit, if needed. Due to the fact that OPEB Trust withdrawal should be requested in June, significantly earlier than the final numbers are available, staff recommend to not utilizing the Trust Reimbursement.

Providing services to the community in this and future fiscal years will require a strong return to pre-pandemic performance of the Town's economically sensitive revenues to offset continued projected cost increases. The FY 2023/24 budget development process will endeavor to maintain essential public services while controlling operational costs in light of the five-year fiscal forecast, which predicts operating revenue shortfalls in subsequent fiscal years.

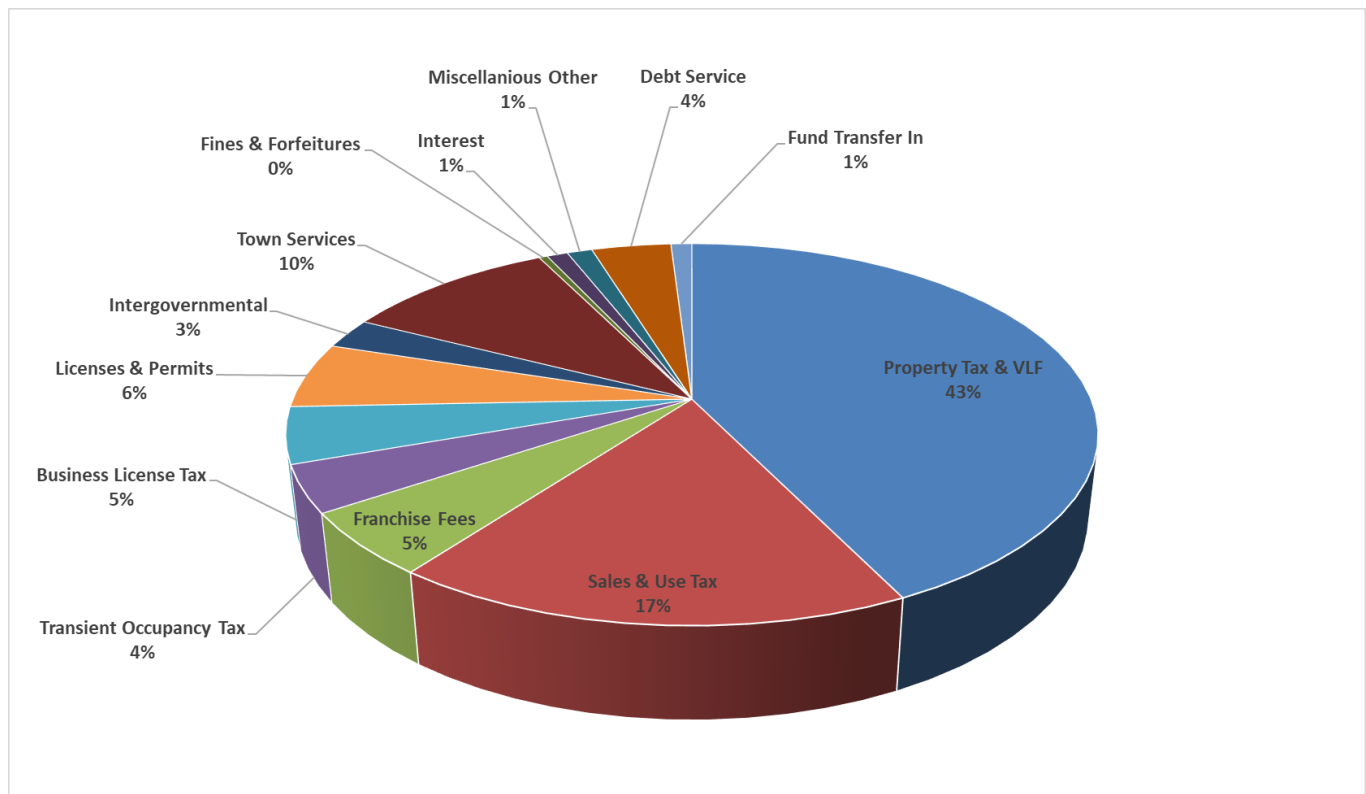


## CONTENT OVERVIEW

The remainder of this Report focuses on the General Fund and provides analyses of key revenues and expenditures, including historic data by Town Department/Service Area. The next section contains descriptions of recommended revenue and expenditure budget adjustments. The Report also includes financial summaries of other funds as well as a table of General Fund Operating Revenues Versus Operating Expenditures through the second quarter of FY 2022/23 which includes comparison information from the prior year.

## GENERAL FUND - KEY REVENUE ANALYSIS FY 2022/23

The following information provides a recap of the General Fund budgeted significant revenue sources, including estimated year end collection as of the second quarter ending December 31, 2022. Staff is monitoring developments in each major revenue source closely for potential adjustments to budgeted revenues as recommended in this Report.



### Property Tax and Motor Vehicle in Lieu Fee (VLF)

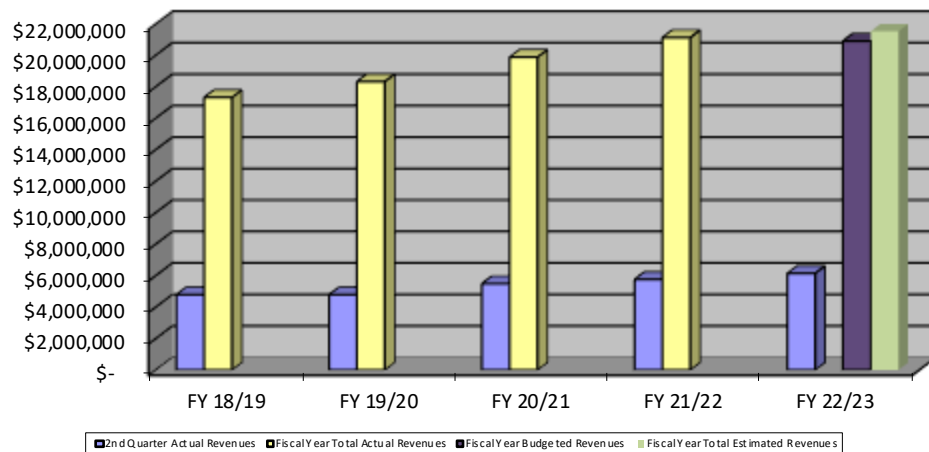
Property tax and VLF are the single largest revenue source for the Town and comprise approximately 42% of total Town General Fund estimated revenues for FY 2022/23. Property tax is levied by the Santa Clara County Assessor's Office at 1% of a property's assessed value, of which the Town receives approximately 9.3 cents per dollar paid on property located within the municipal limits of Los Gatos. In compliance with Proposition 13, the assessed value of real property is based on the 1975/76 assessment roll value, adjusted by a 2% inflation factor annually thereafter. However, when property changes hands or new construction occurs, the property is then reassessed at its current market value.

The County of Santa Clara provides property tax collection updates and projections throughout the year. The current County estimate indicates \$617,332 of more than the Adopted Budget. The increase is a combined effect of higher than expected Redevelopment Agency (RDA) Residual Apportionment, and VLF allocation, as well as decreases in secured property tax estimates, and no change to property transfer tax and the Educational Revenue Augmentation Fund (ERAF) estimates.

The Town has been monitoring ongoing developments regarding the distribution of excess ERAF funds. A portion of property tax revenue goes to the ERAF to support local school districts. When the amount contributed to ERAF is more than the minimum cost of funding local schools, excess funds have traditionally been returned to the county, cities, and special districts. Five counties, including Santa Clara, have been using a redistribution allocation formula that has been contested by the State. The Town received the full amount for FY 2021/22; however, the Santa Clara County Assessor's Office recommends budgeting only 70% of the FY 2022/23 projected number. The Adopted FY 2022/23 Budget included a \$1. 5 million ERAF estimate, 70% of the current ERAF base revenue estimate is still the same.

Property tax distributions are largely received in the third and fourth quarters. Second quarter receipts are trending similar to those received during the second quarter of the previous fiscal year and are at 29% of budgeted totals. Based on current County projections, staff recommends a \$617,332 increase in estimated General Property Tax and Motor Vehicle in Lieu Fee collections.

**Property Tax and VLF - Quarterly and Annual Revenues  
5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
2nd Quarter Actual Revenues	\$ 4,785,479	\$ 4,785,479	\$ 5,481,928	\$ 5,761,081	\$ 6,141,998
Fiscal Year Total Actual Revenues	\$ 17,321,346	\$ 18,330,427	\$ 19,878,834	\$ 21,129,080	
Fiscal Year Total Estimated Revenues					\$ 21,525,226
Fiscal Year Budgeted Revenues					\$ 20,907,894
2nd Quarter Percent of Total	28%	26%	28%	27%	29%
<b>Recommended Budget Revision</b>					<b>\$ 617,332</b>

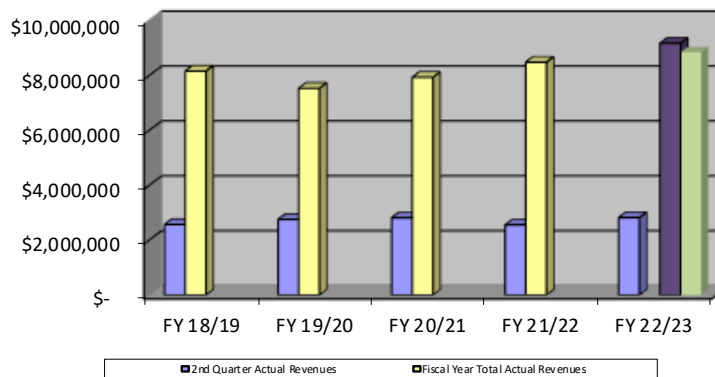
## Sales Tax

Sales tax is the second largest revenue source for the Town's General Fund, accounting for 18% of budgeted General Fund projected revenues for FY 2022/23. The Town currently receives 1.125 cents for every 9.125 cents of sales tax paid per dollar on retail sales and taxable services transacted within Los Gatos, including the Town of Los Gatos residents' approved ballot Measure G in 2018 enacting a one-eighth cent (0.125%) district sales tax for 20 years.

Sales tax estimates are based on actual sales tax data and annual sales tax estimates for five years provided by the Town's consultant, MuniServices. In addition to brick-and-mortar sales tax generation, the MuniServices estimates include several online sales tax projections. The 2018 Wayfair Decision resulted in e-commerce vendors utilizing the Amazon platform to collect sales tax based on destination; however, items shipped directly from Amazon fulfillment centers are collecting sales tax based on the point of distribution. Regular sales tax collected through online transactions are distributed through the Santa Clara County pool for which the Town receives a pro rata share of the sales tax generated in Santa Clara County for that particular quarter. The Town directly receives the one-eighth district tax portion of the sales tax generated by the residents of Los Gatos. Current total sales tax estimates include \$7,559,566 (\$301,422 decrease) in proceeds from regular sales tax and \$1,287,690 (\$26,266 decrease) in proceeds from the Measure G one-eighth cent district tax. Actual receipts net of administrative fees collected by the State will be confirmed at the close of the fiscal year and per prior Council direction, the Measure G funds are allocated 50% for capital improvement projects and 50% for operating expenses.

While FY 2022/23 second quarter receipts are trending slightly higher than in the same period last fiscal year, staff recommends a \$327,688 budget decrease to reflect the MuniServices current estimates.

**Sales Tax & Measure G Tax - Quarterly and Annual Revenues**  
**5-Year History**



	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
2nd Quarter Actual Revenues	\$ 2,568,415	\$ 2,755,208	\$ 2,813,652	\$ 2,556,341	\$ 2,821,421
Fiscal Year Total Actual Revenue	\$ 8,158,152	\$ 7,531,425	\$ 7,933,604	\$ 8,483,673	\$ 8,847,256
Fiscal Year Total Estimated Revenues					\$ 8,847,256
Fiscal Year Budgeted Revenues					\$ 9,174,944
2nd Quarter Percent of Total	31%	37%	35%	30%	31%
<b>Recommended Budget Revision</b>					<b>\$ (327,688)</b>

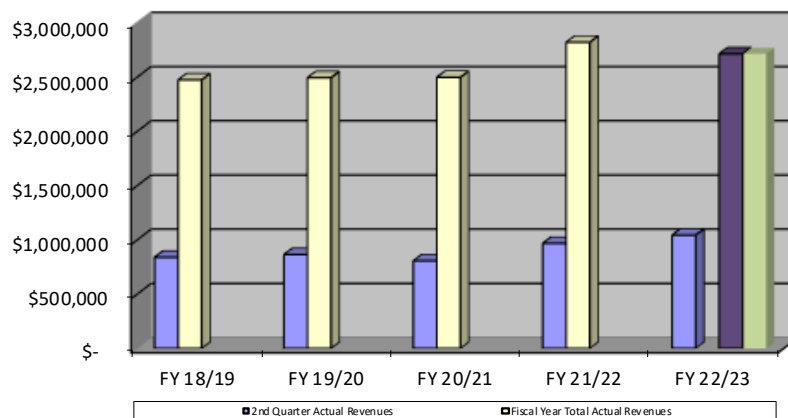
## Franchise Fees

Franchise fees are collected by the Town for the privilege of operating a utility service within Los Gatos, and as a fee in lieu of a business license tax. Franchise fees are currently received from Comcast for cable television, PG&E for gas and electric services, West Valley Collection and Recycling for solid waste collection services, and AT&T and Comcast for video services. Franchise fees represent 5% of projected General Fund revenues in FY 2022/23.

Historically, franchise payments are not remitted equally throughout the fiscal year; therefore, second quarter receipts are not necessarily predictive of future receipts. Total franchise fee revenues are trending higher than those of the second quarter in FY 2021/22 especially in the garbage franchise fee category. Staff recommends a \$222,600 budget increase to this revenue source.

As the Town previously enclosed in the FY 2021/22 Annual Comprehensive Financial Report (ACFR), the California Supreme Court recently issued an opinion in a case challenging the franchise fees that the city of Oakland charges to certain waste hauling companies. In *Zolly v. City of Oakland*, the court concluded that it did not have enough evidence to rule as a matter of law that the fees are exempt from the voter approval requirements that apply to taxes under Proposition 26, Article XIII C of the California Constitution. However, there are several exceptions to the general rule that a tax must be approved by the voters. One exception (Article IIIC, section 1 (e)(1)) is for “a charge imposed for a specific benefit conferred or privileged granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.” In the event the Town is unable to utilize one of the exceptions, the potential impact is a loss of approximately \$2.4 million annually.

**Franchise Fees - Quarterly and Annual Revenues  
5-Year History**



	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
2nd Quarter Actual Revenues	\$ 840,555	\$ 864,849	\$ 807,833	\$ 968,181	\$ 1,044,055
Fiscal Year Total Actual Revenues	\$ 2,475,916	\$ 2,495,792	\$ 2,499,463	\$ 2,822,515	
Fiscal Year Total Estimated Revenues					\$ 2,716,470
Fiscal Year Budgeted Revenues					\$ 2,493,870
2nd Quarter Revenue Percent of Total	34%	35%	32%	34%	38%
<b>Recommended Budget Revision</b>					<b>\$ 222,600</b>

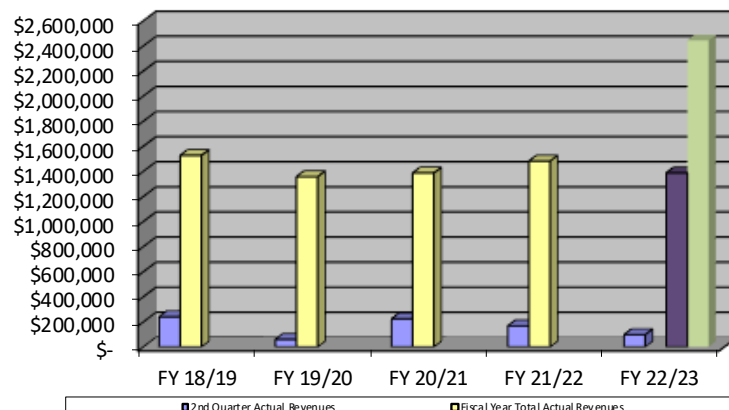
## Business License Tax

The Town requires all businesses located within Los Gatos and/or those that operate within Los Gatos to obtain a business license. The amount of business license tax paid by each business is based on its business activity. In November 2022, Los Gatos voters approved Measure J, which modernized the Town's business license tax program. This is the first update to the program since 1991, strengthening funding for core Town services that are enjoyed by Town businesses. Measure J included a 30% increase on flat rate fees, a 40% increase in retailing gross receipts, and a 120% increase in e-commerce, manufacturing, wholesaling, and jobbing gross receipts. Fees for activities such as wholesale sales and manufacturing are charged on a sliding scale based on gross receipts, as is retail, with retail being capped at \$1,365. These gross receipt activities account for approximately 25% of annual business licenses, while the remaining 75% are flat fee businesses. Annual renewal payments are due on January 2 of each year. Payments for new flat-fee-based businesses are prorated by quarter.

The Town is partnering with HdL Companies (HdL) to provide dedicated business license support to Los Gatos businesses. The Town's business license application and renewal process is now streamlined by offering online business license applications and renewals. Council authorized the omission of late business license penalties for all businesses in 2023 to assist with the business license management transition.

Business license tax revenue for the current fiscal year was budgeted at the prior tax rate, current estimates based on the updated tax rate predict a significant increase for the business license tax revenue. Staff is recommending a \$1,056,500 increase to this revenue source. Staff anticipates collecting the majority of the business license revenue during the third quarter. Staff is closely monitoring the activities and will return with any recommended adjustments in May.

**Business License Tax - Quarterly and Annual Revenues  
5-Year History**

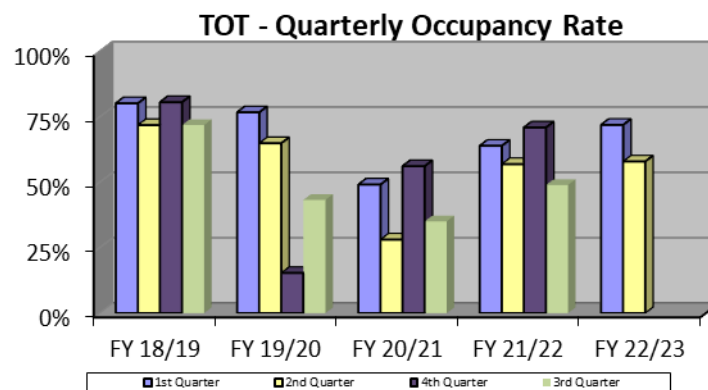


	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
2nd Quarter Actual Revenues	\$ 240,293	\$ 60,500	\$ 224,388	\$ 167,942	\$ 97,974
Fiscal Year Total Actual Revenues	\$ 1,526,894	\$ 1,357,080	\$ 1,386,943	\$ 1,481,667	\$ 2,444,000
Fiscal Year Total Estimated Revenues					\$ 2,444,000
Fiscal Year Budgeted Revenues					\$ 1,387,500
2nd Quarter Revenue Percent of Total	53%	53%	59%	11%	4%
<b>Recommended Budget Revision</b>					<b>\$ 1,056,500</b>

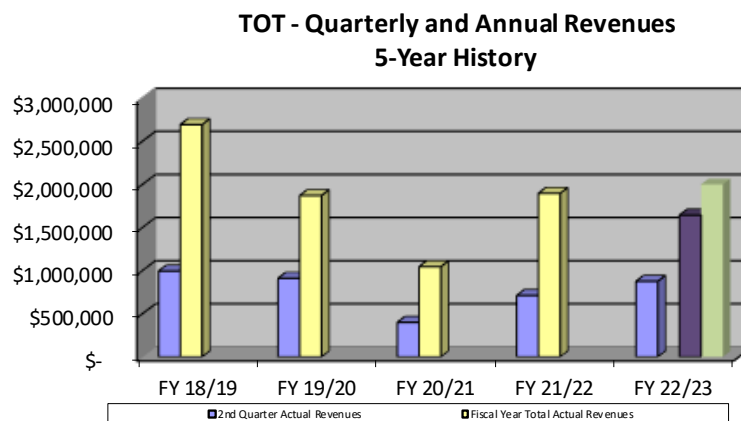
## Transient Occupancy Tax

TOT is an important revenue source for the Town and comprises approximately 4% of total Town estimated revenues in the amount of \$2.0 million for FY 2022/23. The Town levies a 12% transient occupancy tax (TOT) on all hotel and motel rooms within the municipal limits of Los Gatos. The 12% rate has been in effect since January 1, 2017, after the voters approved a ballot measure to increase in the TOT from 10% to 12% at the November 8, 2016 election.

The FY 2022/23 Adopted Budget modeled a 17.3% increase from FY 2021/22 adjusted budget. During the pandemic, TOT experienced the most significant percentage decline relative to historical adopted budgets. Due to a significant rebound in leisure “staycation” travel and modest improvements in business travel, current TOT collections are trending higher than anticipated and average occupancy rates are rebounding as well.



Staff will continue to monitor this revenue source since current estimates, however, based on the current trend and occupancy data analysis staff is recommending a \$357,540 budget increase.



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
2nd Quarter Actual Revenues	\$ 994,581	\$ 910,806	\$ 399,620	\$ 711,861	\$ 875,715
Fiscal Year Total Actual Revenues	\$ 2,692,043	\$ 1,869,685	\$ 1,044,820	\$ 1,895,064	
Fiscal Year Total Estimated Revenues					\$ 2,000,000
Fiscal Year Budgeted Revenues					\$ 1,642,460
2nd Quarter Revenue Percent of Total	37%	49%	38%	38%	53%
<b>Recommended Budget Revision</b>					<b>\$ 357,540</b>

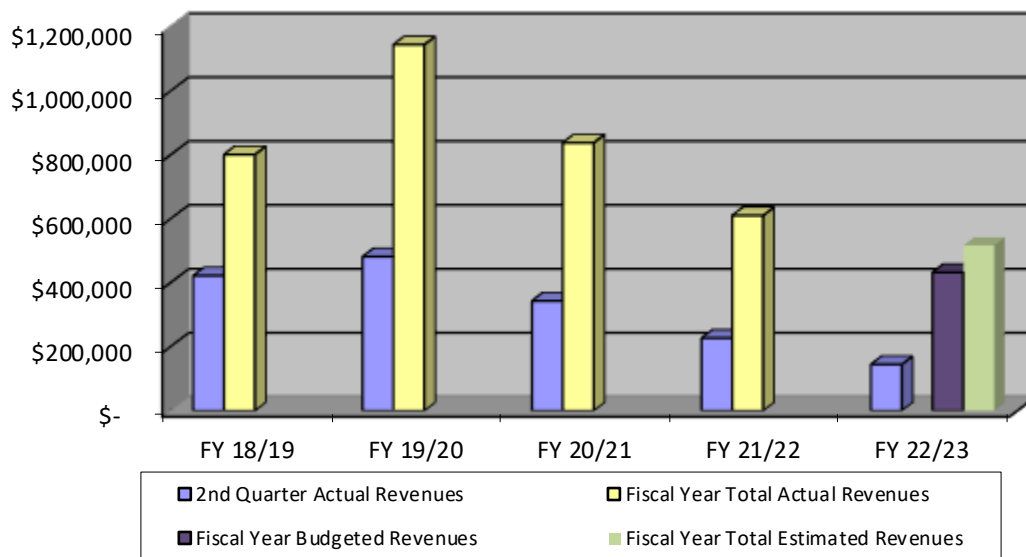
## Interest Income

The Town earns interest income by investing monies not immediately required for daily operations in a number of fixed income and money market instruments. These investments are made within the parameters stated in the Town Council's Investment Policy and State regulation. The Town's investment goal is to achieve a competitive rate of return while maintaining sufficient liquidity and protecting the safety of its funds. Interest income revenue is primarily dependent on two factors: the cash balance in the Town's investment portfolio and the yield on those funds.

As of December 31, 2022, the Town's weighted portfolio yield was 2.28% which exceeded by 11 basis points the Local Agency Investment Fund (LAIF) yield of 2.17% for the same reporting period. Currently the LAIF portfolio's weighted average maturity (WAM) is 304 days versus the Town's longer WAM of 439 days. This slightly longer maturity allows the Town to pick up higher yields available on the later maturities. The Town's weighted average rate of return of 2.28% at the close of December was 25 basis points higher when compared to the prior months return of 2.03% reported as of November 30, 2022.

Staff recommends no change to this revenue source at this time.

**Interest - Quarterly and Annual Revenues  
5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
2nd Quarter Actual Revenues	\$ 422,729	\$ 482,517	\$ 343,813	\$ 227,164	\$ 145,002
Fiscal Year Total Actual Revenues	\$ 801,729	\$1,145,538	\$ 838,649	\$ 610,975	
Fiscal Year Total Estimated Revenues					\$ 517,379
Fiscal Year Budgeted Revenues					\$ 432,947
2nd Quarter Revenue Percent of Total	53%	42%	41%	37%	33%

### Recommended Budget Revision

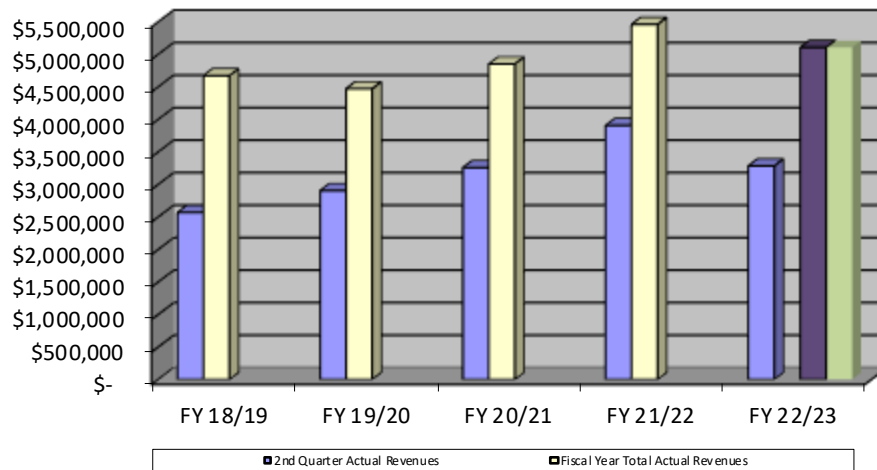
\* GASB 31 Market Adjustment is not Included

## Charges for Services

Town Service revenues consist primarily of planning, building, inspections, and engineering fees assessed on local building and development activity. Development fees and charges are assessed based on cost recovery formulas, which reflect approximate costs of providing these regulatory services. This category includes charges for the School Resource Officer and crossing guard services.

Second quarter Town Service revenues, specifically Charges for Services, are trending lower than in the second quarter compared to the previous fiscal year. Typically, development fees are collected in advance for projects and recognized as revenue in the fiscal year the work is performed. Fiscal Year estimated revenues includes all revenue line item in this category. Staff recommends a \$660,314 budget increase in selected items to reflect increased activities in planning and engineering services as explained in the next section of this Report.

**Charges for Services - Quarterly and Annual Revenues  
5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
2nd Quarter Actual Revenues	\$ 2,567,814	\$ 2,905,238	\$ 3,258,027	\$ 3,906,577	\$ 3,284,766
Fiscal Year Total Actual Revenues	\$ 4,672,407	\$ 4,469,963	\$ 4,851,273	\$ 5,460,608	
Fiscal Year Total Estimated Revenues					\$ 5,105,701
Fiscal Year Budgeted Revenues					\$ 4,445,635
2nd Quarter Revenue Percent of Total	55%	65%	67%	72%	64%
<b>Recommended Budget Revision</b>					<b>\$ 660,314</b>

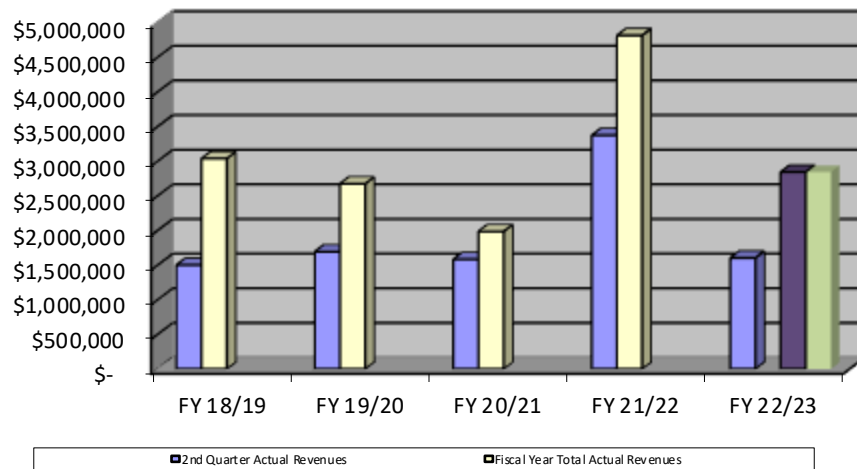


## Licenses and Permits

Licenses and Permits consist mainly of planning and building permit fees which are collected by the Town to offset administrative costs associated with evaluating development proposals to ensure compliance with codes and policies. Licenses and Permits revenue was budgeted slightly lower than FY 2021/22 in anticipation of slower development activity.

Second quarter License and Permit revenue is trending 59% of budgeted revenue. Fiscal Year estimated revenues includes all revenue line item in this category. Staff recommends a \$95,545 increase in selected items in this category as explained in the next section of this Report.

**Licenses & Permits - Quarterly and Annual Revenues  
5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
2nd Quarter Actual Revenues	\$ 1,498,864	\$ 1,692,252	\$ 1,584,098	\$ 3,373,287	\$ 1,602,633
Fiscal Year Total Actual Revenues	\$ 3,036,390	\$ 2,673,706	\$ 1,984,400	\$ 4,814,650	
Fiscal Year Total Estimated Revenues					\$ 2,841,374
Fiscal Year Budgeted Revenues					\$ 2,735,029
2nd Quarter Revenue Percent of Total	49%	63%	80%	70%	59%
<b>Recommended Budget Revision</b>					<b>\$ 95,545</b>

## GENERAL FUND – EXPENDITURE ANALYSIS

For FY 2022/23, General Fund Operating expenditures (not including debt payment and transfers out) are programmed at \$47.7 million. The delivery of Town services is highly dependent on talent which comprises 67.5% of budgeted General Fund expenditures for FY 2022/23. During the fiscal year, the Town Council has approved several budget adjustments, which are tracked against the Adopted Budget. The net effect is an Adjusted Budget. General Fund expenditure totals are trending in accordance with the Adjusted Budget, with total operational expenditures at the end of the second quarter at or about 44% of the Adjusted Budget. With six months of data now available, staff expects that the next six months of expenditures will be within the Adjusted Budget, although unexpected costs can still occur which may require future Council action.

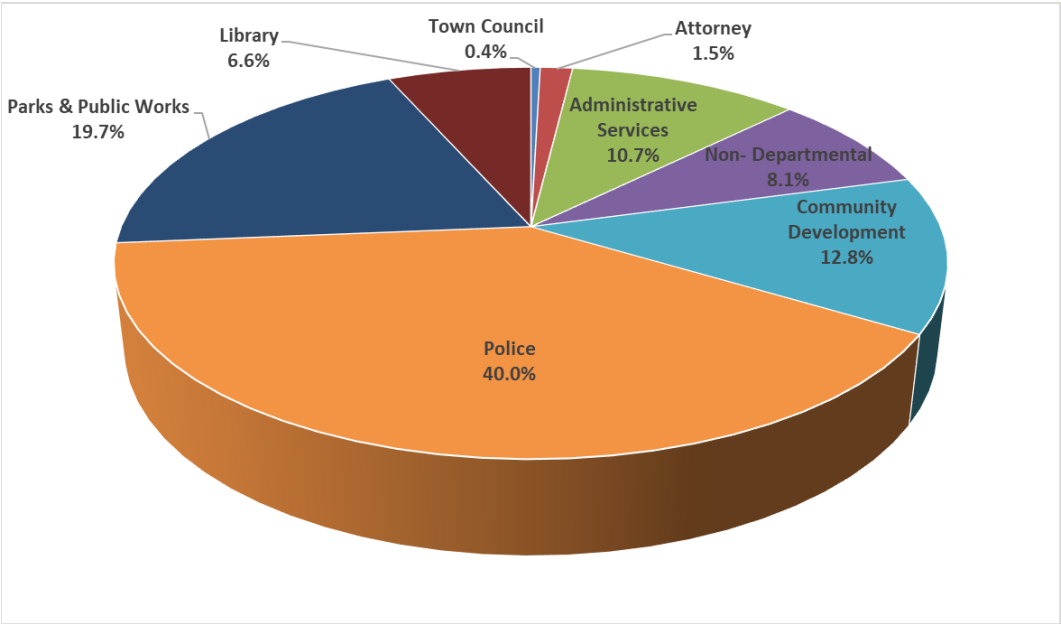
As with most municipalities, services are provided directly by employees to the Town’s residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the budget. As the table below illustrates, at mid-year, actual salaries are trending at 46% of budgeted salaries, while pension benefits and other benefits are trending at 46% and 40% respectively to the Adjusted Budget.

General Fund Salaries & Benefits							
	FY 2021/22 Actuals	FY 2021/22 2Q	2Q % of FY 2021/22 Actuals	2Q % of FY 2022/23 Adjusted Budget	FY 2022/23 2Q	FY 2022/23 Estimated	FY 2022/23 Adjusted Budget
Salaries	\$ 19,981,412	\$ 9,805,293	49%	46%	\$ 10,801,348	\$ 21,951,228	\$ 23,260,024
Pension Benefits	\$ 6,531,958	\$ 3,259,216	50%	46%	\$ 3,493,382	\$ 7,128,830	\$ 7,666,660
Other Benefits	\$ 3,679,378	\$ 1,868,661	51%	40%	\$ 1,841,519	\$ 3,931,260	\$ 4,561,640
Total Salary & Benefit	\$ 30,192,748	\$ 14,933,170	49%	45%	\$ 16,136,249	\$ 33,011,318	\$ 35,488,324

Salaries and benefits savings are anticipated due to vacancies and reduced cost structure due to replacements after retirements. In addition, vacant positions are often filled with temporary unbenefitted positions, which translate into additional benefit savings. Actual vacancies during the course of the first half of fiscal year are illustrated in the table below.

Department	Position		Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Town Attorney	Legal Admin Assistant	Separation	Filled with Temp	Filled - Permanent				
Clerk	Deputy Clerk	Separation	Vacant					
Admin Services	Emergency Manager - Temp	Separation					Vacant	
Admin Services	Finance Director	Retirement	Filled Interim			Filled - Permanent		
Admin Services	Finance Manager	Promotion	Vacant					
Admin Services	IT Technician	Separation	Vacant	Filled - Permanent				
Admin Services	Events and Mark Specialist	Separation	Vacant		Filled - Permanent			
Community Development	Associate Planner	Separation	Vacant			Filled - Permanent		
Community Development	Permit Technician	Retirement			Vacant		Filled - Permanent	
Police	Police Dispatcher	Separation				Vacant		
Police	Police Dispatcher	Separation	Vacant					
Police	Police Dispatcher	Separation					Vacant	
Police	Police Dispatcher	Separation	Vacant					
Police	Police Officer	Separation					Filled - Permanent	
Police	Police Officer	Separation		Vacant				Filled
Police	Police Officer	Retirement						
Police	Police Officer	Retirement						Filled
Police	Police Officer	Retirement						Filled
Police	Police Officer	Separation				Vacant		
Police	Police Captain	Promotion	Vacant	Filled - Permanent				
Police	Records & Com Manager	Separation	Vacant					
Police	Police Record Specialist	Promotion	Vacant				Filled - Permanent	
Police	Police Record Specialist	Separation					Vacant	Filled - Permanent
Police	Senior Parking Control Officer	Retirement	Vacant		Filled - Permanent			
Parks & Public Works	Parks & Public Works Director	Separation		Filled - Permanent				
Parks & Public Works	Senior Civil Engineer	Separation	Vacant				Filled - Permanent	Vacant
Parks & Public Works	Transp and Mob Manager	Separation			Vacant			Filled
Parks & Public Works	Town Engineer	Separation					Vacant	Interim
Library	Senior Library Page	Separation	Filled with Temp	Filled - Permanent				
Library	Librarian	Separation	Vacant			Filled - Permanent		

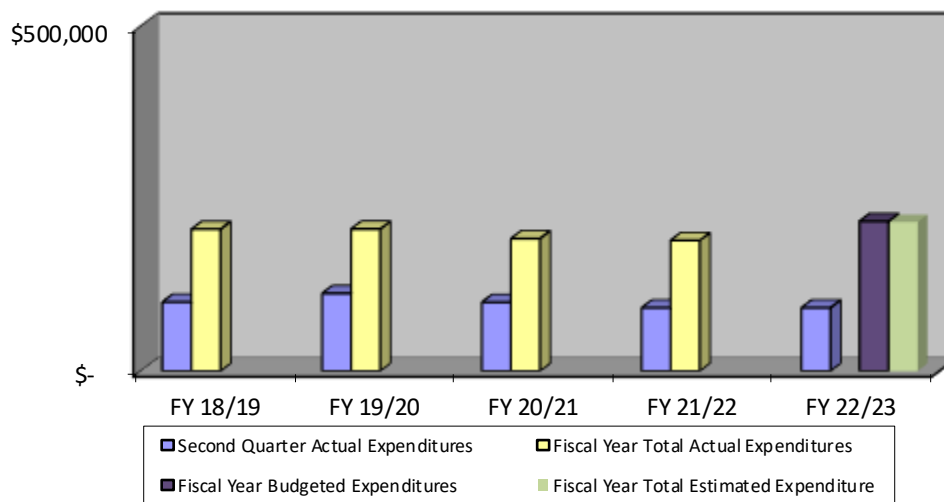
The pie chart below represents the Departmental proportion of Town General Fund estimated operating expenditures. The subsequent pages review program expenditures and any anticipated savings are provided for each program. Also provided are historical program costs, year over year (YOY) percentage changes in actual expenditures, and five-year average changes per the Finance Commission’s suggestion. YOY percentage changes are, in many cases, impacted by the timing of one-time expenditures that occur during the fiscal year. Historical analysis has been provided in selected cases to provide explanations for some of the fluctuations between fiscal years. The FY 2022/23 Estimated figures also include analysis on potential salary and other expenditure savings; however, budget adjustments are only recommended as identified in this Report.



## Town Council

The Town Council is the elected legislative body that represents the residents and provides policy direction for the delivery of services and capital improvements for the Town of Los Gatos. Town Council expenditures are trending lower than the same quarter in prior year. Staff anticipates minimal expenditures savings in this program. Savings are anticipated in office supplies and medical benefits. Staff does not recommend any expenditure budget adjustment in this program.

### **Town Council - Quarterly and Annual Expenditures 5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
Second Quarter Actual Expenditures	\$ 100,209	\$ 112,711	\$ 99,787	\$ 91,800	\$ 91,822
Fiscal Year Total Actual Expenditures	\$ 205,903	\$ 206,163	\$ 192,280	\$ 189,569	
Fiscal Year Total Estimated Expenditure					\$ 216,231
Fiscal Year Budgeted Expenditures					\$ 217,238
Second Quarter Percentage of Total	49%	55%	52%	48%	42%

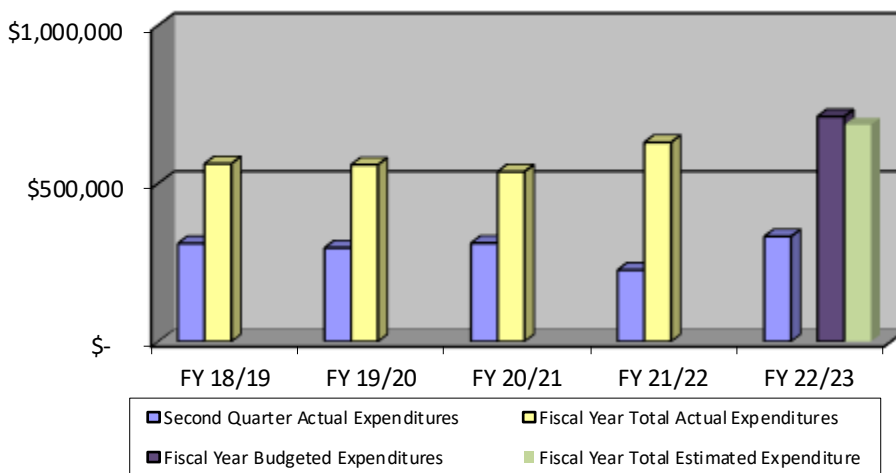
#### **Recommended Budget Revision**

YOY Percentage Changes	6.58%	0.13%	-6.73%	-1.41%	14.06%
5-year Average Percentage Change					2.53%

## Town Attorney

The Town Attorney is the legal advisor to the Town Council, Successor Agency to the former Redevelopment Agency, and Town staff. In this capacity, the office of the Town Attorney provides a wide range of legal services to ensure that Town actions and activities are legally sound. Town Attorney program expenditures are trending at 47%. Staff estimates approximately \$26,000 expenditures savings in this program. Savings is anticipated in staff salaries and benefits, travel and training, and office supplies. Staff does not recommend any expenditure budget adjustment in this program.

**Town Attorney - Quarterly and Annual Expenditures  
5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
Second Quarter Actual Expenditures	\$ 310,219	\$ 296,424	\$ 311,520	\$ 226,377	\$ 332,183
Fiscal Year Total Actual Expenditures	\$ 562,542	\$ 559,010	\$ 537,296	\$ 629,935	
Fiscal Year Total Estimated Expenditure					\$ 685,473
Fiscal Year Budgeted Expenditures					\$ 711,426
Second Quarter Percentage of Total	55%	53%	58%	36%	47%

### **Recommended Budget Revision**

YOY Percentage Changes	58.82%	-0.63%	-3.88%	17.24%	8.82%
5-year Average Percentage Change					16.07%

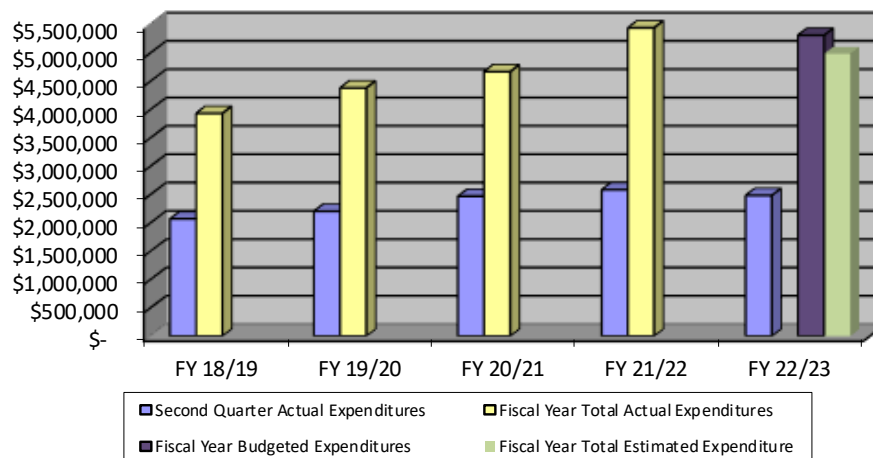
Beginning in FY 2018/19, all personnel costs that were previously budgeted in Internal Service funds were transferred to the General Fund. While overall expenditures did not increase, salary and benefit costs that were formerly reported as an Internal Service Fund expense effective with the change became a General Fund expense.

## Administrative Services

The Town Manager provides overall management, administration, and direction for the entire Town organization, reporting to the full Town Council. Administrative Services incorporates five key programs: Town Manager's Office, Clerk Department, Finance Department, Human Resources Department, and Information Technology.

Administrative Services program expenditures are trending similar compared to the same quarter expenditures in prior year. This program had some vacancies during the course of the first half of the fiscal year including Finance and Accounting Manager, Special Event Coordinator, Deputy Clerk and Temporary Emergency Services Coordinator. The Special Event Coordinator, Deputy Clerk positions are filled and the recruitment for the other two vacant positions has already started. Staff estimates approximately \$326,000 expenditures savings in this program. Savings are anticipated in staff salaries and benefits, travel and training, and office supplies.

**Administrative Services - Quarterly and Annual Expenditures  
5-Year History**



	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Second Quarter Actual Expenditures	\$2,069,839	\$2,204,552	\$2,467,813	\$2,583,281	\$2,483,472
Fiscal Year Total Actual Expenditures	\$3,931,807	\$4,380,504	\$4,667,995	\$5,441,605	
Fiscal Year Total Estimated Expenditure					\$4,983,530
Fiscal Year Budgeted Expenditures					\$5,310,119
Second Quarter Percentage of Total	53%	50%	53%	47%	47%

### Recommended Budget Revision

YOY Percentage Changes	18.77%	11.41%	6.56%	16.57%	-8.42%
5-year Average Percentage Change					8.98%

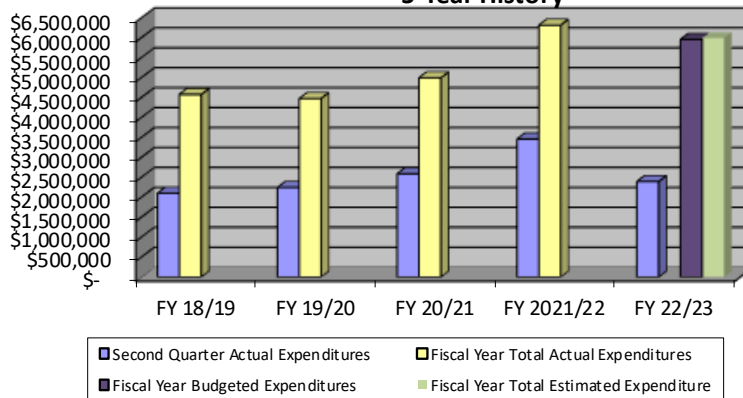
Beginning in FY 2018/19, all personnel that were previously budgeted in Internal Service funds were transferred to the General Fund. While overall expenditures did not increase, salary and benefit costs that were formerly reported as an Internal Service Fund expense effective with the change became a General Fund expense. This program budget includes a limited temporary position to assist the Town with its emergency preparedness and response operations since FY 2019/20.

## Community Development Services

The Community Development Department works with elected and appointed officials, other Departments, and the community to guide the physical growth, development, and preservation of the Town.

Community Development program expenditures are trending lower than the same quarter expenditures in prior year due to increased development activities in the Department Building and Pass Through programs. The Pass Through program collects the required developer deposits for various review services. The Town provides those services through consultants and the consultants are paid out of the applicant's account. At the close of a project, all remaining fees collected will be refunded to the applicant. This program is fully staffed as of December 31, 2022; however, the Associate Planner and Planning Technician positions were partially vacant during the first half of the fiscal year. Staff is requesting to increase an Associate Planner position from 0.75 Full Time Equivalent (FTE) to 1 FTE to assist the Department with the current and future workload pertaining to unfunded State mandates and other work. In addition, staff recommends expenditure budget adjustments for building permit services (\$150,000) and redepositing the first proceed (\$300,00) of the affordable loan repayment. Both of these requested items have dedicated revenue sources and cost neutral. Not counting the last two items, staff anticipates approximately \$420,000 expenditures savings in this program. Savings are anticipated in staff salaries and benefits, travel and training, and office supplies.

**Community Development - Quarterly and Annual Expenditures**  
**5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 2021/22</u>	<u>FY 22/23</u>
Second Quarter Actual Expenditures	\$2,104,258	\$2,245,767	\$2,589,502	\$3,460,301	\$2,394,537
Fiscal Year Total Actual Expenditures	\$4,577,495	\$4,473,790	\$4,994,391	\$6,313,505	
Fiscal Year Total Estimated Expenditure					\$5,990,576
Fiscal Year Budgeted Expenditures					\$5,960,379
Second Quarter Percentage of Total	46%	50%	52%	55%	40%
<b>Recommended Budget Revision</b>					<b>\$ 456,962</b>

YOY Percentage Changes	8.42%	-2.27%	11.64%	26.41%	-5.11%
5-year Average Percentage Change					<b>7.82%</b>

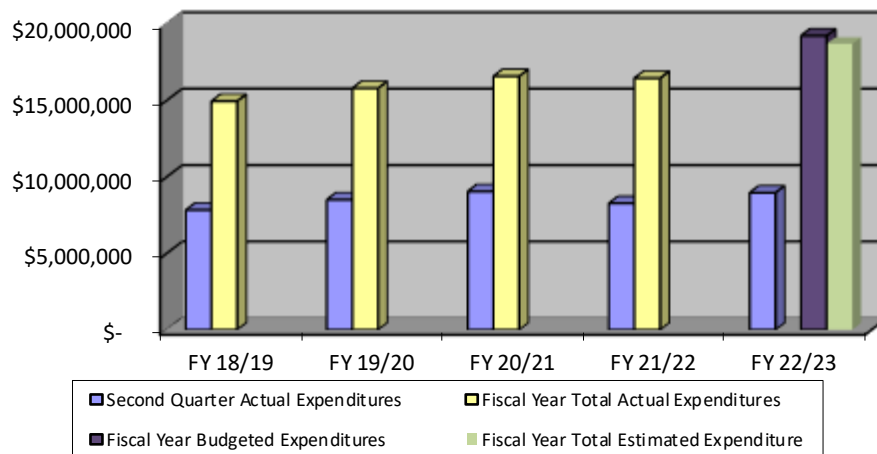
Community Development Department expenditures vary year to year based on the development activity and pass through services.

## Police Services

The Los Gatos-Monte Sereno Police Department provides Police services to the Town of Los Gatos and contractually to the City of Monte Sereno. The Department is committed to ensuring public safety with integrity, compassion, and professionalism, by providing exceptional law enforcement services, building community partnerships, and engaging the community in problem solving.

Staff is continuing to monitor Police service program revenues and expenditures. Staffing levels remain a challenge for the Police Department with dedicated ongoing recruitment for open positions. Whenever feasible, open positions are filled with trainees, per diems, and temporary employees until positions are filled. The Police Department does not anticipate any budgetary concerns at mid-year. Staff anticipates approximately \$420,000 expenditures savings in this program. Savings are anticipated in staff salaries and benefits, travel and training, and office supplies. Staff recommends \$27,151 expenditure budget increase to expend the proceeds of an Opioid Settlement disbursement for opioid preventative and awareness education and additional costs related to increased parking ticket collection administration.

**Police - Quarterly and Annual Expenditures  
5-Year History**



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
Second Quarter Actual Expenditures	\$ 7,832,251	\$ 8,504,636	\$ 9,041,998	\$ 8,266,432	\$ 8,957,541
Fiscal Year Total Actual Expenditures	\$ 14,948,952	\$ 15,793,815	\$ 16,570,836	\$ 16,451,189	
Fiscal Year Total Estimated Expenditure					\$ 18,695,679
Fiscal Year Budgeted Expenditures					\$ 19,225,986
Second Quarter Percentage of Total	52%	54%	55%	50%	47%
<b>Recommended Budget Revision</b>					<b>\$ 27,151</b>
YOY Percentage Changes	3.51%	5.65%	4.92%	-0.72%	13.64%
5-year Average Percentage Change					5.40%



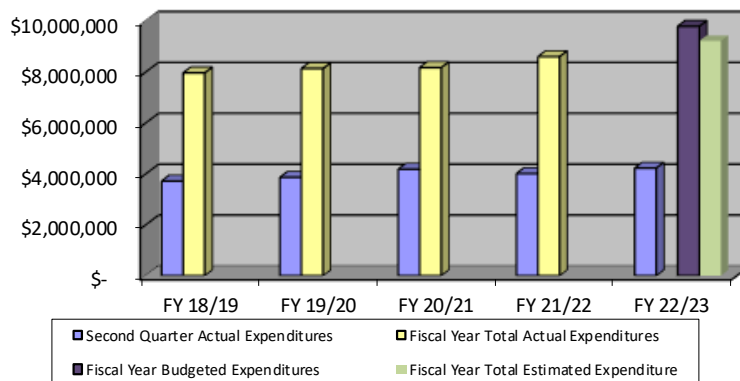
## Parks and Public Works Services

The Parks and Public Works Department constructs and maintains the Town's public parks, facilities, roadways, right-of-way, and other infrastructure. Six organizational units work in coordination to achieve the Department's overarching goal of ensuring the Town's facilities are safe, functional, and attractive.

The Parks and Public Works services program expenditures are trending lower than prior year same quarter expenditures. This program experienced vacancies in couple of positions including Parks and Public Works Director, Senior Civil Engineer, Transportation and Mobility Manager, and Town Engineer during the course of the first half of the fiscal year. Staff is requesting the deletion of the hire-ahead one-time Urban Forest Manager position. Funding for the current fiscal year of the position is available from the tree replacement deposit fund while in future years the Department is proposing to reclassify the Town Arborist position as it becomes vacant.

Staff anticipates approximately \$570,000 expenditures savings in this program. Savings are anticipated in staff salaries and benefits, travel and training, and office supplies. Staff recommends an expenditure budget increase of \$283,112 attributed to the additional contractual obligations, increased pass through activities and defunding the Urban Forest Manager position as explained in the next section of this Report.

**Parks and Public Works - Quarterly and Annual Expenditures  
5-Year History**



	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Second Quarter Actual Expenditures	\$3,717,900	\$3,864,874	\$4,185,306	\$4,010,181	\$4,226,049
Fiscal Year Total Actual Expenditures	\$7,969,631	\$8,139,106	\$8,175,987	\$8,605,455	\$9,221,597
Fiscal Year Budgeted Expenditures					\$9,798,966

Second Quarter Percentage of Total	47%	47%	51%	47%	43%
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<b>Recommended Budget Revision</b>	<b>\$ 283,112</b>				
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YOY Percentage Changes	10.92%	2.13%	0.45%	5.25%	7.16%
5-year Average Percentage Change	5.18%				

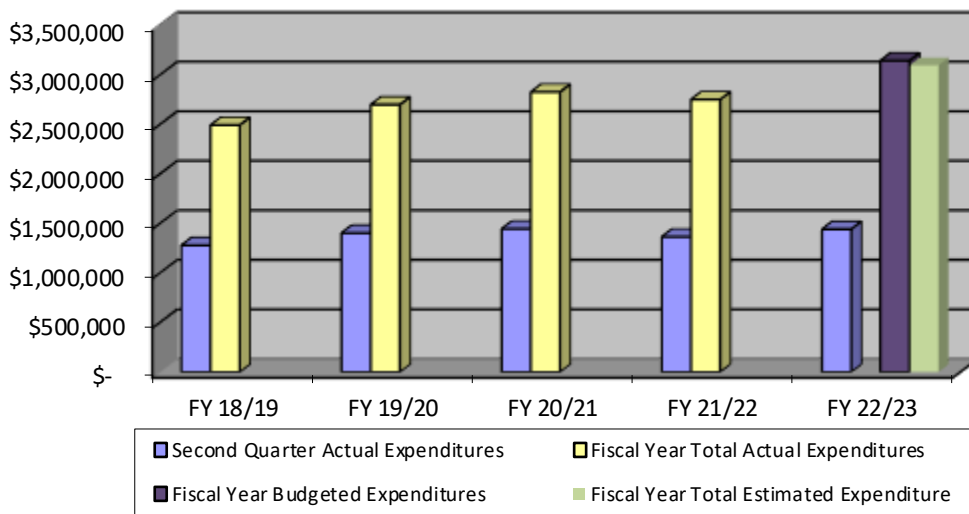
Beginning in FY 2018/19, all personnel that were previously budgeted in Internal Service funds were transferred to the General Fund. While overall expenditures did not increase, salary and benefit costs that were formerly reported as an Internal Service Fund expense effective with the change became a General Fund expense.

## Library Services

The Los Gatos Library fosters curiosity and community connection and strives to be at the heart of an engaged and vibrant community.

Library services program expenditures are trending lower than prior year same quarter expenditures. This program had Librarian and Senior Library Page vacancies during the first half of the fiscal year. Staff anticipates approximately \$46,000 expenditures savings in this program. Savings are anticipated in temporary employee salaries, travel and training, and office supplies. Staff recommends a \$2,735 budget increase to authorize spending of a State Library Grant received by the Department.

**Library - Quarterly and Annual Expenditures  
5-Year History**



	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Second Quarter Actual Expenditures	\$1,280,179	\$1,404,285	\$1,445,899	\$1,365,415	\$1,442,555
Fiscal Year Total Actual Expenditures	\$2,493,617	\$2,700,802	\$2,828,873	\$2,752,401	
Fiscal Year Total Estimated Expenditure					\$3,097,584
Fiscal Year Budgeted Expenditures					\$3,144,450
Second Quarter Percentage of Total	51%	52%	51%	50%	46%
<b>Recommended Budget Revision</b>					<b>\$ 2,735</b>
YOY Percentage Changes	-1.42%	8.31%	4.74%	-2.70%	12.54%
5-year Average Percentage Change					4.29%

## FY 2022/23 RECOMMENDED BUDGET ADJUSTMENTS

Budget adjustments are recommended for the following revenues and expenditures at the second quarter as described below:

### FY 2022/23 MID-YEAR BUDGET ADJUSTMENT REQUESTS - GENERAL FUNDS

Fund	Program	Account	General Fund Revenues		
111	1201	411XX	Property Tax	\$ 417,682	Based on Santa Clara County Property Tax Estimates November 2022
111	1201	41141	Motor Vehicle In Lieu Fee	199,650	Based on Santa Clara County Property Tax Estimates November 2022
111	1201	41211	Sales & Use Tax	(301,422)	Based on MuniServices Most Probable January 2023 Sales Tax Estimates
111	1221	41214	Measure G - District Sales Tax	(36,266)	Based on MuniServices Most Probable January 2023 Sales Tax Estimates
111	1201	41311	Transient Occupancy Tax	357,540	Funds Received
111	1201	41612	PG&E Franchise Fee	50,000	Funds Anticipated
111	1201	41613	Garbage Franchise Fee	172,600	Funds Anticipated
111	2301	41411	Business License Tax	1,056,500	Funds Anticipated
111	3201	44214	Other Service Fees	(12,500)	Funds are not Received
111	3201	44412	Plan Check	(45,000)	Funds are not Received
111	3301	44422	Building Inspections	150,000	Funds Anticipated
111	3501	45111	Affordable Housing Loan - Repayment	300,000	Funds Received
111	4202	43336	Prop 172 - Public Safety Sales Tax	37,300	Based on MuniServices Most Probable January 2023 Sales Tax Estimates
111	4301	45922	Opioid Settlement Account	14,151	Funds are Available
111	4304	45126	Online Parking Ticket	25,000	Funds Anticipated
111	5202	42514	Encroachment Permits	50,000	Funds Anticipated
111	5202	44621	Engineering Services	50,000	Funds Anticipated
111	5301	43531	Plan JPA Safety Grant	7,236	Funds Anticipated
111	5301	42512	OMP- Parking Fee	(20,000)	Funds are not Received
111	5301	45421	Donation - Benches	10,347	Funds are Available
111	5302	42522	HHW Fee	8,466	Funds Anticipated
111	5302	42523	JPA Fee	126,177	Funds Anticipated
111	5302	43521	AB 939	2,000	Funds Anticipated
111	5401	42521	Street Sweeping Fees	(69,098)	Funds are not Received
111	5401	48621	From Tree Replacement Deposit - Defund Urban Forest Ma	(234,260)	Funds are Available
111	5999	48416	Plan Check - Pass Thorough	458,575	Funds Received
111	7801	43343	Public Library Fund Grant	2,735	Matching Expenditure
<b>TOTAL GENERAL FUND REVENUES</b>				<b>\$ 2,777,413</b>	
Fund	Program	Account	General Fund Expenditures		
111	1201	62113	Town Share of Retiree Medical	\$ 143,130	Funds are not Expended
111	1201	62119	Additional Payment to IRS Pension Trust	300,000	From Available Reserve
111	1201	72111	PG&E Loan Principal Payment	156,034	Funds are Partially Expended
111	3301	63381	Building Inspections	150,000	Funds are Partially Expended
111	3201	5XXXX	Additional 0.25 FTE Associate Planner	6,962	Funds are not Expended
111	3501	XXXXX	Loan Repayment to BMP	300,000	Funds are Expended
111	4301	64111	Training	14,151	Funds are not Expended
111	4304	62223	SCC Court and Jail Construction Fee	10,000	Funds are Partially Expended
111	4304	63344	Parking Citation Service	3,000	Funds are Partially Expended
111	5203	63332	Software License Maintenance	7,460	Funds are Partially Expended
111	5301	61224	Playground Safety	3,756	Funds are Expended
111	5301	63363	Landscape Maintenance	37,234	Funds are Partially Expended
111	5301	68622	Benches	10,347	Funds are Expended
111	5401	5****	Urban Forest Manager	(234,260)	Funds are not Expended
111	5999	68416	Plan Check - Pass Through	458,575	Funds are Partially Expended
111	7801	61172	Youth Collections	2,735	Matching Revenue
<b>TOTAL GENERAL FUND EXPENDITURES</b>				<b>\$ 1,369,124</b>	

**FY 2022/23 MID-YEAR BUDGET ADJUSTMENT REQUESTS - OTHER FUNDS**

<b>Fund</b>	<b>Program</b>	<b>Account</b>	<b>Other Fund Revenues</b>		
<b>251</b>			<b>Los Gatos Theatre</b>		
			Theatre Tenant Rent	68,400	<i>Funds Anticipated</i>
				<b>\$ 68,400</b>	
<b>234</b>			<b>Santa Rosa Heights LLD</b>		
234	5504	41152	L&L Assessment	4,500	<i>Funds Anticipated</i>
	5504	42515	Interest Income	465	<i>Funds Anticipated</i>
				<b>\$ 4,965</b>	
<b>481</b>			<b>Gas Tax</b>		
481	411-811-6004	82405	Increased Gas Tax Projections for Street Repair	(67,218)	<i>Based on California City Finance Projection May 2022</i>
				<b>\$ (67,218)</b>	
<b>711</b>			<b>Library Trust</b>		
711	7301	45452	Additional Donation Received	5,000	<i>Funds Received</i>
				<b>\$ 5,000</b>	
<b>TOTAL OTHER FUNDS REVENUES</b>				<b>\$ 11,147</b>	
<b>Fund</b>	<b>Program</b>	<b>Account</b>	<b>Other Fund Expenditures</b>		
<b>231</b>			<b>Blackwell LLD</b>		
232	5501	63363	Landscape Maintenance	(194)	<i>Funds are not Expended</i>
				<b>\$ (194)</b>	
<b>232</b>			<b>Kennedy Meadows LLD</b>		
232	5502	63363	Landscape Maintenance	5,875	<i>Funds are Partially Expended</i>
				<b>\$ 5,875</b>	
<b>233</b>			<b>Gemini Court LLD</b>		
233	5503	63363	Landscape Maintenance	(606)	<i>Funds are not Expended</i>
				<b>\$ (606)</b>	
<b>234</b>			<b>Santa Rosa Heights LLD</b>		
234	5504	63363	Landscape Maintenance	2,270	<i>Funds are Partially Expended</i>
				<b>\$ 2,270</b>	
<b>235</b>			<b>Vasona Heights LLD</b>		
235	5505	63363	Landscape Maintenance	2,352	<i>Funds are not Expended</i>
				<b>\$ 2,352</b>	
<b>236</b>			<b>Hillbrook Drive LLD</b>		
236	5506	63363	Landscape Maintenance	(75)	<i>Funds are not Expended</i>
				<b>\$ (75)</b>	
<b>251</b>			<b>Los Gatos Theatre</b>		
	5408	61214	General Maintenance Supplies	1,000	<i>Funds are Partially Expended</i>
		61241	Office Furniture Equipment	3,000	<i>Funds are Partially Expended</i>
		62371	Building Maintenance and Repairs	47,000	<i>Funds are Partially Expended</i>
		62611	Utilities - Electric	4,091	<i>Funds are Partially Expended</i>
		62612	Utilities - Gas	8	<i>Funds are Partially Expended</i>
		62613	Utilities - Water	715	<i>Funds are Partially Expended</i>
				<b>\$ 55,814</b>	
<b>481</b>			<b>Gas Tax</b>		
481	481-811-9901	82405	Decreased Gas Tax Projections for Street Repair	(67,276)	<i>Based on California City Finance Projection May 2022</i>
				<b>\$ (67,276)</b>	
<b>633</b>			<b>Facilities Maintenance</b>		
633	5404	62161	WVS Annual Fee	8,608	<i>From Available Facilities Maintenance Internal Service Fund</i>
				<b>\$ 8,608</b>	
<b>711</b>			<b>Library Trust Fund</b>		
711	7301	62420	Additional Donation Received	2,500	<i>Funds are not Expended</i>
711	7301	62424	Additional Donation Received	2,500	<i>Funds are not Expended</i>
<b>TOTAL OTHER FUNDS EXPENDITURES</b>				<b>\$ 9,268</b>	

## SUMMARY OF KEY RECOMMENDED BUDGET ADJUSTMENTS

- **General Property Tax and Motor Vehicle in Lieu Fee:** Staff recommends a decrease in projected revenues of approximately \$417,682 in General Property Tax and an increase of \$199,650 Motor Vehicle in Lieu fee which are in line with the estimates and forecasts provided to the Town from Santa Clara County.
- **Sales and Use Tax:** Staff recommends a \$301,422 budget decrease to reflect current sales tax trends based on MuniServices most likely projections.

- Measure G – District Sales Tax: Staff recommends a \$36,266 budget decrease to reflect the current trends of the one-eight cent sales tax based on MuniServices most likely projections.
- Transient Occupancy Tax (TOT): Staff recommends a \$357,540 budget increase based on the current trends.
- PG&E Franchise Fee: Staff recommends an increase in projected revenues of approximately \$50,000 in cable franchise fee based on last year actuals.
- Garbage Franchise Fee: Staff recommends an increase in projected revenues of approximately \$172,600 in cable franchise fee based on current activities and trends.
- Business License Tax: Staff recommends a \$1,056,500 budget increase based on the estimated collection per the new business license tax.
- Plan Check and Other Service Fee: Staff recommends a \$57,500 budget decrease based on the current plan check activities.
- Building Inspection Services: Staff recommends a \$150,000 revenue and budget increase for building inspection services from available developer contribution.
- Additional 0.25 FTE Associate Planner: Staff recommends an expenditure budget increase in the amount of \$6,962 to provide additional 0.25 FTE Associate Planner hours due to ongoing long range planning efforts and unfunded mandates from yearly State Legislation that has and continues to be enacted.
- Affordable Loan Repayment: Staff recommends \$300,000 revenue and budget increase for receiving a partial repayment of the Dittos Lane affordable housing loan and redepositing the proceeds to Below Market Housing Deposit Account.
- Prop 172 – Public Safety Sales Tax: Staff recommends a \$37,300 budget increase to reflect the current trends of the Prop 172- Public Safety Sales Tax based on MuniServices projections.
- Opioid Settlement Proceeds: Staff recommends a \$14,150 revenue and expenditure budget increase to recognize the receipt of Opioid Settlement disbursement. The Settlement requires funds be used primarily for opioid abatement; the Police Department will follow the fiscal guidelines outlined in the Settlement agreement. The Police Department identified utilizing the funding for specific advanced officer training in recognition, response, treatment, and management of an opioid overdose crisis, and to supplement opioid preventative and awareness education training for youth through the School Resource Officer drug awareness program.
- Online Parking Ticket: Staff recommends a \$25,000 revenue budget increase to reflect recent parking citation revenue and \$13,000 expenditure budget increase to increased administrative and processing cost related to increased parking citation revenue collection.
- Encroachment Permits: Staff recommends a revenue budget increase of \$50,000 to recognize increased developments happening in Town.

- Engineering Services: Staff recommends a revenue budget increase of \$50,000 to recognize increased developments happening in Town.
- Oak Meadow Park Parking Fee: Staff recommends a decrease in the Oak Meadow Park Parking fee revenue in the amount of \$20,000. Staff is in the process of procuring a pay station that will integrate with the Town's current parking enforcement efforts.
- Safety Grant: Staff recommends \$10,347 revenue and \$3,756 expenditure budget increase to recognize the receipt of safety grant for playground safety. The playground safety work was partially budgeted before the grant was identified.
- West Valley Solid Waste Management Joint Powers Agency (JPA) Revenue Realignment between Programs: Staff recommends a revenue budget increase of in the amount of \$67,545 to reflect the current contribution for different Town programs based on the agreement signed with the Joint Powers Authority after the original budget was adopted.
- Donation – Benches: Staff recommends revenue and expenditure budget increase of \$10,347 to recognize donation received for bench installation.
- Town Share of Retiree Medical: Staff recommends an expenditure budget increase of \$143,130 to recognize increased cost related the retiree medical services due to additional recent retirements.
- Additional Payment to IRS Pension Trust: Staff recommends an expenditure budget increase in the amount of \$300,000 for additional payment to the IRS Pension Trust from available Pension/OPEB Reserve.
- PG&E Loan Principal Payment: Staff recommends an expenditure budget increase in the amount of \$156,034 for PG&E Loan Payment. The Town utilized an interest fee loan from PG&E for energy efficiency improvements for various Town buildings. The payments were suspended by PG&E due to the pandemic during budget development, but the payment schedule was since reinstated.
- Software License Maintenance: Staff recommends an expenditure budget increase of \$7,460 for software license maintenance.
- Landscape Maintenance: Staff recommends an expenditure budget increase of \$37,234 for increased landscape maintenance services.
- Urban Forest Manager: Staff recommends revenue and expenditure budget decrease of \$234,260 to defund the one-time hire ahead Urban Forest Manager position.
- Plan Check Services: Staff recommends a \$485,575 revenue and budget increase for plan check services from available developer contribution.

#### Other Fund Revenues and Expenditures

- Landscape Maintenance: Staff recommends an expenditure budget increase in the amount of \$9,622 to the various Park Light and Landscaping Districts for increased landscape maintenance services.
- Theatre Needs: Staff recommends \$68,000 revenue increase to recognize the current tenants anticipated rent proceeds and \$55,814 expenditure budget increase from available rent proceeds for initial set-up, utility cost and additional expenses related to the Los Gatos Theatre Building maintenance and repairs.
- Gas Tax: Staff recommends revenue and expenditure budget decrease in the amount of \$67,218 reflecting most recent gas tax projections.
- West Valley Sanitation District Annual Fee: Staff recommends an expenditure budget increase in the amount of \$8,608 to for additional water meter connected and increased water usage fee.
- Library Trust programming: Staff recommends \$5,000 revenue and expenditure adjustment to recognize additional donation from the Friends of the Los Gatos Library. The Friends were able to donate an additional of \$5,000 this year. Staff anticipated spending \$5,000 of the additional donation in the current fiscal year.

#### American Rescue Plan Act (ARPA) Fund:

In accordance with ARPA, the Town was awarded an ARPA grant in the amount of \$7,229,744 paid to the Town in two separate payments, the first payment of \$3,618,872 was received in early July 2022 and the second payment of \$3,614,872 was received in early July 2023.

Based on initial guidance of eligible uses of ARPA funds the Town allocated these funds to various purposes to respond and support the impacts of the pandemic on Town residents, non-profits, the business community including the construction of downtown parklets, non-profit fee and rent waivers, enhanced senior services, promenades, and increased funding for Town infrastructure capital improvements, among other initiatives.

Upon Treasury's release of the simplified reporting process for entities awarded less than \$10 million in ARPA funding and additional guidance received on federal compliance issues, the Town recognized the \$3.4 M of FY 2021/22 and the recommending recognizing the second tranche of \$3.6M cash collections of ARPA revenues in FY 2022/23 as qualified revenue loss under the Treasury provisions for use in providing government services. To further aid in compliance with federal uniform guidance and Single Audit requirements, staff claimed the lost revenue for use in providing essential government services and accounted for the use of ARPA revenue loss revenues for eligible public safety payroll costs for in FY 2021/22 and proposing the same for FY 2022/23.

The recommended action as illustrated in the below worksheet will allocate all ARPA "replacement" revenues to the General Fund which in turn will unencumber other General Fund operating revenues which were previously dedicated for public safety costs. The newly unencumbered General Fund revenues can then be allocated to the ARPA pandemic responses as identified.

Council has already allocated all the \$7.2 million proceeds for various priorities as illustrated in the below table. Staff will bring back any residual balance not used for the original purpose after completing the program for Council re-programming reconsideration

**AMERICAN RESCUE PLAN ACT (ARPA) SUMMARY WORKSHEET**

	FY 2020/21		FY 2021/22			FY 2022/23		GRAND
	ACTUALS		BUDGET ADJ. ESTIMATED	ACTUALS	BAL REMAINING	ESTIMATED	EST. MID-YEAR	
ARPA FUNDS REVENUE RECOGNIZED	\$ 200,911	\$	3,413,961			\$ 3,614,872		\$ 7,229,744
GOV SERVICES (WAIVERS,CUP&ADA,DIRECT GRANTS)	200,911							200,911
REVENUE LOSS -GOV SERVICES (PUBLIC SAFETY)			3,413,961	3,413,961		3,614,872		7,028,833
	\$ 200,911	\$	3,413,961			\$ 3,614,872		\$ 7,229,744
GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE	\$ 200,911	\$	3,413,961			\$ 3,614,872		\$ 7,229,744
LESS APPROVED USES TO BE BUDGETED:								
PARKLETS (DOWNTOWN IMPVTS PROJECT)	\$ -	\$	680,000	\$ 466,428	\$ 213,572	\$ 250,000	\$ -	\$ 930,000
RENT WAIVERS	121,255		341,452	341,452	-	283,756		746,463
CUP/ADA FEE WAIVERS	19,656		27,672	27,672	-	27,672		75,000
DESTINATION MARKETING			55,000	55,000	-			55,000
K-RAILS (DOWNTOWN IMPVTS PROJECT)			68,000	88,654	(20,654)			68,000
PROMENADES			80,000	69,855	10,145	120,000	90,628	200,000
DIRECT GRANTS	60,000		50,000	50,000	-			110,000
ENHANCED SENIOR SERVICES			500,000	249,597	250,403			500,000
CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS						2,900,000	580,000	2,900,000
REQUIRED FOR GF BALANCING OF OPERATING REV_EXP						1,645,281		1,645,281
TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES	\$ 200,911	\$	1,802,124	\$ 1,348,659	\$ 453,465	\$ 5,226,709	\$ 670,628	\$ 7,229,744

While the Town already recognized the full first tranche of the ARPA proceeds during FY 2020/21 and FY 2021/22, only \$1,549,570 was utilized during those fiscal years, \$2,065,302 is part of the General Fund balance and tracked by staff to ensure that the proceeds are spent by Council adopted uses.

The FY 2022/23 budget was adopted prior to the simplified guideline so staff is proposing the following budget adjustments to recognize the revenue and track the Council approved uses.

**FY 2022/23 MID-YEAR BUDGET ADJUSTMENT REQUESTS - ARPA RECLASSIFICATION**

Fund	Program	Account	American Rescue Plan Act (ARPA) Fund	
111	4301	48219	ARPA - Intergovernmental Revenue	3,614,872
111	5301	48219	ARPA - Intergovernmental Revenue	40,431
111	3201	48219	ARPA - Intergovernmental Revenue	27,672
111	2101	48219	ARPA - Intergovernmental Revenue	120,000
411	411-813-0235	48219	ARPA - Intergovernmental Revenue	250,000
633	5404	48219	ARPA - Intergovernmental Revenue	243,325
241	1241	43217	ARPA - Intergovernmental Revenue	2,310,176
				<b>\$ 6,606,476</b>
241	1241	68219	ARPA - Income Replacement Expense	2,310,176
111	1201	68219	ARPA - Income Replacement Expense	3,581,428
				<b>\$ 5,891,604</b>



## GENERAL FUND FINANCIAL SUMMARIES AND ESTIMATES

The following table is the *Schedule of General Fund Operating Revenues Versus Operating Expenditures* for the second quarter of FY 2022/23 which includes comparison information from the prior year.

The FY 2022/23 Adjusted Budget column includes the adopted budget and items that Council approved during the course of the first two quarters of the fiscal year, such as additional funding for legal services, and miscellaneous carry over grants from prior fiscal year.

The FY 2022/23 Estimated column contains projections of final balances for the current fiscal year based upon staff analysis, the early trends observed through the second quarter in sales tax and property tax projections, and the proposed mid-year adjustments as listed in this report.

The FY 2022/23 Estimated figures also include analysis on potential salary and other expenditure savings; however, budget adjustments are only recommended as identified in this Report.

Staff continues to fine tune the detailed analysis of the FY 2022/23 year-end estimated revenue and expenditure numbers and an update will be provided with the presentation of the Proposed Fiscal Year 2023/24 Operating Budget.

The following table illustrates the summary of the General Fund balance status based on current estimates and prior year result.

GENERAL FUND							
SUMMARY OF REVENUES AND EXPENDITURES							
	FY 2021/22 Actuals	FY 2021/22 Q2	2Q % of FY 2021/22 Actuals	2Q % of FY 2022/23 Adjusted Budget as of 12/31/2022	FY 2022/23 Q2	FY 2022/23 Adjusted Budget	FY 2022/23 Year End Estimates <i>Including Proposed Mid-Year Adjustments</i>
Total Revenues & Transfers In	\$ 54,448,222	\$ 17,978,806	33%	34%	\$ 17,098,505	\$ 50,266,120	\$ 50,546,861
Total Expenditures	51,466,052	21,155,306	41%	40%	21,105,947	52,886,926	51,777,130
Net Increase (Decrease)	\$ 2,982,171				\$ (4,007,441)	\$ (2,620,805)	\$ (1,230,268)
Beginning Fund Balance	23,914,618				26,896,789	26,896,789	26,896,789
Ending Fund Balance	\$ 26,896,789				\$ 22,889,348	\$ 24,275,983	\$ 25,666,521

The table in the following page provides the details of the Revenues and Use of Reserve and Total Expenditures and Reserve Allocations.

**GENERAL FUND**  
**SUMMARY OF REVENUES AND EXPENDITURES**

	FY 2021/22 Actuals	FY 2021/22 Q2	2Q % of FY 2021/22 Actuals	2Q % of FY 2022/23 Adjusted Budget as of 12/31/2022	FY 2022/23 Q2	FY 2022/23 Adjusted Budget	FY 2022/23 Year End Estimates Including Proposed Mid-Year Adjustments
<b>Revenues</b>							
Property Tax	\$ 16,899,618	\$ 5,761,081	34.1%	37.1%	\$ 6,141,998	\$ 16,551,544	\$ 16,969,226
VLF Backfill Property Tax	4,229,462	-	0.0%	0.0%	-	4,356,350	4,556,000
Sales & Use Tax	7,177,597	2,143,460	29.9%	30.5%	2,398,925	7,860,988	7,559,566
Measure G Sales & Use Tax	1,306,076	412,881	31.6%	32.5%	426,496	1,313,956	1,287,690
Franchise Fees	2,822,515	968,181	34.3%	41.9%	1,044,055	2,493,870	2,716,470
Transient Occupancy Tax	1,895,064	711,861	37.6%	52.2%	857,715	1,642,460	2,000,000
Business License Tax	1,481,667	167,942	11.3%	7.1%	97,974	1,387,500	2,444,000
Licenses & Permits	4,814,650	3,373,287	70.1%	58.6%	1,602,633	2,735,029	2,841,374
Intergovernmental	1,263,352	370,615	29.3%	33.8%	379,739	1,124,093	1,250,731
Town Services	5,460,608	3,906,577	71.5%	73.9%	3,284,766	4,445,635	5,105,701
Fines & Forfeitures	319,170	118,809	37.2%	75.1%	151,615	201,750	232,129
Interest	(1,404,526)	(211,169)	15.0%	33.5%	145,003	432,947	517,379
Use of Property	32,400	-	0.0%	-	-	-	-
Miscellaneous Other	311,040	150,622	48.4%	14.0%	457,906	3,280,749	626,066
Park Construction Tax	14,752	-	-	-	7,680	7,000	8,280
Debt Service - Entry Eliminated for ACFR	1,899,850	-	0.0%	0.0%	-	1,893,713	1,893,713
ARPA Income Replacement - Entry Eliminated for ACFR	556,316	-	-	-	-	-	-
Pension Trust Income - Entry Eliminated for ACFR	690,000	-	-	-	-	-	-
Measure G for Operations - Entry Eliminated for ACFR	629,147	-	-	-	-	-	-
Proceeds for Sales of Assets	2,151	-	0.0%	-	-	-	-
Fund Transfer In	4,047,313	104,659	2.6%	18.9%	102,000	538,536	538,536
<b>Total Revenues &amp; Transfers In</b>	<b>\$ 54,448,222</b>	<b>\$ 17,978,806</b>	<b>33%</b>	<b>34%</b>	<b>\$ 17,098,505</b>	<b>\$ 50,266,120</b>	<b>\$ 50,546,861</b>
<b>Use of Other Funding Sources:</b>							
Use of Reserves - Capital/Special Projects - Capital	\$ 550,000	\$ -	0.0%	0.0%	\$ -	\$ 2,350,000	\$ 2,350,000
Use of Reserves - Surplus Property	1,200,000	-	-	-	-	-	-
Use of Reserve - Pension/OPEB	300,000	-	-	-	-	-	300,000
Use of Reserve - Accumulated Measure G	1,100,000	-	-	-	-	679,443	-
<b>Total Other Funding Sources</b>	<b>\$ 3,150,000</b>	<b>\$ -</b>	<b>0%</b>	<b>0%</b>	<b>\$ -</b>	<b>\$ 3,029,443</b>	<b>\$ 2,650,000</b>
<b>Total Revenues and Use of Reserves</b>	<b>\$ 57,598,222</b>	<b>\$ 17,978,806</b>	<b>31%</b>	<b>32%</b>	<b>\$ 17,098,505</b>	<b>\$ 53,295,563</b>	<b>\$ 53,196,861</b>
<b>Expenditures</b>							
Town Council	\$ 189,569	\$ 91,800	48.4%	42.3%	91,822	\$ 217,238	\$ 216,231
Attorney	629,935	226,377	35.9%	46.7%	332,183	711,426	685,473
Administrative Services	5,441,605	2,583,281	47.5%	45.9%	2,438,472	5,310,119	4,983,530
Non- Departmental	2,792,857	1,160,520	41.6%	33.8%	1,222,789	3,617,671	3,823,598
Community Development	6,313,505	3,460,301	54.8%	40.2%	2,394,537	5,960,379	5,990,576
Police	16,451,189	8,266,432	50.2%	46.6%	8,957,541	19,225,986	18,695,679
Parks & Public Works	8,605,455	4,010,181	46.6%	43.1%	4,226,049	9,798,966	9,221,597
Library	2,752,401	1,356,415	49.3%	45.9%	1,442,555	3,144,450	3,097,584
Principal	156,034	-	-	-	-	-	156,034
<b>Total Department Expenditures</b>	<b>\$ 43,332,550</b>	<b>\$ 21,155,307</b>	<b>49%</b>	<b>44%</b>	<b>\$ 21,105,948</b>	<b>\$ 47,986,235</b>	<b>\$ 46,870,302</b>
Debt Service - Entry Eliminated for ACFR	\$ 1,899,850	\$ -	0.0%	0.0%	\$ -	\$ 1,893,713	\$ 1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	556,316	-	-	-	-	-	-
Transfer to Pension Trust Fund - Entry Eliminated for ACFR	690,000	-	-	-	-	-	-
Measure G Transfer - Entry Eliminated for ACFR	629,148	-	-	-	-	-	-
Transfers Out	4,358,188	-	0.0%	0.0%	-	3,006,978	3,006,978
<b>Total Additional Non-Departmental Expenditures</b>	<b>\$ 8,133,502</b>	<b>\$ -</b>	<b>0%</b>	<b>0%</b>	<b>\$ -</b>	<b>\$ 4,900,691</b>	<b>\$ 4,906,828</b>
<b>Total Operating Expenditures</b>	<b>\$ 51,466,052</b>	<b>\$ 21,155,307</b>	<b>41%</b>	<b>40%</b>	<b>\$ 21,105,948</b>	<b>\$ 52,886,926</b>	<b>\$ 51,777,130</b>
Allocate to Budget Stabilization/Catastrophis Reserve	1,062,162	-	-	-	-	-	-
Allocate to Carryover Encumbrances	33,145	-	-	-	-	-	-
Allocate to Pension/OPEB Reserve	300,000	-	-	-	-	-	-
Allocate to Restricted Pension Trust	-	-	-	-	-	390,000	690,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 4,736,863 **</b>	<b>\$ (3,176,501) *</b>			<b>\$ (4,007,443) *</b>	<b>\$ 18,637</b>	<b>\$ 729,731</b>

\*FY 2021/22 and FY 2022/23 2Q Net Operating Revenues are negative because some revenues budgeted for the entire fiscal year are received in the third or fourth quarters and fund expended in the first or second quarters.

\*\* This schedule includes fund balance uses. Total Revenues and Transfers In (\$54,448,222) minus Total Operating Expenditures (\$51,466,052) equals \$2,982,171 with rounding.

## FINANCIAL SUMMARIES OF OTHER FUNDS

The group of financial summaries on the following pages present data by governmental, proprietary and fiduciary fund types. For each, the fund information starts with a beginning fund balance, adds current year revenues, and subtracts current year expenditures, resulting in an ending fund balance. Adopted budget amounts are provided as a basis for comparison of actuals to date.

### Special Revenue Funds (Governmental Fund Type)

Special Revenue Funds account for the proceeds derived from specific revenue sources that are legally restricted or assigned to special purposes. The Town's Special Revenue Funds are Community Development Block Grant Fund, Housing Conservation Program Fund, Urban Runoff Source Fund (Non-Point Source), and several Landscaping Lighting District (LLD) Funds, American Recovery Program Act (ARPA) Fund, and Theatre Fund, and Library Trusts Funds. Staff recommends recognizing the second tranche of ARPA in the amount of \$3,614,872 as revenue replacement in the current fiscal year following the federal streamlined process. Staff also recommends \$68,400 revenue budget adjustment to recognize Theatre tenant lease revenues and \$55,814 expenditure budget adjustment for Theatre related expenses from available rent proceeds.

Special Revenue Funds Budget to Actuals Comparisons						
	CDBG Grants	Non-Point Source	LLD's	ARPA	THEATRE	LIBRARY TRUSTS
<b>Beginning Fund Balance</b>	\$ 166,654	\$ 451,558	\$ 174,237	\$ -	\$ 19,500	\$ 555,252
Budgeted Revenues	-	359,950	34,680	1,304,696	68,400	76,250
<b>Total Actual Revenues - 2nd Qtr</b>	\$ -	\$ 160,698	\$ -	\$ 3,614,872	\$ 17,850	\$ 45,175
Budgeted Expenditures	-	190,911	100,562	1,304,696	55,814	121,255
<b>Total Actual Expenditures - 2nd Qtr</b>	-	95,587	2,315	-	3,375	30,093
<b>2nd Quarter Ending Fund Balance</b>	\$ 166,654	\$ 516,669	\$ 171,922	\$ 3,614,872	\$ 33,975	\$ 570,334

### Capital Projects Funds (Governmental Fund Type)

Capital Projects Funds account for resources used for the acquisition and construction of capital facilities by the Town. Funds in this category are the GFAR (General Fund Appropriated Reserve) Fund, Traffic Mitigation Fund, Grant Funded CIP Projects Fund, Utility Underground Fund, Gas Tax Fund, and three Storm Drain Funds. Staff recommends revenue and expenditure budget adjustments in the amount of \$67,276 to reflect decreased gas tax projections. Staff will continue to monitor these revenues and expenditures throughout the remainder of the year. The Grant Funded CIP fund displays a deficit balance because this grant fund expends Town dollars first, then provides documentation of these expenditures to the State of California or other granting agencies and is reimbursed for those costs. The reimbursements eventually result with the fund “breaking even” or a zero fund balance.

#### **Capital Project Funds Budget to Actuals Comparisons**

	<b>GFAR*</b>	<b>Traffic *</b>	<b>Grant Funds*</b>	<b>Storm</b>	<b>Utility</b>	<b>Gas</b>
	<b>Fund</b>	<b>Mitigation</b>	<b>CIP</b>	<b>Drains</b>	<b>Undergrd</b>	<b>Tax</b>
<b>Beginning Fund Balance</b>	<b>\$ 14,783,787</b>	<b>\$ 405,570</b>	<b>\$ (948,604)</b>	<b>\$ 3,218,811</b>	<b>\$ 3,302,514</b>	<b>\$ 1,836,068</b>
Budgeted Revenues	10,505,492	923,455	11,984,439	105,080	52,490	1,536,413
<b>Total Actual Revenues - 2nd Qtr</b>	<b>2,111,705</b>	<b>671,640</b>	<b>744,808</b>	<b>58,876</b>	<b>60,327</b>	<b>625,666</b>
Budgeted Expenditures	23,414,582	923,455	10,984,377	670,300	347,576	3,258,618
<b>Total Actual Expenditures - 2nd Qtr</b>	<b>992,728</b>	<b>671,640</b>	<b>452,251</b>	<b>1,916</b>	<b>-</b>	<b>1,510,293</b>
<b>2nd Quarter Ending Fund Balance</b>	<b>\$ 15,902,764</b>	<b>\$ 405,570</b>	<b>\$ (656,047)</b>	<b>\$ 3,275,771</b>	<b>\$ 3,362,841</b>	<b>\$ 951,441</b>

*\* GFAR, Traffic Mitigation, and Grant Funds balances are combined in the FY 2022 ACFR. The combined balance of \$14,240,753 is presented as an Appropriated Reserve.*

### Internal Service Funds (Proprietary Fund Type)

Internal Service Funds finance and account for special activities and services performed by a designated Town Department for other Town Departments on a cost reimbursement basis. Included in this fund type are the Equipment Replacement Fund, Workers' Compensation Fund, Joint Powers Authority Pooled Liability Network (PLAN) Self-Insurance Fund, Information Technology Fund, and the Facilities Maintenance Fund.

Staff recommends a \$8,606 expenditure budget adjustment to cover additional expenses related to the West Valley Sanitation District annual fee increase from the available Facilities Maintenance Fund. Staff will continue to monitor expenditures and propose a revised cost allocation if needed during the FY 2023/24 budget preparation.

Internal Service Funds Budget to Actuals Comparisons					
	Equipment Replacemt	Workers Compensation	Self Insurance	Information Technology	Facility Maint.
<b>Beginning Fund Balance</b>	<b>\$ 2,222,395</b>	<b>\$ 1,295,185</b>	<b>\$ 803,293</b>	<b>\$ 2,990,931</b>	<b>\$ 928,481</b>
Budgeted Revenues	686,837	1,033,315	429,249	714,309	1,262,247
<b>Total Actual Revenues - 2nd Qtr</b>	<b>328,419</b>	<b>584,101</b>	<b>205,798</b>	<b>371,373</b>	<b>481,561</b>
Budgeted Expenditures	1,351,124	1,840,000	846,940	1,741,242	1,240,344
<b>Total Actual Expenditures - 2nd Qtr</b>	<b>299,565</b>	<b>812,582</b>	<b>784,661</b>	<b>395,392</b>	<b>430,810</b>
<b>2nd Quarter Ending Fund Balance</b>	<b>\$ 2,251,249</b>	<b>\$ 1,066,704</b>	<b>\$ 224,430</b>	<b>\$ 2,966,912</b>	<b>\$ 979,232</b>

### Trust and Agency Funds (Fiduciary Fund Type)

AB1x26 is the “Dissolution Bill” that eliminated the Town’s Redevelopment Agency effective February 1, 2012. AB 1484 is the “clean-up” bill that revised and attempted to clarify AB1x26. In accordance with the law, the Successor Agency continues to wind down the affairs and operations of the former Redevelopment Agency by implementing programs and activities in accordance with the State-approved Recognized Obligation payment Schedule (ROPS). The Successor Agency monies are now accounted for in a Private Purpose Trust fund and no longer part of the Town’s Financial Statements. The fund balance reported is the actual fund balance that incorporated the full accrual of long term debt related to the outstanding bonds payable to the 2002 and 2010 Certificates of Participations. The approved ROPS schedule includes full funding related to the obligation for this debt.

#### **Trust & Agency Fund Budget to Actuals Comparisons**

	<b>SA Trust</b>
<b>Beginning Fund Balance</b>	<b>\$ (7,607,527) *</b>
Budgeted Revenues	3,799,926
<b>Total Actual Revenues - 2nd Qtr</b>	<b>1,893,713</b>
Budgeted Expenditures	3,799,877
<b>Total Actual Expenditures - 2nd Qtr</b>	<b>3,537,259</b>
<b>2nd Quarter Ending Fund Balance</b>	<b>\$ (9,251,073)</b>

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**Subject:** FW: Follow up to Investment Report discussed at the FC meeting  
**Attachments:** Pages from FY-202122-ACFR - (5).pdf; July investment report.pdf

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**From:** Phil Koen  
**Sent:** Friday, January 13, 2023 3:09 PM  
**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>  
**Cc:** Arn Andrews <[aandrews@losgatosca.gov](mailto:aandrews@losgatosca.gov)>;  
**Subject:** Follow up to Investment Report discussed at the FC meeting

EXTERNAL SENDER

Hello Gitta,

It was great to see you on the FC meeting call this past Tuesday. I appreciate your patience in answering my questions. There is a lot to absorb, and I only learn by asking questions. I'll try to keep them to a minimum going forward.

I would like to circle back to the investment report. I have attached a page from the July Investment Report which shows a "beginning funds balances" totaling \$72,886,942. I have also attached a portion of footnote #2 from the ACFR which shows the total cash and investments held by the Town and Fiduciary Funds totaling \$74,096,537. Can you explain the source of the \$72,886,942 shown on the Investment Report?

Also, could you clarify the description "Fund Balances" on the investment report. What does that exactly mean? As far as I can tell this is not the total of all fund balances for the Town. According to the ACFR, the total fund balance for all Governmental Funds was \$50,862,138 and the fund balance for all Proprietary Funds was \$8,240,282. That would mean the total fund balances for the Town was \$59,102,420, leaving an unexplained gap of \$13,784,522.

I think it is important that we use terminology which is accurate to avoid any confusion for members of the TC and the public. My concern here is the term "funds balances" as used on the Investment report really means the total of all financial assets being invested. Could you please clarify what the term "funds balances" as used on the investment report means.

All the best,

Phil Koen

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

The following table summarizes the Towns policy related to maturities and concentration of investments:

Investment Type	Maximum Maturity	Maximum Portfolio Percentage
US Treasury Obligations	5 years	None
US Agency Obligations	5 years	None
Bankers Acceptances	180 days	30%
Commercial Paper	270 days	25%
Medium Term Notes	5 years	30%
Collateralized CD's	5 years	30%
CA LAIF	NA	\$65 million
Money Market Funds	NA	20%

The following is a summary of the Town's Cash and Investments (stated at fair value) as of June 30, 2022:

Description	Available for Operations	Restricted	Total	Concentration of Credit Risk	Rating	Input Level	Time to Mature (Years)	Weighted Average Maturity
US Treasury Securities	\$ 15,212,639	\$ -	\$ 15,212,639	29.29%	n/a	2	0-3	1.35
Government Agencies	15,995,919	-	15,995,919	30.79%	n/a	2	0-4	1.52
Corporate Bonds	13,664,652	-	13,664,652	26.31%	A3	2	0-3	1.33
Market Mutual Funds	253,599	-	253,599	0.49%	Not Rated	2	n/a	n/a
LAIF	6,816,565	-	6,816,565	13.12%	Not Rated	n/a	n/a	n/a
Total Investments	51,943,374	-	51,943,374	100.00%				
Cash Deposits with Banks	19,349,009	2,094,363	21,443,372					
Money Market Accounts	17,391	-	17,391					
Pension Trust	-	690,000	690,000					
Cash on Hand at Town	2,400	-	2,400					
Total Cash and Investments	\$ 71,312,174	\$ 2,784,363	\$ 74,096,537					

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted by Town debt or Agency agreements.

Description	Total Town	Fiduciary Funds	Totals
Cash and Investments Available for Operations	\$ 69,392,044	\$ 1,920,130	\$ 71,312,174
Restricted Cash and Investments	819,929	1,964,434	2,784,363
Total Cash and Investments	\$ 70,211,973	\$ 3,884,564	\$ 74,096,537

$$70,211,973 + 1,920,130 = 72,132,103$$

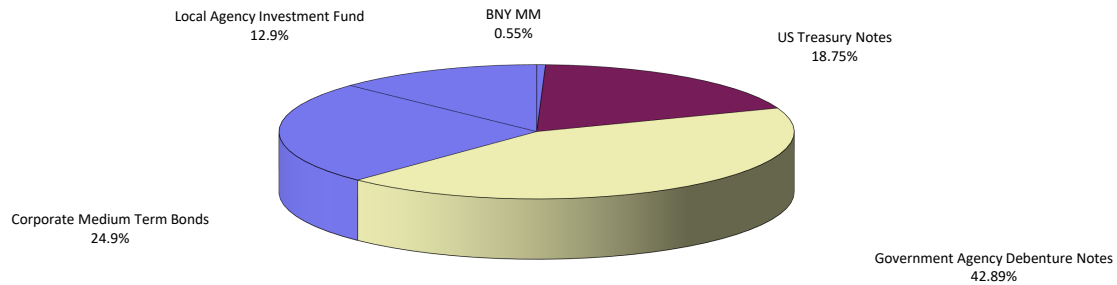


**Town of Los Gatos**  
**Portfolio Allocation & Treasurer's Fund Balances**  
**July 31, 2022**

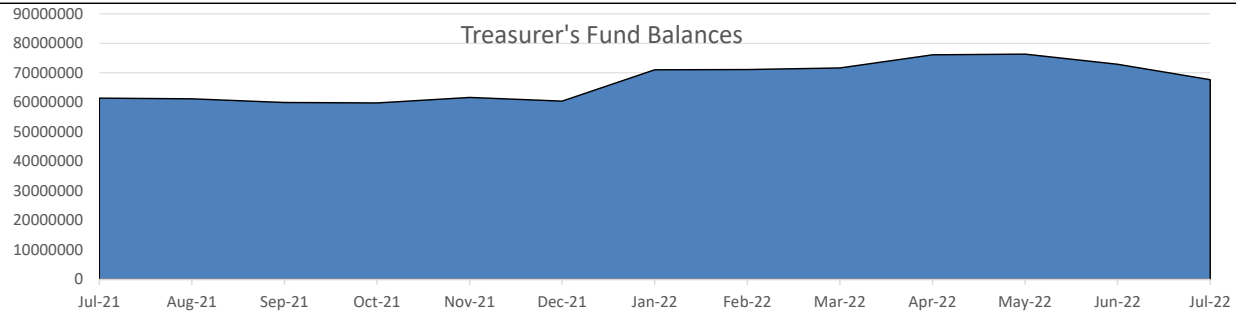
	Month	YTD
<b>Fund Balances - Beginning of Month/Period</b>	\$72,886,942.83	<b>\$72,886,942.83</b>
Receipts	6,045,229.86	6,045,229.86
Disbursements	(11,248,320.72)	(11,248,320.72)
Fund Balances - End of Month/Period	<u>\$67,683,851.97</u>	<u>\$67,683,851.97</u>

<u>Portfolio Allocation:</u>		% of Portfolio	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$292,775.99	0.55%	20% of Town Portfolio
US Treasury Notes	\$10,046,915.87	18.75%	No Max. on US Treasuries
Government Agency Debenture Notes	\$22,975,336.40	42.89%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,339,223.01	24.90%	30% of Town Portfolio
Local Agency Investment Fund	<u>\$6,918,398.79</u>	<u>12.91%</u>	<u>\$75 M per State Law</u>
Subtotal - Investments	53,572,650.06	100.00%	
Reconciled Demand Deposit Balances	<u>14,111,201.91</u>		
<b>Total Treasurer's Fund</b>	<u><b>\$67,683,851.97</b></u>		

**Portfolio Investment Allocation**



**Treasurer's Fund Balances**



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**Subject:** FW: Mid-Year Update Review Request  
**Attachments:** Mid Year revie- General Fund Budget vs Actual.pdf; FY 23 General Fund and Capital Fund - Budget.pdf

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**From:** Phil Koen  
**Sent:** Thursday, January 19, 2023 10:21 PM  
**To:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Cc:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>; Arn Andrews <[aandrews@losgatosca.gov](mailto:aandrews@losgatosca.gov)>; Rick Tinsley  
**Subject:** Mid-Year Update Review Request

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**EXTERNAL SENDER**

Hello Laurel,

Please find attached two schedules – the first is the mid-year budget vs actual schedule used last year for the budget update discussion in February and the other schedules are the general fund and capital project fund budgets found in the FY 23 budget book.

I would request that the Staff prepare 1 additional schedule for the mid-year budget review which will show FY 22 actuals, FY 23 year to date actuals, a most probable FY 23 year forecast and the adopted FY 23 Budget and variances using the same revenue and expense classifications found in the budget book. This will provide insight into budget vs actual variances for revenue and expense categories (such as salaries and operating expenditure) that were used in preparing the FY 23 budget and the 5-year forecast. Since 67% of the general fund expenditures comprise salary and benefits, being able to gain insight as to how those expenses are tracking would be valuable. This type of analysis has never been presented at a mid-year review.

Additionally, using in the budget book format will highlight the change in fund balances as opposed to the sources and uses format which does not show the impact on fund balances. This will quickly show whether the Town is structurally balanced and will provide the reader with a better understanding of the Town's evolving financial condition.

The information to populate this one additional schedule should not require much effort and the benefits would be significant. I realize you are concerned about staff workload, but I believe this report is well worth the minimal extra effort to prepare it.

Please let me know if you have any questions. Thank you.

Phil Koen

GENERAL FUND  
SUMMARY OF REVENUES AND EXPENDITURES

Q1+Q2  
actuals

Q2  
Adjusted  
Budget

Q2  
Estimated YE  
Including  
Mid-Year  
Proposed

var  
a-b

	FY 2020/21 Actuals	FY 2020/21 Q2	Q2% of FY 2019/20 Actuals	Q2% of FY 2020/21 Adjusted Budget	FY 2021/22 Q2	FY 2021/22 Adjusted Budget	FY 2021/22 Estimated YE Including Mid-Year Proposed
<b>Revenues</b>							
Property Tax	\$ 15,826,162	\$ 5,481,928	34.6%	36.3%	\$ 5,761,081	\$ 15,881,866	\$ 15,401,391
VLF Backfill Property Tax	4,052,672	-	0.0%	0.0%	-	4,154,320	4,229,462
Sales & Use Tax	6,794,218	2,429,968	35.8%	29.7%	2,143,460	7,213,540	7,069,045
Measure G Sales & Use Tax	1,139,386	383,684	33.7%	42.8%	412,881	964,319	1,173,733
Franchise Fees	2,499,463	807,883	32.3%	37.3%	968,181	2,597,630	2,503,560
Transient Occupancy Tax	1,044,820	399,620	38.2%	77.4%	711,861	920,040	1,400,000
Business License Tax	1,386,943	224,388	16.2%	13.4%	167,942	1,250,000	1,250,000
Licenses & Permits	2,999,711	1,494,487	49.8%	82.5%	2,180,000	2,641,779	3,065,997
Intergovernmental	1,573,697	818,352	52.0%	9.5%	370,615	3,881,836	1,130,125
Town Services	4,835,962	3,691,233	76.3%	100.5%	3,854,415	3,834,579	4,152,549
Fines & Forfeitures	103,467	31,638	30.6%	58.4%	118,809	203,450	218,120
Interest	876,460	(1,485,278)	-169.5%	-15.4%	(85,001)	551,233	551,233
GASB 31 to Market	(780,399)	517,744	-66.3%	114.7%	(126,168)	(110,000)	(110,000)
Use of Property	36,372	-	0.0%	-	-	-	-
Miscellaneous Other	335,906	1,367,206	407.0%	24.4%	153,036	626,631	964,163
Park Construction Tax	14,921	-	-	-	7,680	7,000	8,280
Debt Service - Entry Eliminated for ACFR	1,908,494	-	0.0%	0.0%	-	1,899,850	1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	79,176	-	-	-	-	-	-
Proceeds for Sales of Assets	1,201,369	-	0.0%	-	-	-	-
Fund Transfer In	652,056	104,659	16.1%	16.5%	104,659	633,352	633,352
<b>Total Revenues &amp; Transfers In</b>	<b>\$ 46,580,856</b>	<b>\$ 16,267,512</b>	<b>35%</b>	<b>36%</b>	<b>\$ 16,743,451</b>	<b>\$ 47,151,425</b>	<b>\$ 45,540,860</b>
<b>Use of Other Funding Sources:</b>							
Use of Reserves - Capital/Special Projects - Capital	\$ 3,401,479	\$ -	0.0%	0.0%	\$ -	\$ 550,000	\$ 550,000
Use of Reserves - Capital/Special Projects - Other	-	-	-	-	-	\$ 250,596	\$ 250,596
Use of Reserve - Pension/OPEB	\$ 4,532,500	-	-	-	-	-	-
Use of Reserve - Accumulated Measure G	-	-	-	-	-	590,581	590,581
Use of Reserves - Surplus Property	-	-	-	-	-	1,200,000	1,200,000
Use of ARPA - Income Replacement	-	-	-	-	-	-	1,444,021
Use of ARPA - Community Grants	-	-	-	-	-	550,000	-
<b>Total Other Funding Sources</b>	<b>\$ 7,933,979</b>	<b>\$ -</b>	<b>0%</b>	<b>0%</b>	<b>\$ -</b>	<b>\$ 3,141,177</b>	<b>\$ 4,035,198</b>
<b>Total Revenues and Use of Reserves</b>	<b>\$ 54,514,835</b>	<b>\$ 16,267,512</b>	<b>30%</b>	<b>33%</b>	<b>\$ 16,743,451</b>	<b>\$ 50,292,602</b>	<b>\$ 49,576,058</b>
<b>Expenditures</b>							
Town Council	\$ 192,280	\$ 99,787	51.9%	45.2%	91,800	\$ 202,891	\$ 193,559
Attorney	537,296	311,520	58.0%	33.8%	226,341	669,733	554,137
Administrative Services	4,667,995	2,467,813	52.9%	45.3%	2,584,905	5,701,385	5,501,110
Non- Departmental	8,642,563	4,437,554	51.3%	32.0%	1,159,874	3,628,466	4,046,008
Community Development	4,994,391	2,589,502	51.8%	63.4%	3,460,301	5,461,716	5,094,473
Police	16,570,836	9,041,998	54.6%	47.6%	8,266,574	17,376,333	17,289,979
Parks & Public Works	8,175,987	4,185,306	51.2%	46.7%	4,020,953	8,605,418	8,332,422
Library	2,828,873	1,445,899	51.1%	44.4%	1,356,415	3,053,708	2,886,606
Capital Outlay	2,365	-	-	-	-	-	-
<b>Total Department Expenditures</b>	<b>\$ 46,612,586</b>	<b>\$ 24,579,379</b>	<b>53%</b>	<b>47%</b>	<b>\$ 21,167,163</b>	<b>\$ 44,699,650</b>	<b>\$ 43,898,294</b>
Debt Service - Entry Eliminated for ACFR	\$ 1,908,494	\$ -	0.0%	0.0%	\$ -	\$ 1,899,850	\$ 1,899,850
ARPA Income Replacement - Entry Eliminated for ACFR	\$ 79,176	-	-	-	-	-	-
Transfers Out	3,401,479	-	0.0%	0.0%	-	2,801,047	2,801,047
<b>Total Additional Non-Departmental Expenditures</b>	<b>\$ 5,389,149</b>	<b>\$ -</b>	<b>0%</b>	<b>0%</b>	<b>\$ -</b>	<b>\$ 4,700,897</b>	<b>\$ 4,700,897</b>
<b>Total Operating Expenditures</b>	<b>\$ 52,001,735</b>	<b>\$ 24,579,379</b>	<b>47%</b>	<b>43%</b>	<b>\$ 21,167,163</b>	<b>\$ 49,400,547</b>	<b>\$ 48,599,191</b>
Allocate to Budget Stabilization/Catastrophis Reserve	65,764	-	-	-	-	-	-
Allocate to Compensated Absences	110,509	-	-	-	-	-	-
Allocate to Surplus Property Reserve	1,200,000	-	-	-	-	-	-
Allocate to Sale of Property Reserve	5,302	-	-	-	-	-	-
Allocate to Pension/OPEB Reserve	300,000	-	-	-	-	-	-
Allocate to Measure G - Capital	-	-	-	-	-	482,160	586,867
Allocate to Restricted Pension Trust	-	-	-	-	-	390,000	390,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 831,525</b>	<b>\$ (8,311,867) *</b>			<b>\$ (4,423,712) *</b>	<b>\$ 19,895</b>	<b>\$ -</b>

e

\* FY 2020/21 and FY 2021/22 Q2 Net Operating Revenues are negative because some revenues budgeted for the entire fiscal year are received in the third or fourth quarters and fund expended in the first or second quarters.

\*\* FY 2021/22 General Fund Budget included the ARPA revenue receipt, now the ARPA revenue is budgeted in a Special Revenue Fund.

# TOTAL TOWN REVENUES AND EXPENDITURES

## GENERAL FUND

	GENERAL FUND				
	2018/19	2019/20	2020/21	2021/22	2022/23
	Actuals	Actuals	Actuals	Estimated	Adopted
<b>REVENUES</b>					
Property Tax	\$ 13,636,099	\$ 14,454,513	\$ 15,826,162	\$ 15,908,858	\$ 16,551,544
VLF Backfill	3,685,247	3,875,914	4,052,672	4,229,462	4,356,350
Sales & Use Tax	7,930,021	6,535,034	6,794,218	7,497,873	7,934,189
Measure G - District Sales Tax	228,131	996,391	1,139,386	1,173,733	1,240,755
Franchise Fees	2,475,916	2,495,792	2,499,463	2,435,800	2,493,870
Transient Occupancy Tax	2,692,043	1,869,685	1,044,820	1,475,000	1,642,460
Other Taxes	1,526,894	1,357,080	1,386,943	1,425,000	1,387,500
Licenses & Permits	3,059,894	2,696,457	2,999,711	3,065,997	2,757,029
Intergovernmental	945,191	1,104,075	1,573,697	1,130,125	1,051,814
Town Services	4,648,904	4,447,213	4,835,962	4,295,407	4,235,261
Internal Svc Reimbursement	-	-	-	-	-
Fines & Forfeitures	510,266	271,117	103,467	218,120	201,750
Interest	1,682,347	2,266,134	96,061	441,233	432,947
Other Sources	6,093,211	1,381,187	2,217,072	1,140,853	3,287,749
Debt Service Reimbursement	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713
Transfers In	1,578,911	599,669	1,833,218	633,352	538,536
<b>TOTAL REVENUES</b>	<b>\$ 52,602,148</b>	<b>\$ 46,255,285</b>	<b>\$ 48,311,346</b>	<b>\$ 46,970,663</b>	<b>\$ 50,005,467</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ 26,803,225	\$ 28,933,568	\$ 30,297,504	\$ 30,160,568	\$ 35,472,825
Operating Expenditures	11,955,327	13,397,031	14,276,602	9,849,151	9,318,742
Grants & Awards	248,533	274,249	298,303	800,000	241,000
Fixed Assets	38,307	138,384	2,365	-	-
Interest	-	-	52,011	-	-
Internal Service Charges	2,527,470	2,188,211	2,314,305	2,619,672	2,711,652
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713
Transfers Out	2,785,220	8,053,847	4,582,641	3,423,211	3,006,978
<b>TOTAL EXPENDITURES</b>	<b>\$ 46,267,155</b>	<b>\$ 54,890,314</b>	<b>\$ 53,732,225</b>	<b>\$ 48,752,452</b>	<b>\$ 52,644,910</b>
<b>Net Increase (Decrease)</b>	<b>6,334,993</b>	<b>(8,635,029)</b>	<b>(5,420,879)</b>	<b>(1,781,789)</b>	<b>(2,639,443)</b>
<b>Beginning Fund Balance</b>	<b>31,635,533</b>	<b>37,970,526</b>	<b>29,335,497</b>	<b>23,914,618</b>	<b>22,132,829</b>
<b>Ending Fund Balance</b>	<b>\$ 37,970,526</b>	<b>\$ 29,335,497</b>	<b>\$ 23,914,618</b>	<b>\$ 22,132,829</b>	<b>\$ 19,493,386</b>

\* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences were accounted in Fund 961 prior to FY 2018/19, Pension Trust Fund 731 was incorporated in FY 2018/19).

**TOTAL TOWN**  
**REVENUES AND EXPENDITURES**

**CAPITAL PROJECT FUNDS**

	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted
<b>REVENUES</b>					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	28,390	34,437	67,146	34,562	30,000
Licenses & Permits	844,064	1,153,364	1,340,530	764,465	1,074,300
Intergovernmental	1,641,511	3,161,010	1,818,494	3,153,295	7,789,892
Town Services	52,094	223,318	34,417	306,210	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	127,251	158,756	122,705	35,801	36,405
Other Sources	784,085	325,607	2,239,342	1,198,207	3,016,000
CIP Proj Reimbursement	-	-	-	-	-
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	2,685,220	8,325,591	3,401,479	3,421,424	3,706,978
<b>TOTAL REVENUES</b>	<b>\$ 6,162,615</b>	<b>\$ 13,382,083</b>	<b>\$ 9,024,113</b>	<b>\$ 8,913,964</b>	<b>\$ 15,653,575</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ -	\$ -	\$ 31,085	\$ -	\$ -
Operating Expenditures	-	-	496	-	-
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	8,987,510	7,907,339	5,833,758	11,847,615	15,447,668
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	533,616	569,952	533,616	533,616	533,616
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,521,126</b>	<b>\$ 8,477,291</b>	<b>\$ 6,398,955</b>	<b>\$ 12,381,231</b>	<b>\$ 15,981,284</b>
<b>Net Increase (Decrease)</b>	<b>(3,358,511)</b>	<b>4,904,792</b>	<b>2,625,158</b>	<b>(3,467,267)</b>	<b>(327,709)</b>
<b>Beginning Fund Balance</b>	<b>18,488,574</b>	<b>15,130,063</b>	<b>20,034,855</b>	<b>22,660,013</b>	<b>19,192,746</b>
<b>Ending Fund Balance</b>	<b>\$ 15,130,063</b>	<b>\$ 20,034,855</b>	<b>\$ 22,660,013</b>	<b>\$ 19,192,746</b>	<b>\$ 18,865,037</b>

## Wendy Wood

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**Subject:** FW: Pre meeting to review mid year review information

From: Phil Koen  
Sent: Monday, January 30, 2023 3:08 PM  
To: Gitta Ungvari <GUngvari@losgatosca.gov>  
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Rick Tinsley  
Subject: Re: Pre meeting to review mid year review information

[EXTERNAL SENDER]

Gitta,

Thank you for the quick reply. Understand completely. How about 9am on the 10th?

Also can you confirm you will be able to prepare the additional schedules I requested for the mid-year review?

Thanks.

Phil

Sent from my iPhone

On Jan 30, 2023, at 5:37 PM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:

Hello Phil,

Our team is working on the February 13th Finance Commission Agenda items. We are publishing the items late Thursday afternoon. We can meet on Friday the 10th of February. I am available on Friday from 9 a.m. to 10:45 a.m. or between noon and 3 p.m.

Let me know what time would work for you to schedule an hour meeting.

Thanks,

Gitta

-----Original Message-----

From: Phil Koen  
Sent: Sunday, January 29, 2023 6:03 PM  
To: Gitta Ungvari <GUngvari@losgatosca.gov>  
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Rick Tinsley  
Subject: Pre meeting to review mid year review information

[EXTERNAL SENDER]

Hello Gitta,

I was hoping we could meet on Thursday afternoon Feb 9 to review the FC package with a particular focus on the mid year financial information. I think it would be helpful to jointly review the material in advance of the meeting and address any potential questions. That will make the meeting more efficient.

I have asked Rick to join us, but his schedule may not allow him to join. I'll let him wade in on this. I think we can cover everything in about an hour.

Please let me know if Thursday afternoon would be convenient for you and the best time to meet.

Thank you.

Phil Koen

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**Subject:** FW: Pages from FY-202122-ACFR - ARPA Discussion for mid year review  
**Attachments:** Pages from FY-202122-ACFR - (11)(1).pdf

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**From:** Phil Koen  
**Sent:** Tuesday, January 31, 2023 11:46 PM  
**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>  
**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Rick Tinsley  
**Subject:** Pages from FY-202122-ACFR - ARPA Discussion for mid year review

[EXTERNAL SENDER]

Gitta,

As part of the mid-year review I would respectfully request that we review the use of the \$3,413,961 ARPA funds recognized as revenue in FY22 and the \$3,614,872 recognized as revenue in FY 23. My concern is there is a perception that the Town is on the razor edge and does not have any discretionary funds available for very worthy projects. It is important that the Town provide a complete accounting of the “uses” of the ARPA funds received so there is complete transparency and agreement on how these funds were actually deployed.

Regarding the \$3,413,961 in FY 22 revenue, based on the audited financials all of the ARPA revenue was recorded in the other non-major ARPA fund and then transferred to the General Fund. There were no expenses recorded in the ARPA fund, so the entire \$3,413,961 was transferred. You can see this in the attached schedules.

In a prior update given to the FC, the plan was to use \$1,433,000 of the FY22 ARPA revenue for various expenditures such as destination marketing, k rails, promenades, enhanced senior services, grants and parklets. It appears all of these expenditure were made from the General Fund, not the ARPA Fund, and are an element of the \$43.3m in total general fund expenditures for FY 22.

In addition the plan was to “backfill” \$369,124 in general fund revenue for the “loss” of rental revenue from rental waivers. The backfill and the incremental expenditures noted above, total \$1,802,124 in “uses” earmarked for the FY 22 ARPA funds.

In trying to understand the flow of the \$3,413,161, while acknowledging money is fungible, the financial statements show growth in all general fund tax revenues was more than sufficient to fund all of the earmarked expenditures AND all of the rent waivers. Total tax revenues alone exceeded the adopted plan by \$2,381,516. That means none of the \$3,413,161 in ARPA funds were used as planned. In fact, the General Fund reported a surplus of \$3,290,895 in excess revenues over expenditures (note there was no ARPA funds in the General Fund revenues), even after absorbing the planned \$1,802,124 in additional uses of funds.

This operating surplus combined with the transfer in of the \$3,413,961 in ARPA funds and additional transfers in from other funds of \$633,353 combined to create a gross surplus in the General Fund, before transfers out, of \$7,338,208. Again, \$3,413,961 was directly attributable to ARPA.

It is at this point we lose all traceability for the ARPA funds. All we know is \$4,358,188 was transferred out of the General Fund, leaving \$2,980,020 of the \$7,338,208 in the General Fund balance. This balance was then allocated across



a number of general fund balance reserve accounts. Was some of this ARPA funds? We don't know since the ARPA footnote does not provide the reader with any insight.

Regarding the \$4,358,188 that was transferred out, we have no idea if any or all of that was the ARPA funds. Since money is fungible, we could just declare that the entire \$3,413,961 was included in that transfer out. That would make it simpler in tracing the funds.

If we make that assumption, that means all \$3,413,188 is still available since it is in the GAFR ending fund balance of \$14,240,753.

In addition to the FY 22 ARPA revenues, the Town has received \$3,614,872 in FY 23. These funds were received in July 2022 and recorded in the ARPA fund as revenue. And like FY 22, most likely no expenses were recorded in the ARPA fund, with all of the funds ultimately being transferred into the General Fund.

As part of the mid-year update it would be helpful to provide an analysis of the use of the FY 23 funds. If FY 23 is like FY 22, the General Fund Tax revenues will most likely be stronger than the adopted plan and therefore no ARPA funds will be necessary to "backfill" rental waivers or planned revenue shortfalls. The revenue over achievement combined with the savings from open positions that could be as much as \$2m, suggest the General Fund will experience another year where revenues exceed expenditures. That means that no ARPA funds would be necessary to balance the F23 general fund.

Given the above, It is entirely possible that the full \$7m in ARPA funds is still available to the TC for allocation. We need to confirm this.

Let's work together to develop the analysis to show what happened in FY 22 and the most likely outcome for FY 23 to the ARPA funds. I am concerned that without better clarity, the Town will miss an opportunity to help many worthy programs.

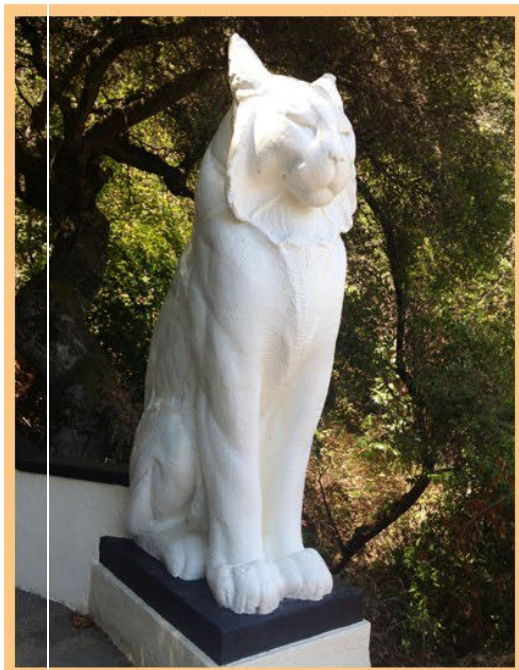
Thank you,

Phil



# TOWN OF LOS GATOS

## CALIFORNIA



## Annual Comprehensive Financial Report

### For the Fiscal Year ended June 30, 2022

of \$1,156,412, increasing beginning fund balance and net position by \$0.7 million. See Note 4 for additional information.

- The Town received the first tranche payment of \$3,614,872 from the American Rescue Plan Act (ARPA) grant on July 13, 2021. For FY 2020/21, \$200K of ARPA proceeds was recognized as revenue to reimburse the Town for qualifying expenditures under the provisions of the Act including boosting economic recovery and providing rent forgiveness and direct grants to non-profit and social welfare organizations. For FY 2021/22, the Town recognized \$3.4 million in ARPA revenues related to recovery of revenue loss. 7 8
- Despite the ongoing economic impacts resulting from the nationwide pandemic, the Town's economically sensitive major revenues of property tax, sales tax, and business license tax were able to record gains from amounts reported the prior fiscal year. Property taxes collected increased \$1.3 million, sales taxes increased \$0.6 million, while business license tax increased by a modest \$94K from amounts collected the prior year.
- The economic impacts related to the pandemic and initial travel restrictions continued into FY 2021/22. FY 2021/22 Transient Occupancy Tax (TOT) revenue collection increased by \$840K compared to the level collected in FY 2020/21. However, the current year proceeds of \$1.9 million is still \$0.8 million lower than FY 2019/20 level of TOT collection.
- Total expenses as reported in the Statement of Activities increased \$2.2 million from the prior year. The increase primarily was driven by a one-time \$6.9 million State pass-through grant payment in General Government for wildfire protection. Excluding the one-time payment, total expenses actually decreased from the prior year by \$4.7 million primarily due to the \$3.1 million calculated pension expense credit, salary and benefit savings, and other miscellaneous operational savings. As previously noted, the pension expense credit was mostly from actual investment earnings in excess of estimated assumed investment earnings and additional discretionary payments in excess of contractually required contributions.
- The cost of all governmental activities as presented in the Statement of Activities this year was \$52.7 million. The Town's governmental program revenues were \$41.2 million including charges for services of \$12.8 million, operating grants and contributions of \$6.2 million, and capital grants and contributions of \$22.2 million. After taking governmental program revenues into consideration, the net amount of taxpayer supported governmental activities was \$11.5 million. The Town paid for the remaining "public benefit" portion of governmental activities from total taxes and general revenues of \$35.7 million. This \$11.5 million in net cost of governmental activities is net of the \$12.2 million Los Gatos Theatre contribution that occurred during FY 2021/22. Excluding the theatre contribution, the net cost of governmental activities would be \$23.7 million which represents an approximate 32% decrease from the prior fiscal year (\$35.1 million). The decrease reflects reduced costs related to the pension credit and increased governmental grant revenues from the prior year.
- At the end of FY 2021/22, the General Fund balance was \$26,896,789 compared to \$23,914,618 in the prior year. The ending fund balance of \$26,896,789 represents approximately 62% of General Fund expenditures for the current fiscal year excluding



**TOWN OF LOS GATOS, CALIFORNIA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 21,129,082	\$ -	\$ 38,640	\$ 21,167,722
Sales Taxes	8,483,673	-	-	8,483,673
Other Taxes	1,909,816	-	66,382	1,976,198
Licenses & Permits	5,096,318	420,055	538,667	6,055,040
Intergovernmental	1,263,352	9,400,918	4,828,712	15,492,982
Charges for Services	5,460,613	1,464,746	-	6,925,359
Fines and Forfeitures	319,170	-	-	319,170
Franchise Fees	2,822,515	-	-	2,822,515
Developer Fees	1,200,000	535,571	-	1,735,571
Interest	(1,404,527)	34,805	90,739	(1,278,983)
Use of Property	32,400	93,001	19,500	144,901
Other	311,040	-	38,105	349,145
Total Revenues	46,623,452	11,949,096	5,620,745	64,193,293
<b>EXPENDITURES</b>				
Current:				
General Government	9,053,968	6,900,000	-	15,953,968
Public Safety	16,451,190	-	-	16,451,190
Parks and Public Works	8,605,457	-	33,671	8,639,128
Community Development	6,313,511	-	-	6,313,511
Library Services	2,752,397	-	74,813	2,827,210
Sanitation and Other	-	-	194,969	194,969
Capital Outlay	-	9,570,780	907,890	10,478,670
Debt service:				
Principal	156,034	-	-	156,034
Total Expenditures	43,332,557	16,470,780	1,211,343	61,014,680
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	3,290,895	(4,521,684)	4,409,402	3,178,613
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain from sale of assets	2,151	-	-	2,151
Transfers in	4,047,313	4,074,141	32,853	8,154,307
Transfers (out)	(4,358,188)	(427,616)	(3,524,881)	(8,310,685)
Total Other Financing Sources (Uses)	(308,724)	3,646,525	(3,492,028)	(154,227)
<b>NET CHANGES IN FUND BALANCES</b>	2,982,171	(875,159)	917,374	3,024,386
<b>BEGINNING FUND BALANCES</b>	23,914,618	15,115,912	8,807,222	47,837,752
<b>ENDING FUND BALANCES</b>	\$ 26,896,789	\$ 14,240,753	\$ 9,724,596	\$ 50,862,138

ARPA  
3,413,961

ARPA  
3,413,961

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

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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- d. Partnerships for the conversion of existing residential developments dedicated to affordable housing
- e. Grants to the Santa Clara County Housing Trust for the development of affordable housing.

During the fiscal year ended June 30, 2012, the rights and obligations resulting from this cooperative agreement were transferred to the Successor Agency Trust Fund as a part of the Town's dissolution of its Redevelopment Agency.

**NOTE 15 - COVID-19 PANDEMIC PROGRAMS**

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Biden. The \$1.9 trillion package (the Act) provided financial aid to families, governments, businesses, schools, nonprofits and others impacted by the COVID19 public health crisis. Of the \$1.9 trillion, \$350 billion is being directed toward state and local governments. All 19,000 municipal governments are entitled to a direct, noncompetitive federal formula grant from the U.S. Treasury Department. The portion allocated to cities, towns, and villages totals \$65.1 billion of which \$19.5 billion is obligated toward cities with less than 50,000 residents. The Act will allocate \$7,229,744 to the Town over a two-year period. The first tranche payment of \$3,614,862 was received on July 13, 2021, and the second payment no earlier than 12 months after the first payment.

Section 603. CORONAVIRUS LOCAL FISCAL RECOVERY FUND of the Act identified four eligible uses for funding, as follows:

- A. Respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- B. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- C. Provide government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
- D. Make necessary investments in water, sewer, or broadband infrastructure.

During the fiscal year ended June 30, 2022, the Town recognized \$3,413,961 as operating grant revenue in the ARPA special revenue fund and transferred \$3,413,961 to other funds, reimbursing the Town for qualifying expenditures under the provisions of the Act. For FY 2020/21, the Town recognized the initial \$200K of ARPA proceeds as revenue to reimburse the Town for qualifying expenses.

*difficult  
new rec.*

TOWN OF LOS GATOS  
BUDGETED NONMAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARPA			LG Theatre		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Intergovernmental	3,413,961	3,413,961	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Use of property	-	-	-	-	19,500	19,500
Other	-	-	-	-	-	-
Total Revenues	3,413,961	3,413,961	-	-	19,500	19,500
<b>EXPENDITURES</b>						
Current:						
Parks and public works	-	-	-	-	-	-
Library services	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	3,413,961	3,413,961	-	-	19,500	19,500
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	(3,413,961)	(3,413,961)	-	-	-	-
Total Other Financing Sources (Uses)	(3,413,961)	(3,413,961)	-	-	-	-
<b>CHANGE IN FUND BALANCE</b>	\$ -	-	\$ -	\$ -	19,500	\$ 19,500
<b>BEGINNING FUND BALANCE</b>		-			-	
<b>ENDING FUND BALANCE</b>		\$ -			\$ 19,500	

(Continued)

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**Subject:** FW: Pages from FY-202122-ACFR - ARPA Discussion for mid year review

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**From:** Phil Koen

**Sent:** Thursday, February 2, 2023 7:25 AM

**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>

**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Rick Tinsley

**Subject:** Re: Pages from FY-202122-ACFR - ARPA Discussion for mid year review

[EXTERNAL SENDER]

Terrific. Let's review that when we get together.

It is very reasonable to claim that all \$7m is still available since the GF ran a very strong operating surplus in FY 22. Understanding how the capital was deployed is really important. We all need to be on the same page so we can make a recommendation to the TC.

Thanks!

Phil

Sent from my iPhone

On Feb 2, 2023, at 3:46 PM, Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)> wrote:

Phil,

Thanks for your email. The Finance Team is already incorporating a recap of the Council Direction regarding ARPA proceeds spending in the mid-year budget review report.

Gitta

---

**From:** Phil Koen

**Sent:** Tuesday, January 31, 2023 11:46 PM

**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>

**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Rick Tinsley

**Subject:** Pages from FY-202122-ACFR - ARPA Discussion for mid year review

[EXTERNAL SENDER]

Gitta,

As part of the mid-year review I would respectfully request that we review the use of the \$3,413,961 ARPA funds recognized as revenue in FY22 and the \$3,614,872 recognized as revenue in FY 23. My concern is there is a perception that the Town is on the razor edge and does not have any discretionary funds available for very worthy projects. It is

important that the Town provide a complete accounting of the “uses” of the ARPA funds received so there is complete transparency and agreement on how these funds were actually deployed.

Regarding the \$3,413,961 in FY 22 revenue, based on the audited financials all of the ARPA revenue was recorded in the other non-major ARPA fund and then transferred to the General Fund. There were no expenses recorded in the ARPA fund, so the entire \$3,413,961 was transferred. You can see this in the attached schedules.

In a prior update given to the FC, the plan was to use \$1,433,000 of the FY22 ARPA revenue for various expenditures such as destination marketing, k rails, promenades, enhanced senior services, grants and parklets. It appears all of these expenditure were made from the General Fund, not the ARPA Fund, and are an element of the \$43.3m in total general fund expenditures for FY 22.

In addition the plan was to “backfill” \$369,124 in general fund revenue for the “loss” of rental revenue from rental waivers. The backfill and the incremental expenditures noted above, total \$1,802,124 in “uses” earmarked for the FY 22 ARPA funds.

In trying to understand the flow of the \$3,413,161, while acknowledging money is fungible, the financial statements show growth in all general fund tax revenues was more than sufficient to fund all of the earmarked expenditures AND all of the rent waivers. Total tax revenues alone exceeded the adopted plan by \$2,381,516. That means none of the \$3,413,161 in ARPA funds were used as planned. In fact, the General Fund reported a surplus of \$3,290,895 in excess revenues over expenditures (note there was no ARPA funds in the General Fund revenues), even after absorbing the planned \$1,802,124 in additional uses of funds.

This operating surplus combined with the transfer in of the \$3,413,961 in ARPA funds and additional transfers in from other funds of \$633,353 combined to create a gross surplus in the General Fund, before transfers out, of \$7,338,208. Again, \$3,413,961 was directly attributable to ARPA.

It is at this point we lose all traceability for the ARPA funds. All we know is \$4,358,188 was transferred out of the General Fund, leaving \$2,980,020 of the \$7,338,208 in the General Fund balance. This balance was then allocated across a number of general fund balance reserve accounts. Was some of this ARPA funds? We don’t know since the ARPA footnote does not provide the reader with any insight.

Regarding the \$4,358,188 that was transferred out, we have no idea if any or all of that was the ARPA funds. Since money is fungible, we could just declare that the entire \$3,413,961 was included in that transfer out. That would make it simpler in tracing the funds.

If we make that assumption, that means all \$3,413,188 is still available since it is in the GAFR ending fund balance of \$14,240,753.

In addition to the FY 22 ARPA revenues, the Town has received \$3,614,872 in FY 23. These funds were received in July 2022 and recorded in the ARPA fund as revenue. And like FY 22, most likely no expenses were recorded in the ARPA fund, with all of the funds ultimately being transferred into the General Fund.

As part of the mid-year update it would be helpful to provide an analysis of the use of the FY 23 funds. If FY 23 is like FY 22, the General Fund Tax revenues will most likely be stronger than the adopted plan and therefore no ARPA funds will be necessary to “backfill” rental waivers or planned revenue shortfalls. The revenue over achievement combined with the savings from open positions that could be as much as \$2m, suggest the General Fund will experience another year where revenues exceed expenditures. That means that no ARPA funds would be necessary to balance the F23 general fund.

Given the above, It is entirely possible that the full \$7m in ARPA funds is still available to the TC for allocation. We need to confirm this.



Let's work together to develop the analysis to show what happened in FY 22 and the most likely outcome for FY 23 to the ARPA funds. I am concerned that without better clarity, the Town will miss an opportunity to help many worthy programs.

Thank you,

Phil

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**Subject:** FW: ARPA Update.pdf  
**Attachments:** ARPA Update.pdf

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**From:** Phil Koen  
**Sent:** Thursday, February 2, 2023 10:05 PM  
**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>  
**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Rick Tinsley  
**Subject:** ARPA Update.pdf

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[EXTERNAL SENDER]

Hi Gitta,

I have attached the last update the FC received on the deployment of the ARPA funds.

Let's review what actually happened in FY 22 and discuss the plan for FY 23 taking into consideration our best thinking on most likely outcome for FY 23 operating surplus.

Greatly appreciate you walking me through this.

Phil

Sent from my iPhone



**TOWN OF LOS GATOS  
FINANCE COMMISSION**

MEETING DATE: 06/13/2022

Item 2.

DATE: June 8, 2022  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive Update on American Rescue Plan Act Administration

**RECOMMENDATION:**

Receive update on American Rescue Plan Act (ARPA) administration.

**BACKGROUND:**

In accordance with ARPA, the Town was awarded an ARPA grant in the amount of \$7,229,744 paid to the Town in two separate payments, the first payment of \$3,618,872 was received in early July 2021 and the second payment of \$3,614,872 is expected to be received in early July 2022.

Based on initial guidance of eligible uses of ARPA funds the Town allocated these funds to various purposes to respond and support the impacts of the pandemic on Town residents, non-profits, the business community including the construction of downtown parklets, non-profit fee and rent waivers, enhanced senior services, promenades, and increased funding for Town infrastructure capital improvements, among other initiatives.

Since receipt of ARPA funds staff has been following the evolution of the federal guidelines for the use of ARPA funding as well as regularly participating in ARPA focused webinars presented by the US Department of the Treasury (Treasury) staff and the ARPA sub-group sponsored by the Government Finance Officers Association. During the initial ARPA implementation period Treasury received a tremendous number of inquiries from ARPA grant recipients on how best to comply with the complex and evolving federal regulations and guidance for calculating pandemic related revenue loss and complying with federal uniform guidance on eligible uses of ARPA funds. Treasury responded to this demand by revising its initial requirements in their

**PREPARED BY:** Stephen Conway  
Finance Director

Reviewed by: Town Manager and Assistant Town Manager

PAGE 2 OF 3

SUBJECT: Receive Update on American Rescue Plan Act (ARPA) Administration

DATE: June 8, 2022

BACKGROUND (continued):

Final Interim Rule to allow certain non-entitlement units (NEUs) like the Town of Los Gatos a simplified procedure for claiming and reporting revenue loss. To be eligible for the simplified claiming procedures, the NEU must receive a total ARPA award of less than \$10 million.

DISCUSSION:

Upon Treasury's release of the simplified reporting process for entities awarded less than \$10 million in ARPA funding and additional guidance received through staff review of federal compliance issues, staff recommends that the Town recognize the \$3.4 M of FY 2021/22 and the anticipated \$3.6M FY 2022/23 cash collections of ARPA revenues as qualified revenue loss under the Treasury provisions for use in providing government services. To further aid in compliance with federal uniform guidance and Single Audit requirements, staff is intending to claim the lost revenue for use in providing essential government services and intends to account for the use of ARPA revenue loss revenues for eligible public safety payroll costs for both FY 2021/22 and FY 2022/23.

The recommended action as illustrated in the below worksheet will allocate all ARPA "replacement" revenues to the General Fund which in turn will unencumber other General Fund operating revenues which were previously dedicated for public safety costs. The newly unencumbered General Fund revenues can then be allocated to the ARPA pandemic responses as identified, approved and allocated by Town Council since receipt of the \$7.2 million ARPA award.

AMERICAN RESCUE PLAN ACT (ARPA) SUMMARY WORKSHEET				
	FY 2020/21	FY 2021/22	FY 2022/23	GRAND
		BUDGET ADJ.		
	ACTUALS	ACTUAL/ESTIMATED	ESTIMATED	TOTAL
ARPA FUNDS REVENUE RECOGNIZED	\$ 200,911	\$ 3,413,961	\$ 3,614,872	\$ 7,229,744
GOV SERVICES (WAIVERS,CUP&ADA,DIRECT GRANTS)	200,911			200,911
REVENUE LOSS -GOV SERVICES (PUBLIC SAFETY)		3,413,961	3,614,872	7,028,833
	\$ 200,911	\$ 3,413,961	\$ 3,614,872	\$ 7,229,744
GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE	200,911	3,413,961	3,614,872	7,229,744
LESS APPROVED USES TO BE BUDGETED:				
PARKLETS (DOWNTOWN IMPVTS PROJECT)		680,000	250,000	930,000
RENT WAIVERS	121,255	341,452	283,756	746,463
CUP/ADA FEE WAIVERS	19,656	27,672	27,672	75,000
DESTINATION MARKETING		55,000		55,000
K-RAILS (DOWNTOWN IMPVTS PROJECT)		68,000		68,000
PROMENADES		80,000	120,000	200,000
DIRECT GRANTS	60,000	50,000		110,000
ENHANCED SENIOR SERVICES		500,000		500,000
CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS			2,900,000	2,900,000
REQUIRED FOR GF BALANCING OF OPERATING REV_EXP	-		1,645,281	1,645,281
TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES	\$ 200,911	\$ 1,802,124	\$ 5,226,709	\$ 7,229,744
GENERAL FUND ARPA REPLACEMENT REVENUE UNCOMMITTED	\$ -	\$ 1,611,837	\$ (1,611,837)	\$ -

SUBJECT: Receive Update on American Rescue Plan Act (ARPA) Administration

DATE: June 8, 2022

CONCLUSION:

The worksheet illustrates budget adjustments related to the necessary ARPA and General Fund revenue and expense adjustments and recaps the total ARPA grant award of \$7,229,744 and the Council directed uses approved or proposed through June 7, 2022. In addition, the worksheet provides the detail staff will use to adjust the ARPA and General Fund budgets to recognize the ARPA grant award for revenue loss to be used to reimburse public safety response. It will also be used to recognize and budget FY 2021/22 matching General Fund ARPA replacement revenues and expenditure budgets for use in supporting the ARPA objectives as approved/proposed and directed by Town Council since original receipt of the ARPA grant award.

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**Subject:** FW: Follow up to the FC meeting

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**From:** Phil Koen

**Sent:** Monday, February 6, 2023 5:49 PM

**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>

**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>

**Subject:** FW: Follow up to the FC meeting

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[EXTERNAL SENDER]

Hello Gitta,

I was going through my open item list and noticed that Arn had never responded to my email below. This was a follow up note for more information coming from the last FC meeting.

If you have time, it would be great if you could provide the information requested.

Phil

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**From:** Phil Koen

**Sent:** Thursday, January 12, 2023 5:00 PM

**To:** Arn Andrews <[aandrews@losgatosca.gov](mailto:aandrews@losgatosca.gov)>

**Cc:**

**Subject:** Follow up to the FC meeting

Hello Arn,

Just a quick follow up note regarding information requests from the FC meeting last Tuesday evening. Staff was going to provide the FC with the gross amount of the market-to-market adjustment that was netted in the "net" investment income of \$(1,404,563).

Also, there were a couple of questions regarding the balance of the development deposits for General Plan Revenue (\$698,302 in revenue was recognized) and the balance of the development deposits for the Below Market Housing Program (\$1,200,000 in revenue was recognized). I am assuming that all these various development fee deposits are consolidated and reported in the \$6.8m deposits on the General Fund balance sheet. Is my understanding correct? How many different deposit accounts are consolidated into the \$6.8m?

I had one last question which I forgot to ask last. On page 35 of the transactions report, under the private purpose trust fund column there is a \$5,899,675 deduction. Could you provide some detail about this deduction?

Thank you.

Phil Koen

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**Subject:** FW: Meeting on Friday  
**Attachments:** Pages from FY-202122-ACFR - (12).pdf

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**From:** Phil Koen  
**Sent:** Tuesday, February 7, 2023 11:19 AM  
**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>  
**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Rick Tinsley  
**Subject:** Meeting on Friday

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[EXTERNAL SENDER]

Hi Gitta,

I'm looking forward to our meeting on Friday. Since we only have 1 hour, we will need to be efficient with our time. I would propose the following agenda

- |  |         |
|--|---------|
| 1. Discuss the mid-year financial update | 30 mis  |
| 2. Review of \$7m in ARPA fund flows     | 15 mins |
| 3. Discussion of GAFR FY 22              | 10 mins |
| 4. Information request from Jan FC       | 5 mins  |

I have attached a schedule from the 2022 ACFR which shows the budget vs actual for the GAFR. I am interested in understanding the variance from the adopted budget for intergovernmental revenues and the capital outlay. I know that \$6.9m of intergovernmental revenue is the pass-through grant for wildfire which was not planned. What were the other \$1m in revenues that were recorded as revenue that weren't in the original adopted budget? Also, what projects accounted for the \$4.1m more in capital outlay than was originally planned? That is a material increase and I do not know what caused that.

I am asking this so I have a better understanding of what might happen in FY 23 based on how FY 22 played out. Could we receive more intergovernmental revenues that weren't planned but are on the horizon? Could capital outlays be materially different from the adopted FY 23 budget? These are the issues we should explore.

Thanks,

Phil

**TOWN OF LOS GATOS**  
**APPROPRIATED RESERVES FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Licenses & permits	160,000	160,000	420,055	260,055
Intergovernmental	1,691,069	16,912,649	9,400,918	(7,511,731)
Charges for services	755,676	2,693,556	1,464,746	(1,228,810)
Developer fees	20,000	20,000	535,571	515,571
Interest	-	-	34,805	34,805
Use of Property	-	-	93,001	93,001
Total Revenues	2,626,745	19,786,205	11,949,096	(7,837,109)
<b>EXPENDITURES</b>				
Current:				
General government	-	7,000,000	6,900,000	100,000
Capital outlay	5,414,872	10,894,632	9,570,780	1,323,852
Total Expenditures	5,414,872	17,894,632	16,470,780	1,423,852
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,788,127)	1,891,573	(4,521,684)	(6,413,257)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,841,047	3,584,047	4,074,141	490,094
Transfers (out)	(427,616)	(427,616)	(427,616)	-
Total Other Financing Sources (Uses)	2,413,431	3,156,431	3,646,525	490,094
<b>CHANGE IN FUND BALANCE</b>	\$ (374,696)	\$ 5,048,004	(875,159)	\$ (5,923,163)
<b>BEGINNING FUND BALANCE</b>			15,115,912	
<b>ENDING FUND BALANCE</b>			\$ 14,240,753	



**From:** [Phil Koen](#)  
**To:** [Gitta Ungvari](#)  
**Cc:** [Laurel Prevetti](#); [Rick Tinsley](#); [Maria Ristow](#); [Rob Rennie](#)  
**Subject:** Excess liquidity available to be reprogrammed  
**Date:** Wednesday, February 15, 2023 9:45:27 AM  
**Attachments:** [Excess liquidity \(2\).pdf](#)

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[EXTERNAL SENDER]

Hi Gitta,

I have been reflecting on the FC meeting and I recommend that the Staff provide more clarity to the Town Council on two questions - 1) how much of the ARPA money is currently available, meaning unspent vs programmed to be spent; and 2) what is FY 23's most likely range of operating surplus (revenues in excess of expenditures).

I have attached a couple of pages from the FC package where I have provided my view. Let me lay out my thinking:

#### 1. ARPA Funds

The Staff memo points out that there are \$2,065,302 ARPA funds available in the GF reserve as of year end FY 22. Additionally the Town received the second ARPA payment of \$3,614,872 in July, 2022 and recorded the grant as revenue in FY 23. The schedule of Special Revenue Funds - ARPA on page 23 of item #5 shows those funds are still available and unspent as of the end of Q2 FY 23. Therefore \$5,680,174 is available.

I understand that because the TC passed a resolution which programmed the expenditure of ARPA funds in FY 23, the Staff views these "programmed" expenditures as "spent". Applying these future programmed expenditures totaling \$681,428 to the current funds available of \$5,680,174, leaves a balance of \$4,998,746. This amount is available to the TC to reprogram to new and better uses if the TC should so decide.

Since the updated forecast now reflects a surplus of \$1,238,174 (more on this below) there is no need to program \$1,645,281 as "balancing revenue and operating expenses" for FY 23. Additionally the \$2,900,000 for capital expenditures is a pool of funds that has not been allocated to any specific capital project and should be freely available for redeployment if the TC so decides. It should be pointed out that as of June 30, 2022 the Town had approximately \$33 reserved for capital projects in total government funds. Of this \$33m, only \$8m is restricted in its use, leaving \$25m unrestricted. The \$2.9m would be in addition to the unrestricted amount.

#### 2. FY 23 probable operating surplus including mid-year adjustments

The schedule on page 28 of item #5 shows in the far right column an estimate for FY 23 which reflects all proposed mid-year adjustments. The FY 23 net change to the General Fund is projected to be a decrease of (\$1,230,268). This net change is comprised of the FY 23

operating surplus, plus transfers in, less transfers out from the General Fund balance. Fund transfers are not an element of the current year's operating surplus but do impact the change in fund balance. Our interest is only the current year surplus for this analysis.

We need to expand the net change number into the component pieces to determine the estimated operating surplus for FY 23. I have shown my calculations on the attached which computes \$1,238,174 as the operating surplus. By comparison, in FY 22 the General Fund had an operating surplus of \$3,290,895.

It is very important to understand that no ARPA revenue nor expenses are included in the projected \$1,238,174 operating surplus for FY 23. That is because the ARPA money is accounted for in a separate special revenue fund. Therefore to arrive at a total liquidity available to the Town Council for reprogramming you need to add the funds available from both the General Fund's operating surplus and the ARPA funds. That number is \$6,236,920. This is why I made the comment during the FC advising the Town Council that there is significant amount of funds available for programming in FY 23. I stand by that recommendation.

While I appreciate how the Staff has arrived at their estimate, it is important to realize there is a level of conservatism baked into these estimates. While that is a reasonable approach, without having an idea of the degree of conservatism, it is difficult to judge the probability associated with actual having a \$1,238,174 operating surplus or even a greater surplus.

In doing a line item by line item review of both revenues and expenditures, taken as a whole, I conclude it is highly likely total tax revenues will be \$1,000,000 greater than the estimate, operating expenses primarily driven by vacancies and other savings will be \$500,000 less and interest income through better cash management of the Town's \$10m in demand deposits and reinvestment of low yield maturing securities could possibly be \$200k higher.

Therefore the most likely range for the operating surplus is \$1,238,174 up to \$2,938,174. Given the degree of conservatism baked into the forecast and mindful that there is only 4 and 1/2 months left in FY 23, I do not see any likelihood that the operating surplus will be less than the up dated estimate. There is far more upside than downside.

As the TC thinks about resource allocation the risks they must clearly understand is 1) the risk of not funding a worthy program because they relied on a too conservative forecast versus 2) the risk of funding a worthy program and not having the funds available.

It is my recommendation that the more acceptable risk to assume is the second risk because the Town has significant General Fund reserves to tap in this event. Far better to fund worthy programs and tap reserves (this is why reserves exist) than to not fund worthy programs and not have necessary services provided to the Town's residents.

In fact, the Town has been operating this way for some time. It is very common for the Town Council to approve an unfunded incremental expenditure by tapping the Capital/Special Project reserve of the General Fund as a funding source. This reserve has historically been used as the "shock absorber" for unfunded new needs. I might point out that there are more appropriate ways to handle this situation, which we have discussed.

Please let me know if you have any questions. I have also copied our two Council Members on

the FC so they can benefit from this analysis. To be clear this is my analysis and has not been shared with entire FC because of the lack of time.

Phil

Council has already allocated all the \$7.2 million proceeds for various priorities as illustrated in the below table. Staff will bring back any residual balance not used for the original purpose after completing the program for Council re-programming reconsideration

## AMERICAN RESCUE PLAN ACT (ARPA) SUMMARY WORKSHEET

	FY 2020/21		FY 2021/22			FY 2022/23		GRAND
	ACTUALS		BUDGET ADJ. ESTIMATED	ACTUALS	BAL REMAINING	ESTIMATED	EST. MID-YEAR	
ARPA FUNDS REVENUE RECOGNIZED	\$ 200,911	\$	3,413,961			\$ 3,614,872		\$ 7,229,744
GOV SERVICES (WAIVERS,CUP&ADA,DIRECT GRANTS)	200,911							200,911
REVENUE LOSS -GOV SERVICES (PUBLIC SAFETY)			3,413,961	3,413,961		3,614,872		7,028,833
	\$ 200,911	\$	3,413,961			\$ 3,614,872		\$ 7,229,744
GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE	\$ 200,911	\$	3,413,961			\$ 3,614,872		\$ 7,229,744
LESS APPROVED USES TO BE BUDGETED:								
PARKLETS (DOWNTOWN IMPVTS PROJECT)	\$ -	\$	680,000	\$ 466,428	\$ 213,572	\$ 250,000	\$ -	\$ 930,000
RENT WAIVERS	121,255		341,452	341,452	-	283,756		746,463
CUP/ADA FEE WAIVERS	19,656		27,672	27,672	-	27,672		75,000
DESTINATION MARKETING			55,000	55,000	-			55,000
K-RAILS (DOWNTOWN IMPVTS PROJECT)			68,000	88,654	(20,654)			68,000
PROMENADES			80,000	69,855	10,145	120,000	90,628	200,000
DIRECT GRANTS	60,000		50,000	50,000	-			110,000
ENHANCED SENIOR SERVICES			500,000	249,597	250,403			500,000
CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS						2,900,000	580,000	2,900,000
REQUIRED FOR GF BALANCING OF OPERATING REV_EXP						1,645,281		1,645,281
TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES	\$ 200,911	\$	1,802,124	\$ 1,348,659	\$ 453,465	\$ 5,226,709	\$ 670,628	\$ 7,229,744

While the Town already recognized the full first tranche of the ARPA proceeds during FY 2020/21 and FY 2021/22, only \$1,549,570 was utilized during those fiscal years, \$2,065,302 is part of the General Fund balance and tracked by staff to ensure that the proceeds are spent by Council adopted uses.

The FY 2022/23 budget was adopted prior to the simplified guideline so staff is proposing the following budget adjustments to recognize the revenue and track the Council approved uses.

## FY 2022/23 MID-YEAR BUDGET ADJUSTMENT REQUESTS - ARPA RECLASSIFICATION

Fund	Program	Account	American Rescue Plan Act (ARPA) Fund	
111	4301	48219	ARPA - Intergovernmental Revenue	3,614,872
111	5301	48219	ARPA - Intergovernmental Revenue	40,431
111	3201	48219	ARPA - Intergovernmental Revenue	27,672
111	2101	48219	ARPA - Intergovernmental Revenue	120,000
411	411-813-0235	48219	ARPA - Intergovernmental Revenue	250,000
633	5404	48219	ARPA - Intergovernmental Revenue	243,325
241	1241	43217	ARPA - Intergovernmental Revenue	2,310,176
				<b>\$ 6,606,476</b>
241	1241	68219	ARPA - Income Replacement Expense	2,310,176
111	1201	68219	ARPA - Income Replacement Expense	3,581,428
				<b>\$ 5,891,604</b>

Balance 2,065,302  
 2nd ARPA 3,614,872  
 available 5,680,174  
 "Programmed Spend 681,428  
 Net Avail 4,998,746

## GENERAL FUND FINANCIAL SUMMARIES AND ESTIMATES

The following table is the *Schedule of General Fund Operating Revenues Versus Operating Expenditures* for the second quarter of FY 2022/23 which includes comparison information from the prior year.

The FY 2022/23 Adjusted Budget column includes the adopted budget and items that Council approved during the course of the first two quarters of the fiscal year, such as additional funding for legal services, and miscellaneous carry over grants from prior fiscal year.

The FY 2022/23 Estimated column contains projections of final balances for the current fiscal year based upon staff analysis, the early trends observed through the second quarter in sales tax and property tax projections, and the proposed mid-year adjustments as listed in this report.

The FY 2022/23 Estimated figures also include analysis on potential salary and other expenditure savings; however, budget adjustments are only recommended as identified in this Report.

Staff continues to fine tune the detailed analysis of the FY 2022/23 year-end estimated revenue and expenditure numbers and an update will be provided with the presentation of the Proposed Fiscal Year 2023/24 Operating Budget.

The following table illustrates the summary of the General Fund balance status based on current estimates and prior year result.

GENERAL FUND  
SUMMARY OF REVENUES AND EXPENDITURES

	FY 2021/22 Actuals	FY 2021/22 Q2	2Q % of FY 2021/22 Actuals	2Q % of FY 2022/23 Adjusted Budget as of 12/31/2022	FY 2022/23 Q2	FY 2022/23 Adjusted Budget	FY 2022/23 Year End Estimates Including Proposed Mid-Year Adjustments
Total Revenues & Transfers In	\$ 54,448,222	\$ 17,978,806	33%	34%	\$ 17,098,505	\$ 50,266,120	\$ 50,546,861
Total Expenditures	51,466,052	21,155,306	41%	40%	21,105,947	52,886,926	51,777,130
Net Increase (Decrease)	\$ 2,982,171				\$ (4,007,441)	\$ (2,620,805)	\$ (1,230,268)
Beginning Fund Balance	23,914,618				26,896,789	26,896,789	26,896,789
Ending Fund Balance	\$ 26,896,789				\$ 22,889,348	\$ 24,275,983	\$ 25,666,521

The table in the following page provides the details of the Revenues and Use of Reserve and Total Expenditures and Reserve Allocations.

opex surp 3,290,895  
 Trf. in 4,047,313  
 Trf. out (4,358,188)  
 Gain 2,151  
 net change 2,982,171

FY23  
 opex surplus 1,238,174  
 Transfer in 538,536  
 Transfer out (3,006,978)  
 Net change (1,230,268)

What could the surplus  
Really be in FY 23?

Cur. estimate	1,238,174
Stronger tax revenues	1,000,000
vacancy savings	500,000
interest income	200,000
	<hr/>
	\$2,938,174
	<hr/>
	<hr/>



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 14

ADDENDUM

DATE: February 17, 2023

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Mid-Year Budget Report - July 1 - December 31, 2022:

- a. Receive FY 2022/23 Mid-Year Budget Report;
- b. Authorize Budget Adjustments as Recommended in the Mid-Year Budget Report; and
- c. Provide Direction of the Order of Authorized Funding Source to Balance the FY 2022/23 Operating Budget, if Necessary, at the Final Close of the Fiscal Year.

**REMARKS:**

A Council Member had the following inquiries and staff's response is below.

**Please confirm if \$4,998,746 of American Rescue Plan Act (ARPA) funds are currently available to be reprogrammed by the Town Council, itemize what ARPA funds have actually been spent, specify what funds have been programmed but not spent and what is the estimated revenues over expenditures.**

	FY 2020/21		FY 2021/22				FY 2022/23		GRAND
	ACTUALS		BUDGET ADJ. ESTIMATED	ACTUALS	BAL REMAINING		ESTIMATED	EST. MID-YEAR	TOTAL
ARPA FUNDS REVENUE RECOGNIZED	\$ 200,911		\$ 3,413,961				\$ 3,614,872		\$ 7,229,744
GOV SERVICES (WAIVERS, CUP&ADA, DIRECT GRANTS)	200,911								200,911
REVENUE LOSS - GOV SERVICES (PUBLIC SAFETY)			3,413,961	3,413,961			3,614,872		7,028,833
	\$ 200,911		\$ 3,413,961				\$ 3,614,872		\$ 7,229,744
GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE	\$ 200,911		\$ 3,413,961				\$ 3,614,872		\$ 7,229,744
LESS APPROVED USES TO BE BUDGETED:									
PARKLETS (DOWNTOWN IMPVTS PROJECT)	\$ -	\$ 680,000	\$ 466,428	\$ 213,572	\$ 250,000	\$ -	\$ 930,000		
RENT WAIVERS	121,255	341,452	341,452	-	283,756	-	746,463		
CUP/ADA FEE WAIVERS	19,656	27,672	27,672	-	27,672	-	75,000		
DESTINATION MARKETING		55,000	55,000	-	-	-	55,000		
K-RAILS (DOWNTOWN IMPVTS PROJECT)		68,000	88,654	(20,654)	-	-	68,000		
PROMENADES		80,000	69,855	10,145	120,000	90,628	200,000		
DIRECT GRANTS	60,000	50,000	50,000	-	-	-	110,000		
ENHANCED SENIOR SERVICES		500,000	249,597	250,403	-	-	500,000		
CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS					2,900,000	580,000	2,900,000		
REQUIRED FOR GF BALANCING OF OPERATING REV_EXP					1,645,281	-	1,645,281		
TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES	\$ 200,911	\$ 1,802,124	\$ 1,348,659	\$ 453,465	\$ 5,226,709	\$ 670,628	\$ 7,229,744		

PREPARED BY: Gitta Ungvari  
Finance Director

Reviewed by: Town Manager and Town Attorney

REMARKS (continued):

The table above is also found on page 27 of the Mid-Year Budget Report. It depicts that all of the blue highlighted items that were not fully spent as of December 31 2022 will be fully expended per Council direction for parklets, enhanced senior services, rent waivers, and other items as listed.

The Adopted Budget included \$2.9 million of ARPA allocation for Capital Purposes (highlighted in orange in the above table). At its August 16, 2022 meeting, the Council approved the partial programming of the \$2.9 million as demonstrated in the table below.

Project Name	Recommended Funding Allocation
East Main Street Crosswalk Improvements	300,000
Downtown Restroom Feasibility Study/Design	25,000
Rehabilitate Automatic Gates - 41 Miles Avenue	25,000
Termite Abatement at Water Tower – 41 Miles Avenue	25,000
Civic Center Plumbing Repair – 110 E. Main Street	40,000
HVAC Improvements – Police Operations Building	25,000
Engineering Counter Modifications – 41 Miles Avenue	40,000
Unanticipated Repairs	100,000
Council Add: Pinehurst Community Garden Project	100,000
Reserve for Future Capital Projects or Matching Funds	2,220,000
<b>TOTAL</b>	<b>\$2,900,000</b>

As demonstrated in this table, \$2,220,000 were set aside for Future Capital Projects or Matching Funds, such as Shannon Road repair and the required \$750,000 match for the Wildfire Grant. The Capital Improvement Program and direction will be discussed separately at the the Finance Commission and Town Council March meetings.

Based on staff mid-year estimates, there is approximately \$1.4 million operating revenues over operating expenditures. If all assumptions hold true, the \$1.6 million (highlighted in green in



REMARKS (continued):

the table on the first page) most probably will not needed to balance the FY 2022/23 budget and would be available for Council reprogramming at the final close of the Fiscal Year with the audit (December 2023).

The following table demonstrates of the actual spending as of 2/15/2023 as a snapshot. The actual numbers do not include encumbrances, or future obligations under signed agreements.

**AMERICAN RESCUE PLAN ACT (ARPA) SUMMARY WORKSHEET**

	<b>GRAND TOTAL</b>	<b>ACTUAL SPENDING AS OF 2/15/2023</b>
<b>ARPA FUNDS REVENUE RECOGNIZED</b>	\$ 7,229,744	
<b>GOV SERVICES (WAIVERS,CUP&amp;ADA,DIRECT GRANTS)</b>	200,911	
<b>REVENUE LOSS -GOV SERVICES (PUBLIC SAFETY)</b>	7,028,833	
	<u>\$ 7,229,744</u>	
<b>GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE</b>	\$ 7,229,744	
<b>LESS APPROVED USES TO BE BUDGETED:</b>		
<b>PARKLETS (DOWNTOWN IMPVTS PROJECT)</b>	\$ 930,000	\$ 926,262
<b>RENT WAIVERS</b>	746,463	746,463
<b>CUP/ADA FEE WAIVERS*</b>	75,000	47,328
<b>DESTINATION MARKETING</b>	55,000	55,000
<b>K-RAILS (DOWNTOWN IMPVTS PROJECT)</b>	68,000	88,654
<b>PROMENADES</b>	200,000	200,000
<b>DIRECT GRANTS</b>	110,000	110,000
<b>ENHANCED SENIOR SERVICES</b>	500,000	455,067
<b>CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS</b>	2,900,000	65,900
<b>REQUIRED FOR GF BALANCING OF OPERATING REV_EXP</b>	1,645,281	-
<b>TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES</b>	<u>\$ 7,229,744</u>	<u>\$ 2,694,674</u>

\*Conditional Use Permit and Americans with Disability Act fee waivers for FY2022/23 will be determined at the close of the fiscal year.

Attachments previously received with the Staff Report:

1. Mid-Year Budget Report - July 1 - December 31, 2022 as Presented at the Finance Commission February 13, 2023 Meeting.
2. Public Comments Receive before Posting the Staff Report

Attachments received with this Addendum:

3. Public Comments received after publishing the Staff Report and before 11:01 a.m. on Friday February 17.

**From:** [Phil Koen](#)  
**To:** [Gitta Ungvari](#)  
**Subject:** Question  
**Date:** Thursday, February 16, 2023 10:30:30 PM  
**Attachments:** [Pages from MEET-Packet-ea2faa2d56764d67af3ef698c40b1cd1.pdf](#)

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[EXTERNAL SENDER]

Gitta,

Could you check to see which net change number for FY 23 is correct? On page 196 you are showing \$(3,876,603) and on page 256 you are showing \$(4,007,441).

Thanks.

Phil

**ATTACHMENT 3**

## Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) July-Nov	December 2022				Estimated Fund Balance 12/31/2022*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
111	<b>GENERAL FUND</b>							
	<b>Non-Spendable:</b>		-	-	-	-	-	
	Loans Receivable	159,000						159,000
	<b>Restricted Fund Balances:</b>							
	Pension	690,000						690,000
	<b>Committed Fund Balances:</b>							
	Budget Stabilization	5,991,566						5,991,566
	Catastrphic	5,991,566						5,991,566
	Pension/OPEB	300,000						300,000
	<b>Assigned Fund Balances:</b>							
	Open Space	410,000		-	-	-		410,000
	Sustainability	140,553						140,553
	Capital/Special Projects	11,071,231						11,071,231
	Carryover Encumbrances	33,145	-	-	-	-		33,145
	Compensated Absences	1,519,147	-	-	-	-		1,519,147
	Measure G District Sales Tax	590,581	-	-	-	-		590,581
	<b>Unassigned Fund Balances:</b>							
	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	(3,355,854)	6,211,284	(6,732,033)		-	(3,876,603)
	<b>General Fund Total</b>	26,896,789	(3,355,854)	6,211,284	(6,732,033)	-	-	23,020,186

## GENERAL FUND FINANCIAL SUMMARIES AND ESTIMATES

The following table is the *Schedule of General Fund Operating Revenues Versus Operating Expenditures* for the second quarter of FY 2022/23 which includes comparison information from the prior year.

The FY 2022/23 Adjusted Budget column includes the adopted budget and items that Council approved during the course of the first two quarters of the fiscal year, such as additional funding for legal services, and miscellaneous carry over grants from prior fiscal year.

The FY 2022/23 Estimated column contains projections of final balances for the current fiscal year based upon staff analysis, the early trends observed through the second quarter in sales tax and property tax projections, and the proposed mid-year adjustments as listed in this report.

The FY 2022/23 Estimated figures also include analysis on potential salary and other expenditure savings; however, budget adjustments are only recommended as identified in this Report.

Staff continues to fine tune the detailed analysis of the FY 2022/23 year-end estimated revenue and expenditure numbers and an update will be provided with the presentation of the Proposed Fiscal Year 2023/24 Operating Budget.

The following table illustrates the summary of the General Fund balance status based on current estimates and prior year result.

GENERAL FUND SUMMARY OF REVENUES AND EXPENDITURES							
	FY 2021/22 Actuals	FY 2021/22 Q2	2Q % of FY 2021/22 Actuals	2Q % of FY 2022/23 Adjusted Budget as of 12/31/2022	FY 2022/23 Q2	FY 2022/23 Adjusted Budget	FY 2022/23 Year End Estimates Including Proposed Mid-Year Adjustments
Total Revenues & Transfers In	\$ 54,448,222	\$ 17,978,806	33%	34%	\$ 17,098,505	\$ 50,266,120	\$ 50,546,861
Total Expenditures	51,466,052	21,155,306	41%	40%	21,105,947	52,886,926	51,777,130
Net Increase (Decrease)	\$ 2,982,171				\$ (4,007,441)	\$ (2,620,805)	\$ (1,230,268)
Beginning Fund Balance	23,914,618				26,896,789	26,896,789	26,896,789
Ending Fund Balance	\$ 26,896,789				\$ 22,889,348	\$ 24,275,983	\$ 25,666,521

The table in the following page provides the details of the Revenues and Use of Reserve and Total Expenditures and Reserve Allocations.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 14

DESK ITEM

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DATE: February 21, 2023

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Mid-Year Budget Report - July 1 - December 31, 2022:

- a. Receive FY 2022/23 Mid-Year Budget Report;
- b. Authorize Budget Adjustments as Recommended in the Mid-Year Budget Report; and
- c. Provide Direction of the Order of Authorized Funding Source to Balance the FY 2022/23 Operating Budget, if Necessary, at the Final Close of the Fiscal Year.

**REMARKS:**

Attachment 4 includes public comments received between 11:01 a.m. on Friday February 17, 2023, and 11:01 a.m. on Tuesday February 21, 2023. Attachment 5 contains replacement page 2 of the Staff Report and Attachment 6 contains replacement pages 3 of the Mid-Year Budget Performance Report to correct date from June 7, 2023 to June 7, 2022 as was observed by the public commenter.

**Attachments previously received with the Staff Report and Addendum:**

1. Mid-Year Budget Report - July 1 - December 31, 2022 as Presented at the Finance Commission February 13, 2023 Meeting.
2. Public Comments Receive before Posting the Staff Report.
3. Public Comments received after publishing the Staff Report and before 11:01 a.m. on Friday February 17.

**Attachments received with this Desk Item:**

4. Public Comments received between 11:01 a.m. on Friday February 17, 2023, and 11:01 a.m. on Tuesday February 21, 2023.
5. Replacement Page 2 of 4 of the Staff Report.
6. Replacement Page 3 of 33 of Mid-Year Budget Performance Report.

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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**From:** Lee Fagot [REDACTED]  
**Sent:** Monday, February 20, 2023 5:51 PM  
**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>  
**Subject:** Error in Council Agenda document

[EXTERNAL SENDER]

Gitta,  
Thanks for all the work you are doing for our community.  
Reading the agenda documents for tomorrow nights council meeting I found a possible error in a document you prepared. And, its very simple:  
Item 14, Page 225 mid page - I think you have the wrong year -

On **June 7, 2023**, the Town Council adopted the combined use of American Rescue Plan Act (ARPA) funding, residual Measure G proceeds, and Other Post-Employment Benefits (OPEB) Trust reimbursement to balance the FY 2022/23 budget as illustrated in the table below.

Thanks  
Lee Fagot

**From:** Lee Fagot [REDACTED]  
**Sent:** Monday, February 20, 2023 5:56 PM  
**To:** Gitta Ungvari <[GUngvari@losgatosca.gov](mailto:GUngvari@losgatosca.gov)>  
**Subject:** Re: UPDATE Error in Council Agenda document

[EXTERNAL SENDER]

And, I just noticed the same error on page 231 of this report -

On **June 7, 2023**, the Town Council adopted the combined use of ARPA funding, residual Measure G

On Feb 20, 2023, at 5:51 PM, Lee Fagot [REDACTED] wrote:

Gitta,  
Thanks for all the work you are doing for our community.  
Reading the agenda documents for tomorrow nights council meeting I found a possible error in a document you prepared. And, its very simple:  
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On **June 7, 2023**, the Town Council adopted the combined use of American Rescue Plan Act (ARPA) funding, residual Measure G proceeds, and Other Post-Employment Benefits (OPEB) Trust reimbursement to balance the FY 2022/23 budget as illustrated in the table below.

Thanks  
Lee Fagot

REMARKS (continued):

Highlights of the Mid-Year Budget Report include:

*Financial Overview and Executive Summary*

As discussed in the Report, the current fiscal year-end projections for FY 2022/23 reflect an anticipated \$0.7 million surplus of operating revenues and planned use of reserves over expenditures compared to the anticipated \$3.2 million deficit in the Adopted Budget.

As discussed in greater detail later in this Report, the primary drivers of the reduction in the projected deficit are estimated increases in property tax, business license tax, Transient Occupancy Tax (TOT), and franchise fee distribution. In addition to the improvement in revenue projections, staff is estimating that there will be year-end operating expenditure savings. Staff anticipates savings attributable to Departmental vacancies and lower cost structures associated with retiree replacements. In addition, for FY 2022/23, salaries were again budgeted at actual salary plus a one step increase, which was a significant budgeting methodology change from previous practice.

On June 7, 2022, the Town Council adopted the combined use of American Rescue Plan Act (ARPA) funding, residual Measure G proceeds, and Other Post-Employment Benefits (OPEB) Trust reimbursement to balance the FY 2022/23 budget as illustrated in the table below.

<b>Planned Use of One-Time Sources Balancing the FY 2022/23 Operating Budget</b>	
ARPA Replacement Revenue	\$1,643,281
Measure G Residual for Operation	\$679,443
OPEB Trust Reimbursement for Retiree Medical	\$902,579
<b>Total</b>	<b>\$3,225,303</b>

The significant revenue increases combined with projected expenditure savings indicate that the approved sources might not be necessary; however, it can only be determined at the time of the final close of the fiscal year. Staff recommends not to re-program the proposed sources until the fiscal year is closed. Since it is probable that not all sources will be utilized, staff is asking for Council direction regarding what source should be utilized first to cure current fiscal year deficit, if needed. Due to the fact that OPEB Trust withdrawal should be requested in June, significantly earlier than the final numbers are available, staff recommend to not utilizing the Trust Reimbursement first. The Finance Commission did not agree with the staff recommendation. It preferred using the ARPA source last so as to give Council more resources to reprogram.

As discussed in greater detail later in this Report, the primary drivers of the reduction in the projected deficit are estimated increases in property tax, business license tax, Transient Occupancy Tax (TOT), and franchise fee distribution. In addition to the improvement in revenue projections, staff is estimating that there will be year-end operating expenditure savings. Staff anticipates savings attributable to Departmental vacancies and lower cost structures associated with retiree replacements. In addition, for FY 2022/23, salaries were again budgeted at actual salary plus a one step increase, which was a significant budgeting methodology change from previous practice.

On June 7, 2022 the Town Council adopted the combined use of ARPA funding, residual Measure G proceeds, and Other Post-Employment Benefits (OPEB) Trust reimbursement to balance the FY 2022/23 budget as illustrated in the table below.

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Providing services to the community in this and future fiscal years will require a strong return to pre-pandemic performance of the Town's economically sensitive revenues to offset continued projected cost increases. The FY 2023/24 budget development process will endeavor to maintain essential public services while controlling operational costs in light of the five-year fiscal forecast, which predicts operating revenue shortfalls in subsequent fiscal years.





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 15

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DATE: February 15, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Provide Comments Regarding the Five-Year Forecast (FY 2023/24 – 2027/28) and Scenarios and Provide Input for the FY 2023/24 Budget Direction

**RECOMMENDATION:**

Review and provide comments regarding the Five Year Forecast (Fiscal Years 2023/24 – 2027/28) and scenarios, and provide input for the FY 2023/24 budget direction.

**EXECUTIVE SUMMARY:**

The base case Five-Year Forecast (FY 2023/24 – 2027/28) (Attachment 2) identifies deficits for all future years, using the recent labor agreements for FY 2023/24 and the 2% salary increase assumption approved by the Town Council for the FY 2024/25 budget and other assumptions (see Attachments 3 and 4). The deficits are on the order of approximately \$3M per year and can currently be resolved through expenditure controls and the use of one-time funds. The persistent presence of a deficit indicates that the Town needs to consider new revenue measures if it wants to maintain high levels of municipal services.

The sensitivity of the Forecast to its assumptions is demonstrated in this report. The Town Council can provide recommendations on the scenario assumptions for the FY 2023/24 budget and provide other budget direction as appropriate. The Capital Program is scheduled for a separate discussion at the next Council meeting.

**DISCUSSION:**

An important aspect of the Town's budget development process is taking a multi-year approach to understand revenue and expenditure trends over time. Serving as the foundation of the budget planning process (Attachment 1), the Town develops a Five-Year Financial Forecast

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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DISCUSSION (continued):

("Forecast") beginning in the winter of each year. The Forecast enables the Town to evaluate the Town's fiscal condition and to help guide policy, programmatic planning, and budget decisions. Development of a financial forecast as part of the budget development process has been identified as a best practice by the Government Financial Officers Association (GFOA).

The Forecast takes a forward look at the Town's General Fund revenues and expenditures and is updated regularly. Its purpose is to identify financial trends, potential shortfalls, and other issues so the Town can proactively address them and budget accordingly. It does so by projecting out into the future the fiscal results of continuing the Town's current service levels and policies. This process helps to provide a snapshot of what the future may look like as a result of the decisions made to date.

The initial Forecast (FY 2023/24 – 2027/28) is predicated on estimates derived from the FY 2022/23 Mid-Year review and includes updates to Town revenues and expenditures based on the Mid-Year end of year projections. Like any forecast, the Forecast's revenue estimates for the first year is the most critical in the process as they ultimately define the expenditure limitations for the upcoming budget year.

This report contains detailed information that contributes to the preparation of the annual budget, including the Town's "Base Case" Five-Year Forecast, its data sources, and budget assumptions. This report also provides two additional forecast scenarios utilizing a sensitivity analysis for four of the major revenue assumptions. These additional forecast scenarios illustrate the effects on future budgets of a more optimistic revenue scenario ("Greater Growth") and a pessimistic revenue one ("Lower Growth").

The Five-Year Financial Forecast is not a budget, nor a proposed plan. The Five-Year Financial Forecast sets the stage for the upcoming budget process and is a tool in facilitating both the Town Council and Town Manager in establishing priorities and allocating resources appropriately.

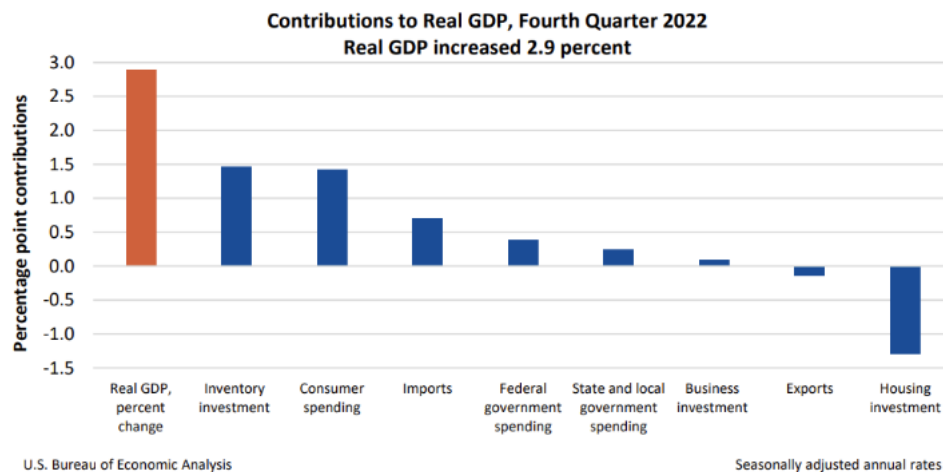
National and Local Economic Backdrop

The UCLA Anderson School of Business publishes an annual economic forecast for the nation and California. The results of the forecast are utilized as a portion of the macroeconomic basis of the Five-Year Forecast development. In their September 2022 Economic Outlook, they mentioned that based on their analysis, the chance of recession in U.S. in the next 12 months is less than 50%. Their assumption is that the economy will grow 1.5% in 2022, 0.3% in 2023, and 2.0% in 2024. Their assessment was backed by their study of strong consumer spending as we ease from COVID related supply chain issues. Another assumption is that business investment

DISCUSSION (continued):

is expected to occur domestically rather than internationally due to mounting geopolitical instability over the past year.

In its December 2022 Economic Outlook, Anderson mentioned that the “national economy has proved resilient as consumers continue to spend and businesses continue to invest.” This is demonstrated by the Gross Domestic Product (GDP) increase of 3.2% in the third quarter and 2.9% (advance estimate) in the fourth quarter of 2022. As the graph below illustrates, the 2.9% increase is partly offset by the decrease in housing investment. Inventory investment and consumer spending helped this downturn amidst the inflation, unemployment, and supply-chain issues.



Based on this report, it was noted that the Federal Reserve actions will cushion California’s economy. The sectors of logistics, technology, and health care helped California’s GDP growth. Its growth has been faster than the U.S. since high-income earners tend to belong in these sectors. In terms of the housing market, the increase of interest rates affected the decline of the median price of single-family homes. According to the report, “the median price was 8.4% below its previous peak but had returned to early 2021 levels.” With this assumption, the surge of accessory dwelling units (ADU) and growth in industrial space sector will help shield the state. This in turn makes the 2023 forecast for California more of a moderate slowing than for the U.S. overall.

Operating Revenue Trends and Five-Year Forecast Scenarios

The Town is highly dependent on four economically sensitive revenues comprising 54% of General Fund forecasted revenues. Following are summaries of the Town’s major revenues of property tax, sales tax, business license tax, and transient occupancy tax (TOT). To provide context for the development of the Five-Year Forecast (FY 2023/24 – 2027/28), the prior year’s

DISCUSSION (continued):

growth assumptions and resulting revenue projections are provided. The Base Case Forecast can be found in Attachment 2.

With that context, updated growth assumptions are provided for each revenue source, and the resultant projected revenues for the new Forecast period. The revenue assumptions provided are informed by the County Tax Assessor, the Town's sales tax consultant, and direct communication with the Town's hospitality industry. In addition, alternative forecast scenarios are discussed in this report for these three revenue streams. Please see Attachment 3 for a description of all revenue categories with a comprehensive listing of revenue forecast assumptions.

Property Tax

Property tax is the single largest revenue source for the Town and comprised approximately 42% of total Town projected revenues for FY 2022/23. As the following table illustrates, Los Gatos has benefited from the economic expansion as evidenced by year-over-year (YOY) roll growth in property assessment since 2013. For the 10-year period, the average annual growth rate was 6.3%.

*Los Gatos Assessment Roll Growth* (values in billions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total Roll</b>	9.46	9.99	10.63	11.54	12.29	13.15	13.84	14.9	15.6	16.8
<b>Percent Growth</b>	9.06	5.62	6.4	8.56	6.54	6.95	5.23	7.7	4.33	2.7

Source: Santa Clara County Assessors Annual Reports

The County of Santa Clara provides property tax collection updates and projections throughout the year. The following table illustrates the most recent estimates relative to the Adopted FY 2022/23 Budget and FY 2021/22 actuals. The current County estimate indicates \$617,332 more than the Adopted Budget. The increase is a combined effect of higher than expected Redevelopment Agency (RDA) Residual Apportionment, and Vehicle License Fees (VLF), decrease in secured property tax estimates, and no change to property transfer tax and the Educational Revenue Augmentation Fund (ERAF) estimates.

	FY 2021/22 Actual	FY 2022/23 Adjusted Budget	County Estimate with 70% ERAF
Property Tax Revenue & Vehicle License Fee Backfill	\$21.1 M	\$20.9 M	\$21.5 M

DISCUSSION (continued):

The Town has been monitoring ongoing developments regarding the distribution of excess ERAF funds. A portion of property tax revenue goes to the ERAF to support local school districts. When the amount contributed to ERAF is more than the minimum cost of funding local schools, excess funds have traditionally been returned to the county, cities, and special districts. Five counties, including Santa Clara, have been using a redistribution allocation formula that has been contested by the State. The Town received the full amount for FY 2021/22; however, the Santa Clara County Assessor's Office recommends budgeting only 70% of the FY 2022/23 projected number. The Adopted FY 2022/23 Budget included a \$1,5 million ERAF estimate, 70% of the current ERAF base revenue estimate is still the same.

The following table illustrates the growth factors used in the development of the Five-Year Forecast (FY 2022/23 – 2026/27).

Property Tax	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Proposed Growth	3%	3%	3%	3%	3%

For purposes of the Forecast, the "Base Case" utilizes a growth factor of 3.0% and the "Greater Growth" and "Lower Growth" scenarios utilize a 2% differential from the Base Case. In addition to the growth factor, staff continues to assume \$400,000 residual excess ERAF revenue in the base case scenario, 70% of the FY 2022/23 proceeds in the "Greater Growth," and no ERAF revenues and the "Lower Growth" scenarios.

Property Tax (Property Tax & VLF)	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Greater Growth Scenario	\$22.40	\$23.50	\$24.60	\$25.90	\$27.30
Base Case Modest Growth	\$20.80	\$21.40	\$22.10	\$22.70	\$23.50
Lower Growth Scenario	\$20.00	\$20.20	\$20.50	\$20.60	\$20.90

Sales Tax

Sales tax is the second largest revenue source for the Town and comprised approximately 16% of total Town projected revenues for FY 2022/23. The following table illustrates the most recent projections from the Town's sales tax consultant MuniServices relative to the Adjusted FY 2022/23 budget and FY 2021/22 actuals.

DISCUSSION (continued):

	FY 2021/22 Actual	FY 2022/23 Adjusted Budget	January 18, 2023 MuniServices Estimate
Base Sales Tax	\$7.2 M	\$7.9 M	\$7.5 M

	FY 2021/22 Actual	FY 2022/23 Adjusted Budget	January 18, 2023 MuniServices Estimate
Measure G – 1/8 District Tax	\$1.3 M	\$1.3 M	\$1.3 M

Current total sales tax estimates include \$7,559,566 (\$301,422 decrease) in proceeds from regular sales tax and \$1,287,690 (\$26,266 decrease) in proceeds from the Measure G one-eighth cent district tax. Actual receipts net of administrative fees collected by the State will be confirmed at the close of the fiscal year and per prior Council direction, the Measure G funds are allocated 50% for capital improvement projects and 50% for operating expenses.

The table below provides the MuniServices Most Likely scenario which staff is utilizing for development of the FY 2023/24 Five-Year Forecast.

Base Sales Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Most Likely	\$7.70	\$8.00	\$8.20	\$8.50	\$8.70

Measure G 1/8 District Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Most Likely	\$1.30	\$1.30	\$1.40	\$1.40	\$1.40

The following tables illustrates MuniServices Most Likely scenario relative to their “Conservative” and “Optimistic” scenarios.

Base Sales Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Conservative	\$7.00	\$7.20	\$7.40	\$7.60	\$7.80
Most Likely	\$7.70	\$8.00	\$8.20	\$8.50	\$8.70
Optimistic	\$8.50	\$8.80	\$9.00	\$9.30	\$9.60

DISCUSSION (continued):

Measure G 1/8 District Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Conservative	\$1.20	\$1.20	\$1.30	\$1.30	\$1.30
Most Likely	\$1.30	\$1.30	\$1.40	\$1.40	\$1.40
Optimistic	\$1.40	\$1.40	\$1.50	\$1.50	\$1.60

Further Information related Sales Tax context are included as Attachment 5.

Transient Occupancy Tax

TOT is an important revenue source for the Town and comprises approximately 4% of total Town estimated revenues in the amount of \$2.0 million for FY 2022/23. The Town levies a 12% transient occupancy tax (TOT) on all hotel and motel rooms within the municipal limits of Los Gatos

The following table illustrates TOT FY 2021/22 actuals, the Adjusted FY 2022/23 Budget, and year-end collection estimates.

	FY 2021/22 Actual	FY 2022/23 Adjusted Budget	Year-end Estimate
TOT	\$1.9 M	\$1.6 M	\$2.0 M

The FY 2022/23 Adopted Budget modeled a 17.3% increase from FY 2021/22 adjusted budget. During the pandemic, TOT experienced the most significant percentage decline relative to historical trends. Due to a significant rebound in leisure “staycation” travel and modest improvements in business travel, current TOT collections are trending higher than anticipated and average occupancy rates are rebounding as well.

The table below illustrates the growth projections utilized for development of the Five-Year Forecast (FY 2023/24 – 2027/28) for TOT and corresponding estimated revenues.

TOT	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Proposed Growth	5%	3%	3%	3%	3%
Estimated Revenues	\$2.1 M	\$2.2 M	\$2.2 M	\$2.3 M	\$2.4 M

DISCUSSION (continued):

For purposes of the Forecast, the “Base Case” utilizes a growth factor as illustrated above and the “Greater Growth” and “Lower Growth” scenarios utilize a 1% differential from the Base Case.

TOT	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Greater Growth Scenario	\$2.1	\$2.2	\$2.3	\$2.4	\$2.5
Base Case Modest Growth	\$2.1	\$2.2	\$2.2	\$2.3	\$2.4
Lower Growth Scenario	\$2.10	\$2.10	\$2.20	\$2.20	\$2.30

Business License Tax

The Town requires all businesses located within Los Gatos and/or those that operate within Los Gatos to obtain a business license. The amount of business license tax paid by each business is based on its business activity. In November 2022, Los Gatos voters approved Measure J, which modernized the Town’s business license tax program. This is the first update to the program since 1991, strengthening funding for core Town services that are enjoyed by Town businesses. Measure J included a 30% increase on flat rate fees, a 40% increase in retailing gross receipts, and a 120% increase in e-commerce, manufacturing, wholesaling, and jobbing gross receipts. Fees for activities such as wholesale sales and manufacturing are charged on a sliding scale based on gross receipts, as is retail, with retail being capped at \$1,365. These gross receipt activities account for approximately 25% of annual business licenses, while the remaining 75% are flat fee businesses. Annual renewal payments are due on January 2 of each year. Payments for new flat-fee-based businesses are prorated by quarter.

Business license tax revenue for the current fiscal year was budgeted at the prior tax rate, current estimates based on the updated tax rate predict a significant increase for the business license tax revenue. Staff is recommending a \$1,056,500 increase to this revenue source as an adjustment to the FY 2022/23 budget.

The following table illustrates Business License FY 2021/22 actuals, the Adjusted FY 2022/23 Budget, and year-end collection estimates.

	FY 2021/22 Actual	FY 2022/23 Adjusted Budget	Year-end Estimate
Business License	\$1.5 M	\$1.4 M	\$2.4 M



DISCUSSION (continued):

Business license tax revenue for the current fiscal year was budgeted at the prior tax rate. Current estimates based on the updated tax rate predict a significant increase for business license tax revenue. Staff is recommending a \$1,056,500 increase to this revenue source and this estimate provides the base for the Five-Year Forecast (FY 2023/24 – 2027/28) as illustrated below.

Business License	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Proposed Growth	2%	2%	2%	2%	2%
Estimated Revenues	\$2.5 M	\$2.5 M	\$2.6 M	\$2.6 M	\$2.7 M

For purposes of the Forecast, the “Base Case” utilizes a growth factor as illustrated above and the “Greater Growth” and “Lower Growth” scenarios utilize a 1% differential from the Base Case.

Business License	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Greater Growth Scenario	\$2.5	\$2.6	\$2.7	\$2.8	\$2.8
Base Case Modest Growth	\$2.5	\$2.5	\$2.6	\$2.6	\$2.7
Lower Growth Scenario	\$2.5	\$2.5	\$2.5	\$2.5	\$2.6

Garbage Franchise Fee

Franchise fees are collected by the Town for the privilege of operating a utility service within Los Gatos, and as a fee in lieu of a business license tax. Franchise fees are currently received from Comcast for cable television, PG&E for gas and electric services, West Valley Collection and Recycling for solid waste collection services, and AT&T and Comcast for video services. Franchise fees represent 5% of projected General Fund revenues in FY 2022/23.

As the Town previously enclosed in the FY 2021/22 Annual Comprehensive Financial Report (ACFR), the California Supreme Court recently issued an opinion in a case challenging the franchise fees that the city of Oakland charges to certain waste hauling companies. In *Zolly v. City of Oakland*, the court concluded that it did not have enough evidence to rule as a matter of law that the fees are exempt from the voter approval requirements that apply to taxes under Proposition 26, Article XIII C of the California Constitution. However, there are several exceptions to the general rule that a tax must be approved by the voters. One exception (Article IIIC, section 1 (e)(1)) is for “a charge imposed for a specific benefit conferred or privileged granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or

DISCUSSION (continued):

granting the privilege.” In the event the Town is unable to utilize one of the exceptions, the potential impact is a loss of approximately \$2.4 million annually.

The following table illustrates total franchise fees collection with and without garbage franchise fees.

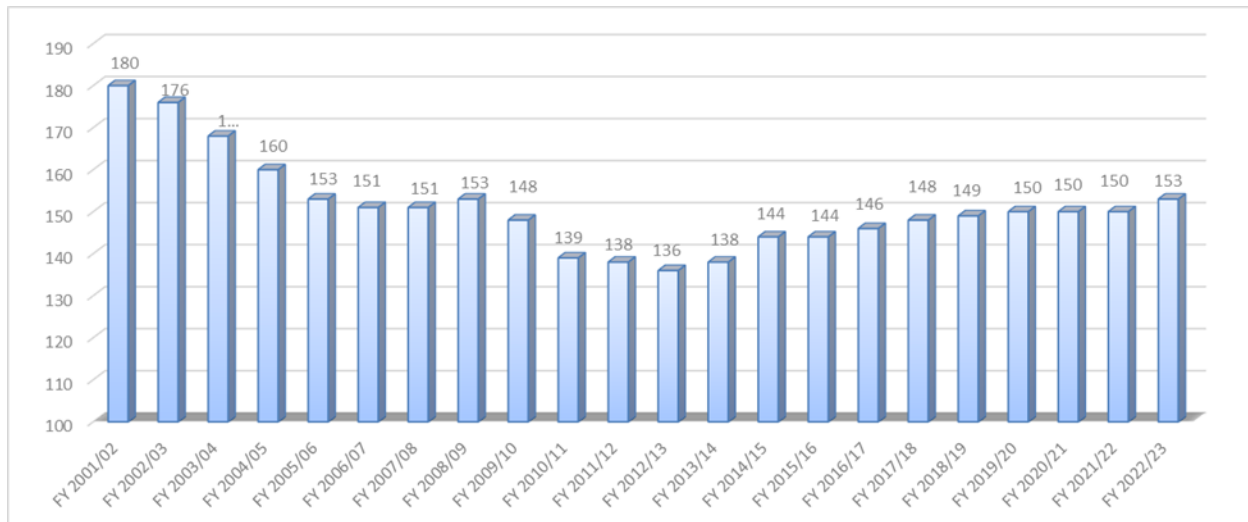
Franchise Fees	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
All Franchise Fees	\$2.8 M	\$2.8 M	\$2.9 M	\$3.0 M	\$3.1 M
Franchise Fees without Garbage Franchise Fee	\$0.9 M	\$0.9 M	\$0.9 M	\$1.0 M	\$1.0 M

Operating Expense Trends and Five-Year Forecast Scenarios

Forecasts of future operating expenditures take into account two key factors: cost escalation and new operating expenditures. New operating expenditures refer to costs created by new or enhanced service programs approved during the annual budget process. Attachment 4 contains the expenditure assumptions.

Cost escalation refers to largely unavoidable increases in the cost of doing business. It includes inflation, multi-year contract costs, health care costs, and unfunded State mandates. Cost escalation also includes other unavoidable cost increases unique to a government organization, such as a rise in wages consistent with collective bargaining agreements and annual pension payments mandated by CalPERS. The Town has three bargaining units, including the Town Employees’ Association (TEA), the American Federation of State, County and Municipal Employees (AFSCME), and the Police Officers’ Association (POA). The unrepresented groups are Management and Confidential.

For FY 2022/23, General Fund Estimated Operating expenditures (not including debt payment and transfers out) are \$46.9 million. The delivery of Town services is highly dependent on talent which comprises 70% of estimated General Fund expenditures. Given the high dependence on labor for service delivery, the Town has helped manage salary escalation (and benefits) through the maintenance of lower staffing levels. As the table below illustrates, since 2001 the Town has reduced its full-time employees by 15% to 153 FTE employees.

DISCUSSION (continued):

Mandated pension payments to CalPERS has consistently been one of the major cost drivers for the Town over the past decade with persistent unanticipated increases in pension costs. The Town's plans over the past several decades, like all other CalPERS participants, have experienced unfavorable investment returns, changes in actuarial assumptions, and demographic changes which have outweighed any positive plan experiences. The outcome of these unfavorable economic and demographic results is the development of unfunded pension and Other Post-Employment Benefit (OPEB) obligations for the Town. To address the escalation in pension costs, previous Councils have allocated additional discretionary pension funding, totaling \$10.4 million. These additional discretionary payments will ultimately yield an approximate additional \$12.7 million in contribution savings.

The Town and its bargaining groups have also worked to contain benefit costs. The Town closed the CalPERS retiree Tier 1 benefit for non-safety employees and created a new Tier 2 for non-safety new employees in 2012, implemented the Public Employees' Pension Reform Act (PEPRA) for all new non-classic employees starting in 2013, and participates in the CalPERS discounted prepayment option.

In addition to the management of the Town's pension obligations, prior Councils and the Town's bargaining groups have worked to curb cost escalation in OPEB. In 2009, the Town initiated prefunding of the retiree healthcare benefit and has since established approximately \$22.6 million in OPEB assets (as of 12/31/2022) from zero in 2009. In 2016, the Town's bargaining groups approved the introduction of dependent cost sharing and a reimbursement cap to Medicare eligible employees, and in 2018 the elimination of the Town's existing retiree healthcare benefit prospectively.

DISCUSSION (continued):

While these collective measures have helped to slow the growth in salary and benefit expenses, the Forecast anticipates continued increases in the Town's pension obligations.

Provided below are the expense assumptions for salary and benefits and alternate case scenarios for pension contributions. The majority of other expenses are assumed to increase at 3% per annum. Detailed expenditure assumptions and factors can be found in Attachment 4.

Salary and Benefits*Salary*

The Town has historically budgeted vacant and non-sworn positions at top step of the range for the position. Sworn and management positions are budgeted at one step higher of current step in anticipation of any merit increases expected to be awarded in the upcoming fiscal year. Based on Council's direction for FY 2021/22, salaries were budgeted at actual salary plus a one step increase, which was a significant budgeting methodology change from previous practice. This methodology will be continued for the development of FY 2023/24 budget unless modified by the Town Council.

For the Forecast, positions are budgeted at the actual rate of pay of employees including benefits as of January 2023. Then, by position, salary costs are updated in accordance with the applicable Memorandum of Understanding (MOU) between the Town and its bargaining units. The Memoranda of Understanding that outline the individual agreements between the Town and each unit related to compensation, health benefits, leave time, and grievance procedures will expire with TEA and AFSCME on June 30, 2024. POA's MOU will expire on September 30, 2024. The Management and Confidential groups are unrepresented.

In addition to the economic terms of the MOUs, the Forecast assumes step increases for employees in applicable positions, and merit increases for Management and Confidential employees. In addition, based on prior Council guidance, 2% cost of living wage adjustments (COLA) are included in the Forecast for each year starting in 2024/25.

Salaries (Current MOUs)	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Base Case	\$23.10	\$23.62	\$24.09	\$24.63	\$25.17

The following table illustrates the base case forecast compared to a forecast with 4% vacancy saving factor as recommended by the Finance Commission.

DISCUSSION (continued):

Surplus/Deficit	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Base Case	(\$2.70)	(\$3.10)	(\$3.00)	(\$3.10)	(\$3.20)
with 4% Vacancy Factor	(\$1.30)	(\$1.70)	(\$1.50)	(\$1.50)	(\$1.60)

*Pension and Other Benefits*

For purposes of the Forecast, staff utilizes estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS Actuarial Valuation Reports as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21.

Pension & Other Benefits	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Base Case	\$12.50	\$12.90	\$13.10	\$13.70	\$14.20

Given that investment returns have one of the largest impacts on contribution variability, CalPERS provides projected employer Unfunded Actuarial Liability (UAL) contributions under alternate investment returns. Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur. The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between these levels over the 20-year period ending June 30, 2041. This information is included for informative purposes and is not included in the base case, "Greater Growth," or "Lower Growth" scenarios.

DISCUSSION (continued):

UAL Town Contributions (Misc & Safety)	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2026/27 Forecast	2027/28 Forecast
Greater Investment Return Scenario (10.8%)	\$4,432,000	\$3,131,000	\$1,613,000	\$56,000	\$0
Base Investment Return Case (3.0%)	\$4,774,000	\$4,587,000	\$4,914,000	\$5,316,000	\$6,128,000

Source: CalPERS Actuarial Valuations as of June 30, 2021

For the year ending June 30, 2022, the Public Employees Retirement Fund (PERF) returned negative 7.5%. The table below illustrates the historic investment returns for five years, ten years, twenty years, and thirty years.

CalPERS Compound Annual Rates of Return (as of June 30, 2021)	5 Years	10 Years	20 Years	30 Years
Compound Annual Return	10.30%	8.50%	6.90%	8.40%

Five-Year Financial Forecast Alternative Scenarios

The tables below present the “Base Case” forecast contrasted against the two alternative revenue scenarios of “Greater Growth” and “Lower Growth.” In addition, the 4% vacancy factor and the elimination of the garbage franchise fees are illustrated compared to the base case. As illustrated in the tables, even modest changes to the “Base Case” forecast can result in either additional surpluses or deficits during the forecast period.

5 Year Forecast "Base Case"	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Total Revenues & Transfers	\$48.9	\$50.1	\$51.4	\$53.1	\$54.5
Total Expenses & Allocations	\$51.6	\$53.2	\$54.4	\$56.2	\$57.7
Surplus/Deficit	(\$2.7)	(\$3.1)	(\$3.0)	(\$3.1)	(\$3.2)

Alternative Scenario "Greater Growth"	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Total Revenues & Transfers	\$51.4	\$53.2	\$55.1	\$57.6	\$59.5
Total Expenses & Allocations	\$51.7	\$53.2	\$54.4	\$56.3	\$57.8
Surplus/Deficit	(\$0.3)	\$0.0	\$0.7	\$1.3	\$1.7

DISCUSSION (continued):

Alternative Scenario "Lower Growth"	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Total Revenues & Transfers	\$47.3	\$47.9	\$48.9	\$49.9	\$50.8
Total Expenses & Allocations	\$51.6	\$53.1	\$54.3	\$56.2	\$57.7
Surplus/Deficit	(\$4.3)	(\$5.2)	(\$5.4)	(\$6.3)	(\$6.9)

Alternative Scenario "4% Vacancy Factor"	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Total Revenues & Transfers	\$48.9	\$50.1	\$51.4	\$53.1	\$54.5
Total Expenses & Allocations	\$50.2	\$51.8	\$52.9	\$54.6	\$56.1
Surplus/Deficit	(\$1.3)	(\$1.7)	(\$1.5)	(\$1.5)	(\$1.6)

Alternative Scenario without Garbage Franchise Fee	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Total Revenues & Transfers	\$47.1	\$48.2	\$49.4	\$51.1	\$52.4
Total Expenses & Allocations	\$51.6	\$53.2	\$54.4	\$56.2	\$57.7
Original Surplus/Deficit	(\$4.5)	(\$5.0)	(\$5.0)	(\$5.1)	(\$5.3)

CONCLUSION:

The Town Council should review and discuss the elements and assumptions of the initial Five-Year Forecast and other budget considerations. The "Base Case" Forecast estimates deficits at this time. Staff looks forward to answering the Town Council questions and receiving direction for the preparation of the proposed FY 2023/24 Operating Budget that results from the discussion.

The Finance Commission reviewed the Five-Year Forecast Report at its February 13, 2023 meeting. The Finance Commission commented that actual revenues tend to be higher than forecasted. There were no specific recommendations on the elements and assumptions of the initial Five-Year Forecast and other budget considerations.

The preparation of the FY2023/24 Operating and Capital Budgets is taking into account the Town's current economic reality and long term fiscal picture, as well as maintaining the Town's

CONCLUSION (continued):

high level of municipal services. This is considered a “status quo” approach with no major new initiatives or staffing. Key budget principles include:

- Develop and recommend a balanced budget that maintains service levels;
- Address projected deficits;
- Continue to make progress on Strategic Priorities identified by the Town Council; and
- Identify opportunities to maintain or enhance service delivery through new revenue sources and technology.

The Capital Improvement Program and direction will be discussed separately at the March meeting. The Finance Commission may also discuss budget assumptions. The Draft FY 2023/24 Operating and Capital Budgets will be available in April for the Finance Commission elaboration with the budget hearing tentatively scheduled for May 16, 2023.

COORDINATION:

This Report was prepared by the Finance Department and the Town Manager Office.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Annual Budget Process
2. Base Case Five-Year Forecast
3. Forecast Revenue Assumptions
4. Forecast Expense Assumptions
5. Additional Sales Tax Context from MuniServices
6. Public Comments Received before Publishing the Staff Report



	Prior FY (2021/22)	Current FY (2022/23)	Next FY (2023/24)
December	<p><b>June 30, 2022 ACFR</b> finalized and presented for Council approval.</p> <p><b>ACFR</b> surpluses assigned per the Council Reserve Policy as of June 30, 2022</p>		
January		<p>Council deliberates <b>Strategic Priorities</b> and <b>Budget</b> direction for FY 2023/24.</p> <p>Review of Five-year Forecast and assumptions.</p> <p>Council determines if previously assigned surpluses should be reallocated for FY 2023/24.</p>	
February		Council considers <b>Mid-Year Budget</b> adjustments through 12/31/2022 for FY 2022/23 Budget.	
April		Finance Commission review and comment on Proposed FY 2023/24 <b>Operating &amp; Capital Budgets</b> .	
May		Public hearing on FY 2023/24 <b>Operating &amp; Capital Budgets</b>	
June		Council adoption of the FY 2023/24 <b>Operating &amp; Capital Budgets</b>	End of <b>June 30, 2023 ACFR</b> period
July			Start of new FY 2023/24 <b>Operating Budget</b> year
December			<p><b>June 30, 2023 ACFR</b> finalized and presented for Council approval.</p> <p><b>ACFR</b> surpluses assigned per the Council Reserve Policy as of June 30, 2023</p> <p><b>ATTACHMENT 1</b></p>

**Town of Los Gatos General Fund 5-Year Forecast - Base Case**  
(in \$ million)

Account	Revenue Category	2021/22 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
4100	Property Tax	\$ 16.9	\$ 16.6	\$ 17.0	\$ 16.3	\$ 16.8	\$ 17.3	\$ 17.8	\$ 18.4
4110	VLF Backfill Property Tax	4.2	4.4	4.6	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.2	7.9	7.5	7.7	8.0	8.2	8.4	8.7
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4
4250	Franchise Fees	2.8	2.5	2.7	2.7	2.8	2.9	3.0	3.1
4251	Transient Occupancy Tax	1.9	1.6	2.0	2.1	2.2	2.2	2.3	2.4
4400	Business License Tax	1.5	1.4	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	4.8	2.8	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.1	1.3	1.0	1.0	1.0	1.2	1.1
4600	Town Services	5.3	4.4	5.1	3.8	3.8	3.9	4.0	4.1
4700	Fines & Forfeitures	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3
4800	Interest	(1.4)	0.4	0.5	0.4	0.4	0.4	0.4	0.4
4850	Other Sources	7.0	3.2	2.5	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>		\$ 53.7	\$ 48.3	\$ 50.5	\$ 48.1	\$ 49.3	\$ 50.6	\$ 52.3	\$ 53.7
	Capital	0.6	2.4	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	0.7	-	-	-	-	-	-
	ARPA Replacement Revenue	-	1.6	-	-	-	-	-	-
<b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>		\$ 56.9	\$ 54.5	\$ 53.2	\$ 48.9	\$ 50.1	\$ 51.4	\$ 53.1	\$ 54.5
Account	Expenditure Category	2021/22 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
5110	Salary	20.0	23.3	22.0	23.1	23.6	24.1	24.6	25.2
5120	CalPERS Benefits	6.5	7.7	7.1	8.1	8.4	8.5	9.0	9.4
5200	All Other Benefits	3.7	4.6	3.9	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.4	1.5	1.6	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	10.4	7.1	7.8	6.9	7.2	7.3	7.6	7.7
7200	Grants & Awards	1.8	0.2	0.6	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.6	2.7	2.4	2.9	3.1	3.3	3.7	3.8
8900	Debt Service	2.1	1.9	2.0	2.1	2.1	2.1	1.9	2.1
<b>TOTAL OPERATING EXPENDITURES</b>		\$ 49.0	\$ 49.5	\$ 48.1	\$ 49.8	\$ 51.3	\$ 52.5	\$ 54.3	\$ 55.8
	GASB 45 Retiree Medical Actuarial	0.1	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
<b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>		\$ 49.8	\$ 49.9	\$ 48.8	\$ 50.2	\$ 51.7	\$ 52.9	\$ 54.7	\$ 56.2
	Capital Transfers Out to GFAR	1.2	2.3	2.4	0.8	0.8	0.8	0.8	0.8
	1/2 of Measure G Proceeds to Capital	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.7
	Fund	-	0.4	0.7	-	-	-	-	-
<b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>									
	Stabilization/Catastrophic	1.1	-	-	-	-	-	-	-
	Allocate to Compensated Absences	(0.2)	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	(0.4)	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	0.3	-	-	-	-	-	-	-
	Allocate from CalPERS/Pension	(0.3)	-	-	-	-	-	-	-
	Allocate to Authorized Carryforwards	0.03	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>		\$ 52.1	\$ 53.3	\$ 52.5	\$ 51.6	\$ 53.2	\$ 54.4	\$ 56.2	\$ 57.7
<b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>		\$ 4.7	\$ 1.2	\$ 0.7	\$ (2.7)	\$ (3.1)	\$ (3.0)	\$ (3.1)	\$ (3.2)
* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trusts activities.									

## Revenue Baselines and Projection Factors

Type of Revenue	FY 2022/23 Estimates Baseline	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
<b>Property Tax/VLF Backfill</b>	Current baseline set by SCC Assessor Office November 2022 report	3%	3%	3%	3%	3%
<b>ERAF</b>	Current baseline set 70% of SCC Assessor Office November 2022 report	\$400K	\$400K	\$400K	\$400K	\$400K
<b>Sales Tax</b>	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates
<b>Sales Tax - Measure G</b>	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates
<b>Franchise Fee</b>	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%
<b>Transient Occupancy Tax</b>	Current baseline set by FY 2022/23 Estimates	5%	3%	3%	3%	3%
<b>Business License Tax</b>	Current baseline set by FY 2022/23 Estimates	2%	2%	2%	2%	2%
<b>License &amp; Permits</b>	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%
<b>Town Services</b>	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%

### **Revenue Baselines and Projection Factors**

<b>Fine &amp; Forfeitures</b>	Current baseline set by FY 2022/23 Estimates	Varies	Varies	Varies	Varies	Varies
<b>Interest</b>	Current baseline set by FY 2021/22 Actuals	1%	1%	1%	1%	1%
<b>Other Sources</b>	Current baseline set by FY 2022/23 Estimates	Varies	Varies	Varies	Varies	Varies

## EXPENDITURE BASELINE AND PROJECTION FACTORS

Beginning in FY 2020/21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of January 20, 2023, and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
<b>Salaries*(TEA, Conf, Temp)</b>	3-8%	3%	2%	2%	2%	2%
<b>Salaries *(POA)</b>	7.25%	3%	2%	2%	2%	2%
<b>Salaries*(AFSCME)</b>	7.5%	3%	2%	2%	2%	2%
<b>Salaries * (Management)</b>	3%	3%	2%	2%	2%	2%
<b>Benefit - Medical**</b>	7%	7%	7%	7%	7%	7%
<b>Operating Expenditures***</b>	Varies	3%	3%	3%	3%	3%
<b>Grants &amp; Awards</b>	0%	0%	0%	0%	0%	0%
<b>Utilities***</b>	Varies	3%	3%	3%	3%	3%
<b>Internal Service Charges***</b>	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
<b>Debt Service</b>	Debt Service Schedules					

*\*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 2% per year cost of living adjustment.*

*\*\* Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)*

*\*\*\* Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS actuarial valuation Reports

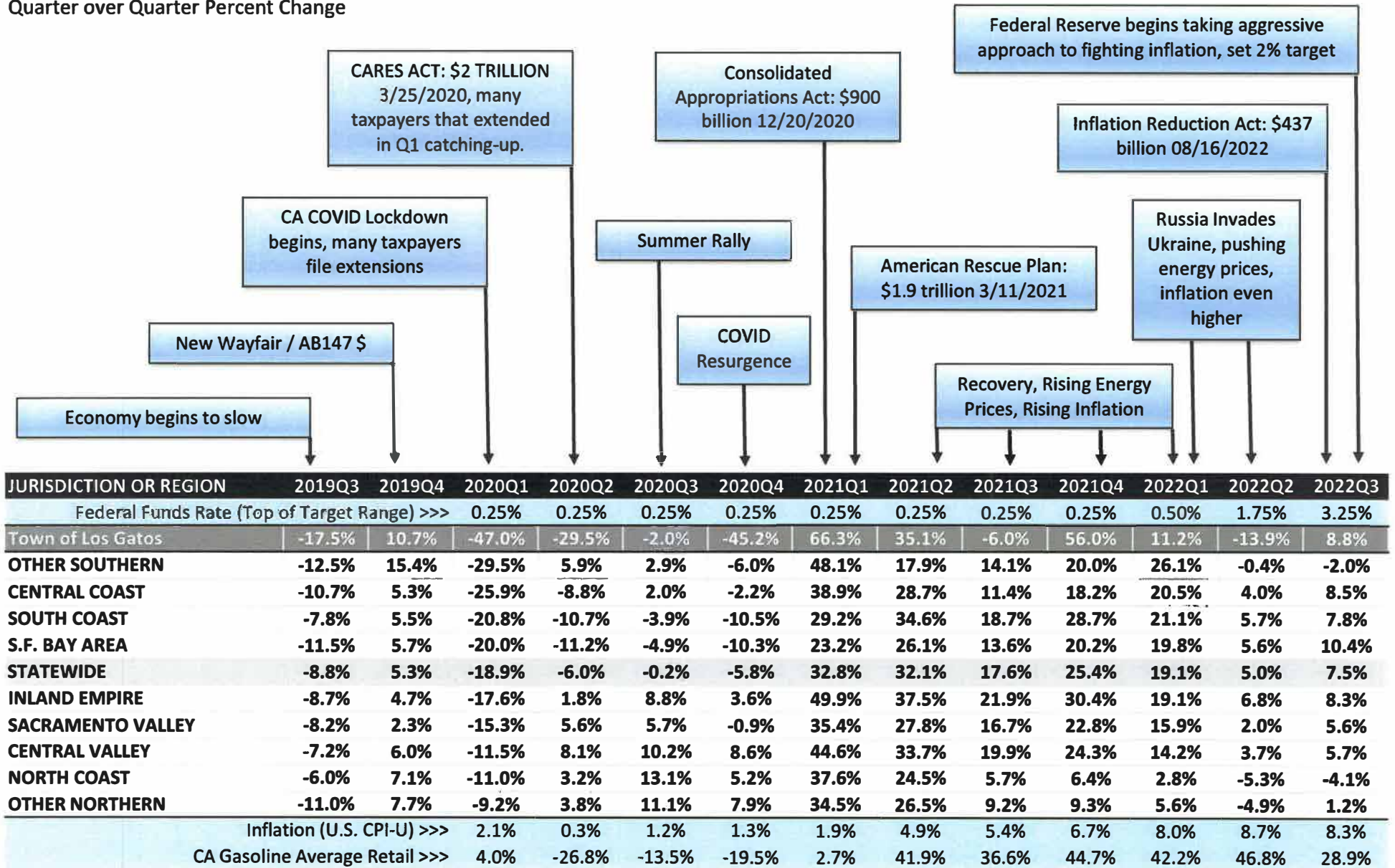
as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
<b>Safety POA</b>	69.44%	81.31%	86.65%	90.15%	93.71%	96.09%
<b>Safety Management POA</b>	72.44%	84.31%	89.65%	93.15%	96.71%	99.09%
<b>Safety POA - PEPPRA</b>	14.62%	14.5%	14.5%	14.5%	14.5%	14.5%
<b>Miscellaneous TEA/AFSCME/Confidential/Management</b>	29.92%	29.97%	28.67%	27.53%	28.58%	29.06%
<b>Miscellaneous TEA/AFSCME/Confidential/Management PEPPRA</b>						
Separate PEPPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	29.97%	28.67%	27.53%	28.58%	29.06%

## California Taxable Sales

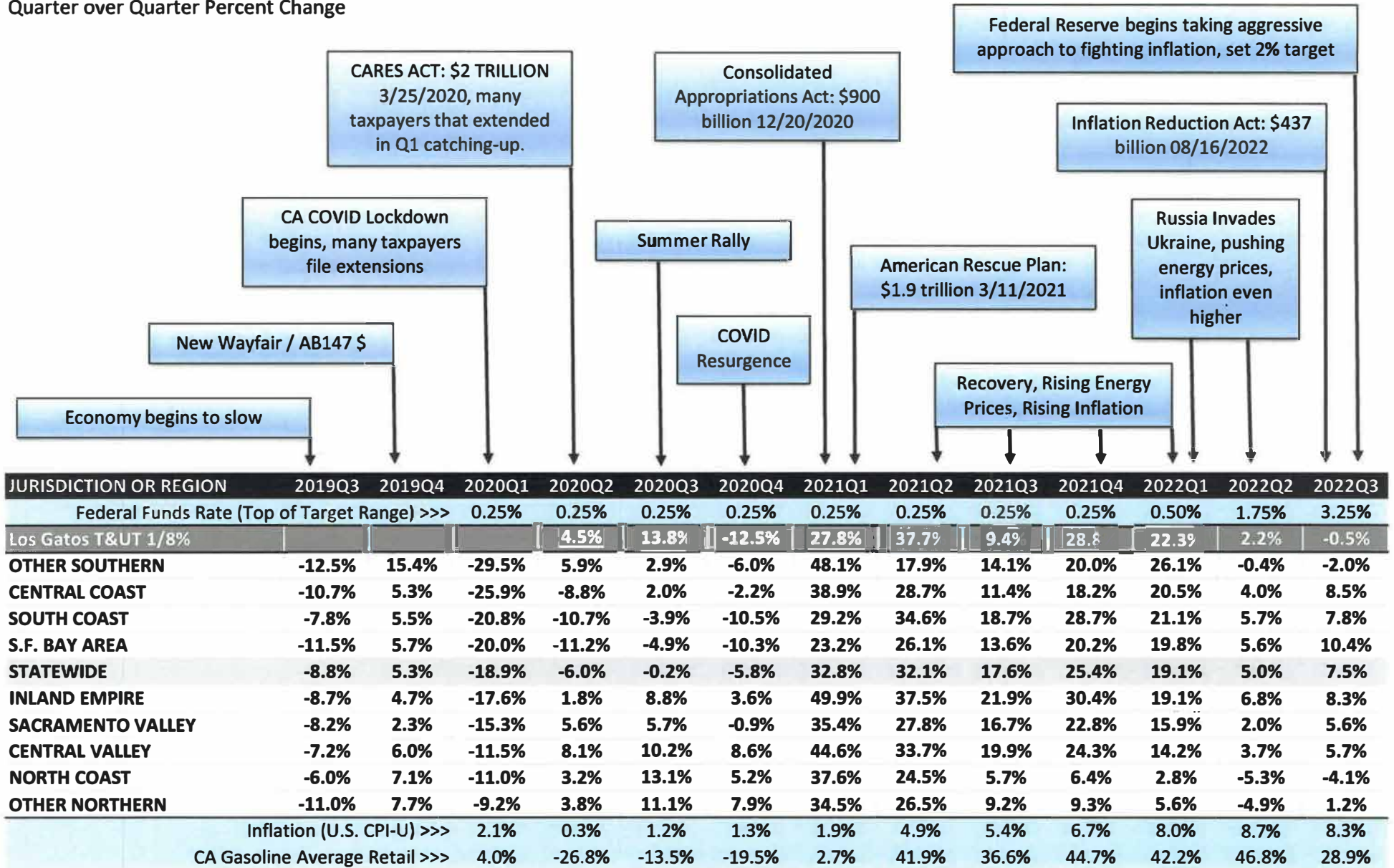
Quarter over Quarter Percent Change





## California Taxable Sales

Quarter over Quarter Percent Change





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**From:** PublicComment  
**Subject:** FW: Overlook Road Eucalyptus Tree Removal  
**Attachments:** Unknown-1.jpeg; Unknown.jpeg

---

**From:** Linda S Rodriguez  
**Sent:** Monday, February 6, 2023 3:29 PM  
**To:** Mary Badame <MBadame@losgatosca.gov>; Maria Ristow <MRistow@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>; Rob Moore <RMoore@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>; manager@losgatosca.com; Clerk <Clerk@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>  
**Cc:** Rob Moulden <rmoulden@losgatosca.gov>  
**Subject:** Overlook Road Eucalyptus Tree Removal

[EXTERNAL SENDER]

Dear Mayor, Vice Mayor, Members of Council and Town Manager,

My name is Linda Rodriguez. I live at [REDACTED], Los Gatos. My building faces Overlook Road and I am in the unit directly under the two Eucalyptus trees that uprooted and fell during the storm last month and the three remaining trees

Fortunately the two trees did not fall on top of this building or any of the homes across the street.

The purpose for this email is to reinforce (letter sent on Jan. 24<sup>th</sup> by our Overlook Trees Neighborhood Group, and a letter sent by a board member of our HOA), the importance, and the need, for the removal of the remaining trees on Overlook Road; especially the three leaning trees next to the two that fell, directly over Building #6.

**(See attached photos)**

All of the trees on Overlook Road are a hazard to the homes and families that live, walk and drive under these trees, not only during winter storms but also during fire season. Living under these trees causes me, and my neighbors a lot of stress and fear during the winter months and fire season. Many property owners on Overlook Road support the removal of these trees as well as neighbors in the surrounding neighborhood.

Four years ago we sent several emails to the Town Arborist requesting that the trees be trimmed. The trees were finally trimmed, however we were unhappy with how little trimming was done. We were informed at that time that the Town put these trees on a more frequent trimming cycle. We didn't then and certainly don't now, believe that a more frequent trimming schedule is a long term solution for the danger these trees pose.

I am aware of the fact that many trees in Los Gatos fell during this past storm. However, these Eucalyptus trees are not a new problem or concern for the residents that live on this street. When the two trees fell it exacerbated the concern we have had for years. The potential loss of life and property that these old, extremely tall, highly flammable, non-native Eucalyptus trees present is a unique and long standing neighborhood concern and one that I hope the Town of Los Gatos takes very seriously when planning the 2023

budget.

Please approve the allocation of funds for the removal of these trees in your upcoming budget meetings.

I appreciate all the hard work and time each of you dedicate to keeping Los Gatos a wonderful place to live.

Thank you for your service,

*Linda S. Rodríguez*

[REDACTED]

*Los Gatos, CA 95030*

[REDACTED]

---

**From:** Debra Townley  
**Sent:** Thursday, February 9, 2023 4:55 PM  
**To:** Maria Ristow; Town Manager; Rob Moore; Matthew Hudes; Mary Badame; Rob Rennie  
**Subject:** Budget Item: Homelessness

---

[EXTERNAL SENDER]

---

Dear Council Member,

My name is Debra Townley and I am an advocate at West Valley Community Services. I am writing to you to ask you to include supportive services for our homeless residents in the budget for this coming year. Services for people experiencing homelessness are important because more and more community members are facing homelessness daily. This is a crisis and an emergency. Los Gatos is not immune to the problem of homelessness as vulnerable people need help staying sheltered and re-establishing stable housing.

We conducted a focus group earlier this week to learn what people experiencing homelessness in our town would like included in the budget. We were able to gather a group of 15 people, 9 of whom are currently experiencing homelessness in our town. Here is what they came up with: More showers (2 or 3x/week instead of 1x/week), a shelter (either permanent or temporary for events like the storm we experienced last month), and funding for faith groups to distribute things like propane tanks and laundry vouchers.

Los Gatos is a brilliant and compassionate town that likely understands the weight of this issue. I trust that homeless services will be included in the budget and look forward to the innovative and effective efforts for solving homelessness that emerge.

In community,  
Debra Townley

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**From:** kathleen elliott  
**Sent:** Thursday, February 9, 2023 4:56 PM  
**To:** Maria Ristow; Mary Badame; Rob Rennie; Matthew Hudes; Rob Moore; Town Manager  
**Subject:** Homelessness in Los Gatos

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[EXTERNAL SENDER]

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Dear Councilmember,

My name is Kathleen Elliott, and I am a client at West Valley Community Services. I am writing to ask you to include supportive services for our homeless residents in the budget for this coming year. I understand that you have stepped forward to address this issue directly and applaud that action. Though challenged with the opposite situation of being homebound in recent years I am concerned about those who cannot find affordable housing in our area.

It is a win-win situation to provide supportive services to help catapult people from homelessness to housed as both they and the community benefit. Here are some specifics to consider:

We conducted a focus group earlier this week to learn what people experiencing homelessness in Los Gatos would like included in the budget. We were able to gather a group of 15 people, 9 of whom are currently experiencing homelessness in our town. Here is what they came up with: More showers (2 or 3x/week instead of 1x/week), a shelter (either permanent or temporary for events like the storm we experienced last month), and funding for faith groups to distribute things like propane tanks and laundry vouchers.

Thank you again for adding homelessness as a strategic priority and for including services in the budget.

In community,

Kathleen Elliott

---

**From:** Elizabeth Olmos  
**Sent:** Thursday, February 9, 2023 4:58 PM  
**Subject:** Homelessness services in Los Gatos

[EXTERNAL SENDER]

Dear Councilmember,

My name is Elizabeth Olmos and I am a staff member at West Valley Community Services. I am writing to you to ask you to include supportive services for our homeless residents in the budget for this coming year.

I believe it is important for all individuals to have access to resources for their basic everyday necessities.

We conducted a focus group earlier this week to learn what people experiencing homelessness in our town would like included in the budget. We were able to gather a group of 15 people, 9 of whom are currently experiencing homelessness in our town. Here is what they came up with: More showers (2 or 3x/week instead of 1x/week), a shelter (either permanent or temporary for events like the storm we experienced last month), and funding for faith groups to distribute things like propane tanks and laundry vouchers.

Thank you again for adding homelessness as a strategic priority and I ask that you please take these crucial needs into consideration for services in the budget.

In community,

Elizabeth  
(*Pronouns: she, her, hers, ella*)

-----  
Elizabeth Olmos  
*HTH Program Case Manager*  
West Valley Community Services, Inc  
[10104 Vista Drive, Cupertino, CA 95014](#)  
Direct: 408.618.6299 | Main: 408.255.8033 | Fax: 408.366.6090

**We need your help more than ever before. [Please donate today](#) to help your community!**

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[Chefs of Compassion](#) | [WVCS in The News](#)



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**From:** Janet Farabaugh  
**Sent:** Thursday, February 9, 2023 5:00 PM  
**Cc:** kyliec@wvcommunityservices.org  
**Subject:** Support for Unhoused in Los Gatos

---

[EXTERNAL SENDER]

Dear Councilmember,

My name is Janet Farabaugh, and I am a Board Member at West Valley Community Services. I am writing to you to ask you to include supportive services for our homeless residents in the Los Gatos town budget for this coming year.

Our organization conducted a focus group earlier this week to better understand what people experiencing homelessness in Los Gatos would most like to have included in the budget. From this discussion with 15 individuals, (9 of whom are currently experiencing homelessness), the priorities were:

- Increased frequency of shower availability (2-3x per week)
- A shelter (either permanent or temporary for events like the January storm)
- Funding for faith groups to distribute essential items such as propane tanks and laundry vouchers.

Thank you for your consideration of the above. These additional services would go a long way to support the most vulnerable in our community, through a relatively modest expenditure. Los Gatos would be an example for other towns and cities of a truly inclusive community where all are welcomed and supported.

In community,

Janet Farabaugh

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**From:** Anusha Mannava  
**Sent:** Thursday, February 9, 2023 5:01 PM  
**To:** Maria Ristow  
**Subject:** Homelessness services in Los Gatos

[EXTERNAL SENDER]

Dear Councilmember,

My name is Anusha Mannava, and I am a staff member at West Valley Community Services. I am writing to you to ask you to include supportive services for our homeless residents in the budget for this coming year.

Thanks to our advocacy, the Los Gatos Town Council voted to add support for homeless residents as a Strategic Priority. However, much is to be done to address the housing crisis in this city.

We conducted a focus group earlier this week to learn what people experiencing homelessness in our town would like included in the budget. We were able to gather a group of 15 people, 9 of whom are currently experiencing homelessness in our town. Here is what they came up with: More showers (2 or 3x/week instead of 1x/week), a shelter (either permanent or temporary for events like the storm we experienced last month), and funding for faith groups to distribute things like propane tanks and laundry vouchers.

In community,

Anusha

--

Anusha

*(Pronouns: she, her, hers)*

--

Anusha Mannava  
Client Services Associate  
West Valley Community Services, Inc.

[10104 Vista Drive, Cupertino, CA 95014](https://www.westvalleycommunityservices.org/10104-Vista-Drive-Cupertino-CA-95014)

Direct: 408.471.2204 | Main: 408.255.8033 | Fax: 408.366.6090

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**From:** Kathryn Hedges  
**Sent:** Friday, February 10, 2023 2:02 PM  
**To:** Kathryn Hedges  
**Subject:** Homelessness services

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[EXTERNAL SENDER]

Dear Councilmember,

My name is Kathryn Hedges, and I am a member of the West Valley Community Services Lived Experience. I am writing to you to ask you to include supportive services for our homeless residents in the budget for this coming year.

(Say why you think services for people experiencing homelessness are important, why Los Gatos specifically should do this, what this means to you, any other thoughts you have)

We conducted a focus group earlier this week to learn what people experiencing homelessness in our town would like included in the budget. We were able to gather a group of 15 people, 9 of whom are currently experiencing homelessness in our town. Here is what they came up with: More showers (2 or 3x/week instead of 1x/week), a shelter (either permanent or temporary for events like the storm we experienced last month), and funding for faith groups to distribute things like propane tanks and laundry vouchers.

(Provide any closing thoughts, thank them for adding homelessness as a strategic priority, and ask again for them to include these crucial services in the budget).

In community,

(Your name)



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**From:** Kathryn Hedges  
**Sent:** Friday, February 10, 2023 2:22 PM  
**To:** Kathryn Hedges  
**Subject:** Funding for homelessness services

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[EXTERNAL SENDER]

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Dear Councilmember,

My name is Kathryn Hedges, and I am a member of the Lived Experience Advisory Board of West Valley Community Services. I am writing to you to ask you to include supportive services for our homeless residents in the budget for this coming year.

We must provide these services as a human rights issue. Though we cannot immediately house everyone who needs housing, at the very least we can help with other basic needs.

We conducted a focus group earlier this week to learn what people experiencing homelessness in our town would like included in the budget. We were able to gather a group of 15 people, 9 of whom are currently experiencing homelessness in our town. Here is what they came up with: More showers (2 or 3x/week instead of 1x/week), a shelter (either permanent or temporary for events like the storm we experienced last month), and funding for faith groups to distribute things like propane tanks and laundry vouchers.

People complain about unhoused people being dirty, but if you could only shower once a week and couldn't do laundry (and probably slept in your clothing for warmth outside) you would be dirty too. And people die in storms, whether because they are swept away on a creekside or get hypothermia, or it exacerbates other health conditions. Providing foul weather shelter is the lowest bar we can possibly pass towards the human right to housing.

In community,

Kathryn Hedges  
Member, WVCS Lived Experience Advisory Board

---

**From:** PublicComment  
**Subject:** FW: Letter of Support for NUMU and the Proposal for Annual Rent Reduction  
**Attachments:** Los Gatos Town Council 2023.docx

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**From:** George Rivera  
**Sent:** Tuesday, February 14, 2023 2:06 PM  
**To:** Council <[Council@losgatosca.gov](mailto:Council@losgatosca.gov)>  
**Cc:** Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>; Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Subject:** Letter of Support for NUMU and the Proposal for Annual Rent Reduction

[EXTERNAL SENDER]

February 14, 2023

Los Gatos Town Council  
The Honorable Mayor Ristow, Vice Mayor Badame, and Council Members Hudes, Moore, and Rennie

Dear Mayor Ristow, Vice Mayor Badame, and Council Members Hudes, Moore, and Rennie,

My name is George Rivera and I have attached my email letter of support on behalf of NUMU and the Proposal of Annual Rent Reduction. Thank you.

Sincerely,  
George Rivera

Los Gatos Town Council

The Honorable Mayor Ristow, Vice Mayor Badame, and Council Members Hudes, Moore, and Rennie

110 E. Main Street

Los Gatos Ca. 95030

February 14, 2023

Dear Mayor Ristow, Vice Mayor Badame, and Council Members Hudes, Moore, and Rennie,

Thank you for this opportunity in allowing me to share my concerns and perspectives regarding the fiscal budget challenges facing one of the Town of Los Gatos and the South Bay Cultural Arts institutions, NUMU. You are all aware of the unprecedented and unexpected impact that the pandemic/Covid-19 has had on individuals, businesses, education, and non-profit organizations locally, nationally, and globally. The financial impact has been devastating and has been the main reason for so many significant cultural Arts organizations to ultimately close their doors and stop to exist. The majority of these Arts organization are not the large world renowned art museums or other highly endowed institutions which are privately funded by the original founders and prominent wealthy national financial leaders with extraordinary funded endowments to survive any financial disasters. Once these smaller community Arts organizations cease to exist, the impact to the entire community is significant, and rarely can any of these organization rise from this situation. The loss to all of these communities is tremendous and impacts all areas of potential funding and income resources to any community, town, and city.

For non-profit organizations, raising General Operating funding during “normal” average years is challenging enough, but the fiscal realities and impact of Covid-19 have been extraordinary. It has brought way too many cultural Art organizations to the brink of closure, and unexpected numbers of Arts institutions throughout the country have closed. Towns and Cities throughout America are working together to find ways to address these difficult issues, and working towards solutions to strengthen these vital relationships and partnerships which greatly impact their communities as significant community assets.

As a former Los Gatos resident and NUMU and current Museums of Los Gatos supporter since the late 1980s, I am writing today to request amendments to the New Museum Los Gatos’ current lease with the Town of Los Gatos. When this agreement was created, the fiscal and financial realities that have impacted the community of Los Gatos due to Covid-19 in 2020 to the present, could not have been predicted or foreseen, and they continue today. Even if this were to change in the immediate future, the financial recovery period and opportunities for funding towards General Operations for any and all cultural Arts organizations will experience a very slow recovery.

The request for the Town of Los Gatos to reduce the annual rent from \$25,000 annually to an amount more aligned to those of similar “partnerships/relationships” throughout the Greater Bay Area, seems to be a very constructive and successful model and foundation to preserve impactful community assets such as NUMU. All along, I have been under the impression that the Town, like other cities in our region, supports the museum through free or minimal “symbolic” rent/lease such was the scenario with the former location for the Museums of Los Gatos on Tait Avenue, and annual grant opportunities for General Operations. NUMU is a great Los Gatos treasure, as well as a highly recognized and respected cultural Arts organization in the South Bay arts community. The programming, exhibitions, educational services, the community impact both on-site and off-site, the partnerships with other outstanding programs throughout the Town of Los Gatos; all of this and more, combine to create significant beneficial impact on the entire community. NUMU provides critical services to the Town that makes Los Gatos an incredible place to live, work, play, and learn, in addition to attracting visitors from throughout the Greater Bay Area and beyond, having a positive impact financially to local businesses.

My wife Kristin and I are proud to be members and active supporters of NUMU and to live near a Town that offers a vibrant cultural center and a museum that represents the region and safeguards our history.

I believe that solutions can be found that would mutually benefit all parties and build an even more successful outcome which would help to address any future unexpected financial challenges and create an ongoing structure and model for support that benefits the Town of Los Gatos and NUMU. I understand these challenges very well, as a former Executive Director of two different non-profit private not-affiliated with the City cultural Arts organizations for over 32 years, one in the City of San Jose, and the other in the City of Santa Clara, these same issues were at the core of which all else could be built and planned upon for the future. In both instances a sum of \$1.00 a year was created and agreed upon for the annual lease/rent fee. This is significant and I hope that this situation can be addressed with something similar to these models for solutions and possibilities to address the current fiscal challenges.

The presence and future of this treasured, recognized, and respected cultural Arts organization is in my opinion both a tremendous asset both financially and in the value and quality of life for the residents of Los Gatos, but also a commitment towards preserving and insuring a bright future of this distinguished institution in the town of Los Gatos. Thank you.

Sincerely,

George Rivera  
Advisory Board Member NUMU,

Former Executive Director of the Triton Museum of Art, Santa Clara, Ca.,  
and the San Jose Art League Center & Galleries, San Jose, Ca.

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**Subject:** FW: Agency Lease Waiver Request  
**Attachments:** 2023 Town Agency Lease Waiver Request.pdf

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**From:** Nancy Rollett  
**Sent:** Thursday, February 16, 2023 10:19 AM  
**To:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Cc:** Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>  
**Subject:** Agency Lease Waiver Request

[EXTERNAL SENDER]

Hello Laurel,

The Agency and our Board are seeking Council consideration of the attached lease waiver request I referenced in public comment at the Special Town Council meeting yesterday.

Please include this in the Council packet for the next meeting on 2/21/2023.

Regards,  
Nancy



**Nancy Rollett**

**Executive Director**

Direct: 408.207.4900

**LGS Recreation**

Main Office: 408.354.8700

208 E. Main St, Los Gatos, CA 95030

*Building a Healthy Community Through Enrichment, Innovation, and Fun!*





February 16, 2023

Town of Los Gatos

Attn: Laurel Prevetti, Town Manager

110 E. Main Street

Los Gatos, CA 95030

Re: Los Gatos-Saratoga Community Education and Recreation Lease Agreement

Request for Waiver: Lease Abatement

Dear Town Manager Laurel Prevetti:

This letter constitutes a Request for Waiver of terms with respect to the "Lease Agreement between Town of Los Gatos ["Town"] and Los Gatos-Saratoga Community Education and Recreation" ("Lease Agreement.") This Request is submitted in conjunction with the January 16, 2023 written proposal submitted by Los Gatos-Saratoga Recreation ("LGS Recreation").

#### Background

Since 2009, LGS Recreation has leased the ARC and YRC facilities from the Town, under which LGS Recreation provided staffing, financial management, programs and services to operate the 55 Plus Program, providing free or low-cost access to recreation, education, social, and wellness programs to the Town's residents.

With the support of the Town, Community Health and Senior Services Commission, and Senior Services Committee, as well as the Town's provision of funds under the American Rescue Plan Act ("ARPA"), the 55 Plus Program saw a resurgence in 2022, with 730 members, and over 1700 persons served through the program.

However, the post-pandemic economic environment has forced LGS Recreation to revisit the economic model upon which it provides free or low-cost adult recreation services to the Town's citizens, subsidized in part by LGS Recreation's other programs. The extended shelter-in-place in 2020-2021 significantly reduced participation levels LGS Recreation's programs, as well as the revenue generated from those programs.

The partnership entered between the Town and LGS Recreation in 2009 allowed the parties to provide valuable and meaningful recreational and social opportunities Town's citizens, and also, it was noted at the time, allowed such programs to be offered at a cost savings to the Town. However, the current economic climate has compelled LGS Recreation to re-evaluate the approximately \$500,000 in costs it incurs to provide the recreation services under the Lease Agreement on a free or low-cost basis to the Town's residents, in addition to the approximately \$250,000 facilities payments under the Lease Agreement that the Town is contemplating reinstating.

#### Terms of the Lease Agreement

The lease payments made by LGS Recreation are governed by Section 3 ("Rent") of the Lease Agreement. Section 36 of the Agreement ("Waiver") permits the Town to waive "one or more conditions of performance" without waiving "any other condition of performance." As noted above, the Town's decision to waive LGS Recreation's payments under the Lease Agreement in the past three years has been crucial to the rejuvenation of the 55 Plus Program.

LGS Recreation is requesting that the Town consider releasing LGS Recreation from its obligations to deliver the 55 Plus Program, or agree to modifying the scale of the program, as set forth in LGS Recreation's January 13, 2023 proposal, starting July 1, 2023. The basis of such a request is that the partnership with LGS Recreation entered into in 2009 has allowed the Town to achieve cost savings by having its recreation programs provided in partnership with a third party. These programs have been offered to the Town's participants, many of whom are on a fixed income, on a free or low-cost basis, as LGS Recreation forecasts that they will only generate approximately \$44,000 in revenue in 2023. We believe that the programmatic and financial benefits to the Town offset any opportunity costs to the Town. The cost of providing the 55 Plus Program to LGS Recreation is the catalyst for LGS's request for continuation of the lease abatement.

Prior to the pandemic, LGS Recreation subsidized the program in part through revenue generated by its other programs. In the post-pandemic economic climate, this economic model will prove infeasible on a going-forward basis. LGS Recreation asks the Town to consider the value of 55 Plus Program, using the \$500,000 annual costs incurred by LGS Recreation to deliver such program as a benchmark, against the alternative scenarios of either having such programs discontinued due to economic infeasibility, providing such programs as a municipal service or through a new vendor, or providing such program at greater expense to the Town's participants. LGS Recreation believes that the Town's willingness to consider adjusting the scale the 55 Plus Program in light of the fiscal impact to LGS Recreation of the lease payments will provide greater benefit the Town both programmatically and financially than the alternative scenarios.

Sincerely,



Nancy Rollett, Executive Director

Los Gatos-Saratoga Community Education and Recreation

Cc: Mayor Ristow, Vice Mayor Badame, Council Members Hudes, Rennie and Moore





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 15

ADDENDUM

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DATE: February 17, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Provide Comments Regarding the Five-Year Forecast (FY 2023/24 – 2027/28) and Scenarios and Provide Input for the FY 2023/24 Budget Direction

**REMARKS:**

Attachment 7 contains public comments received after publishing the Staff report and before 11:01 a.m. Friday, February 17, 2023

**Attachments received with the Staff Report:**

1. Annual Budget Process
2. Base Case Five-Year Forecast
3. Forecast Revenue Assumptions
4. Forecast Expense Assumptions
5. Additional Sales Tax Context from MuniServices
6. Public Comments Received before Publishing the Staff Report

**Attachment received with this Addendum:**

7. Public Comments Received after Publishing the Staff Report and before 11:01 a.m. Friday, February 17, 2023

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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**From:** Kristi Pearce-Percy [REDACTED]  
**Sent:** Friday, February 17, 2023 12:54 PM  
**To:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>  
**Subject:** Re: Council Meeting Feb 21 in support of KCAT

[EXTERNAL SENDER]

To the Town Manager, Laurel and to Mayor Ristow, Vice Mayor Badame, and Council Members Hudes, Moore, and Rennie~

I'm writing you today to ask for the support of the second half of KCAT's initial request to seed The Producer Network which will take the Program to a point of sustainability.

I joined KCAT's Board of Director's in 2021. My passion for giving back to the community led me there, and I'm happy it did. KCAT is so much more than a Media Resource – it provides a safe place for those who might be a little shy and feel out of place, it provides education to those yearning to learn, it provides a sense of community... I could go on! BUT, most recently, with the town's help in funding our 1<sup>st</sup> seed of money, we were able to start something so incredible and out of the box – THE PRODUCER'S NETWORK – that brought KCAT to the next level for our Senior Community. An Idea that turned into action, which then turned into passion, and now a necessary resource that NEEDS to remain in our town. Probably the best part of The Producer's Network, is that it's cross-generational. Gen X, Y & Z's are working with our 55+ Community and they are learning from each other. How amazing is that?!

I encourage you to attend a Producer Network meeting so you can see the buzz for yourself... Also, I know you have seen our metrics, but I wanted to point out a few highlights:

- 100% of the seniors participating in THE PRODUCERS will say that they have gained valuable skills and experiences
- 95 out of the 125 Producers are unique to local senior programs
- A total of 19 shows created in 1 year! All produced and edited by the Producers
- 30 people joined as couples
- 80+ additional individuals are in the pipeline to become involved

I also want to make an important note that KCAT will not be asking for further funding for The Producer Network from the Town. But we do need this 2<sup>nd</sup> seed for this program to continue past March 2023.

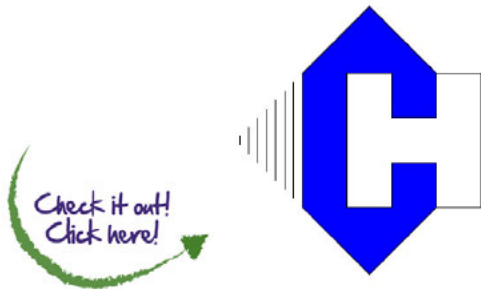
Thank you for taking this into consideration, and we look forward to ALL celebrating the continued success of THE PRODUCER'S NETWORK.

Sincerely,  
Kristi Pearce-Percy

ATTACHMENT 7

KCAT Vice President of the Board of Directors

**Kristi Pearce-Percy | Principal**  
CUSCHIERI HORTON ARCHITECTS





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 15

DESK ITEM

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DATE: February 17, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Provide Comments Regarding the Five-Year Forecast (FY 2023/24 – 2027/28) and Scenarios and Provide Input for the FY 2023/24 Budget Direction

**REMARKS:**

Attachment 8 contains public comments received between 11:01 a.m. Friday, February 17, 2023, and 11:00 a.m. Tuesday, February 21, 2023.

**Attachments received with the Staff Report:**

1. Annual Budget Process
2. Base Case Five-Year Forecast
3. Forecast Revenue Assumptions
4. Forecast Expense Assumptions
5. Additional Sales Tax Context from MuniServices
6. Public Comments Received before Publishing the Staff Report

**Attachment received with the Addendum:**

7. Public Comments Received after Publishing the Staff Report and before 11:01 a.m. Friday, February 17, 2023

**Attachment received with this Desk Item:**

8. Public Comments Received between 11:01 a.m. Friday, February 17, 2023, and 11:00 a.m. Tuesday, February 21, 2023.

**PREPARED BY:** Gitta Ungvari  
Finance Director

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Reviewed by: Town Manager and Town Attorney

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From: Melissa Toren [REDACTED]  
Sent: Friday, February 17, 2023 3:19 PM  
To: Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>  
Cc: Burton Craig [REDACTED]  
Subject: ATTACHMENT FOR 2/21 COUNCIL MEETING

[EXTERNAL SENDER]

Good afternoon Laurel,

Attached is a letter on behalf of the KCAT Board of Directors that we would like included as an attachment or in the agenda packet for the February 21 Town Council Meeting.

Thank you Council for taking time to read this letter before the meeting. Please know that the hundreds of pages of reading you must do and requests you must acknowledge is most appreciated!

Have a terrific weekend.  
Melissa.

--



Melissa Toren  
Executive Director  
[REDACTED]

[www.kcat.org](http://www.kcat.org)

*Celebrating 38 years of service, KCAT TV15 contributes to the vitality of our communities by producing, creating and delivering dynamic local content to our viewers. We inspire, educate, entertain and inform our residents which ignites civic engagement, fosters involvement and tells our community story through the magic of television and digital media.*



# KCAT PUBLIC MEDIA

LOS GATOS | MONTE SERENO | SILICON VALLEY

Burton Craig  
President

Kristi Pearce-Percy  
Vice President

Jane Hiatt  
Secretary

Ken Toren  
Treasurer

Joanne Talesfore  
Past President

Mark Chow  
Member at Large

Umar Ellahie  
Member at Large

Teri Hope  
Member at Large

Yvonne Khananis  
Member at Large

Joe Pirzynski  
Member at Large

Bill Reagan  
Member at Large

Tylor Taylor  
Member at Large

Alex Shultz,  
LGSUHS Rep

Melissa Toren  
Executive Director

KCAT TV & RADIO  
20 High School Court  
Los Gatos, CA 95030

Mailing Address:  
15466 Los Gatos Blvd.  
#109-233  
Los Gatos, CA 95032

[www.kcat.org](http://www.kcat.org)

February 17, 2023

TO: Mayor Ristow, Vice Mayor Badame, Councilmember Rennie, Councilmember Hudes,  
Councilmember Moore, and Town Manager Prevetti,

On behalf of the Board of Directors of KCAT PUBLIC TV & RADIO, we thank the Council and CHSSC for your vision, commitment and belief in us to launch from scratch a 55+ pilot program that brings fulfillment to the lives of a robust demographic in our community.

Now let's continue our valued partnership. The Producers Network pilot has exceeded all of our expectations. Based upon our metrics, data and success, we hope the Town will provide the second half of the originally requested seed funding. We would like to emphasize that:

- We will NOT be asking for additional Town funding for TPN after this \$100,000 allocation.
- TPN will be fully sustainable by Q4 2023 which is remarkable for a new start-up program.
- By Q4 2023, TPN will have grown to be a self-sustaining, revenue-generating business supported by events, sponsors, grants, donors, and a monthly subscription model.
- The first round of funding from 1/22 will be depleted March 2023 which ends this vital program.
- CHSSC voted unanimously to encourage the Town to allocate the last and final seed funding.

Thank you for your strong consideration to provide us with the additional \$100,000 initially requested from the ARPA long-term or other available funds. With this support, The Producers Network will grow from a pilot to a full-service impactful program in our community.

Warmly,

Melissa Toren  
Executive Director



**From:** Ken Toren [REDACTED]  
**Sent:** Friday, February 17, 2023 6:35 PM  
**To:** Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>; Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Subject:** KCAT PROUD!

[EXTERNAL SENDER]

To Mayor Ristow, Vice Mayor Badame, Council Members Rennie, Hudes, Moore, and Town Manager Laurel Prevetti:

First, huge thanks for serving as our elected officials and Town Management. It's not an easy job and we appreciate and value your time, commitment, judgement, integrity, and trust.

It has been a privilege to serve on the KCAT Public Media Board for 10+ years. I have seen this organization grow in so many profound and meaningful ways. Here is a portion of what we do:

We are proud of our youth camp with over 600+ kids in 5 years.

We are proud that we have high school youth so engaged in a variety of station activities. Many of our youth return year after year and there is a constant flow of new energy.

We are proud that KCAT has built an excellent regional and national reputation to be innovative and transformative through podcasts, vodcasts, and leveraging the latest technology, devices, and platforms to stream content and do live broadcasts.

We are proud of our original local content, new programs, full schedule, and Government meetings which promotes transparency and civic pride.

We are proud to have expanded our terrific Board and fully embrace fund raising mainly through our Oktoberfest event which netted \$36,000 in its first year!

We are proud that KCAT remained 24/7 during the various phases of COVID, pivoting as needed to manage virtual meetings, being one of the first to return to an in-person summer camp, and the only station in the Bay Area to cover an in-person version of LGHS graduation for students and families...all safely and in compliance with local regulations.

We are proud of our on-going relationship with the Town of Los Gatos and City of Monte Sereno as well as so many partnerships and collaborations including SASCC, Cassy, Rotary Clubs, Lions Club, LGS Recreation, LG Chamber, NUMU, and other businesses and nonprofits.

We are proud that KCAT has been serving the community for 40 years.

And we are proud to now have the 55+ community so active in our Producers Network and these super metrics in its first year of operation:

- 137 currently involved with 30 couples and 80+ in the pipeline.
- 70% of members are unique to local senior programs.
- 19 shows created to date.
- Producers have volunteered in community events such as Promenades and Veteran's events.
- Youth and seniors have worked side-by-side as part of our intergenerational initiatives.

With great pride, we are thrilled to fulfil the objectives of the Senior Roadmap and continue the unique Producers program for many years to come.

And we are proud that our funding request of \$100,000 from the Town for The Producers will be last and final as we have developed realistic and tangible plans for sustainability and growth.

Thank you.

Ken Toren  
Board Member, KCAT Public Media  
CEO, Red Cross Silicon Valley

Ken Toren





**From:** Joanne S. Talesfore [REDACTED]  
**Sent:** Saturday, February 18, 2023 7:03 PM  
**To:** Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>; Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Subject:** A KCAT REQUEST

[EXTERNAL SENDER]

Dear Mayor Ristow, Vice-Mayor Badame  
Council Members Hudes, Rennie, Moore  
Town Manager Laurel Prevetti

Your generous financial support in 2022, challenging KCAT TV to develop a community program to engage Seniors 55+ in meaningful and productive areas, has done just that!

Today I am writing to you, as KCAT past-President and 12+ year Board member, and active community participant in Town programs and committees, to say **Thank you!** Your vote of confidence at that time, with initial seed money, parlayed into one of KCAT's most notable program developments - *The Producers Network*.

It has been a productive year of dedicated leadership by Executive Director Melissa Toren and Staff, with support from an enthusiastic Board, enabling all of us together to take pride in significant accomplishments we can identify in *The Producers Network* (TPN).

Consider this:

- \* 137 currently involved Seniors 55+, with a waiting list of 80 more
- \* 70% of membership are unique to local senior programs
- \* 19 program shows created in video, podcasts, and an online magazine "ZINE"
- \* 20 'Producers' volunteered at Chamber's Promenades, Veteran events, OktoberFest LG

\* 10 high school students and ‘producers’ worked together on projects as part of KCAT’s inter- generational focus

Ultimately, *The Producers Network* team fulfilled the initial objectives of the original grant’s challenge, and a leader and participant, will continue to fulfill the Town’s objectives as written in the recently adopted Senior Roadmap, a valued Town achievement.

I take pride that today, the KCAT funding request for \$100,000.00 from the Town for *The Producers Network*, will be the last and final, as seed money should be. Proudly, KCAT has developed a realistic and tangible plan to move forward for sustainability and growth.

Thank you for your dedicated work for our Town of Los Gatos, a Town we are proud to serve with you,

Joanne Talesfore  
KCAT TV Board Member



**From:** Joni Russell [REDACTED]  
**Sent:** Sunday, February 19, 2023 12:47 PM  
**To:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>; Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>  
**Cc:** Melissa Toren <[melissa@kcat.org](mailto:melissa@kcat.org)>  
**Subject:** Council Meeting in Support of KCAT

[EXTERNAL SENDER]

To the Town Manager, Laurel Prevetti, and to Mayor Ristow, Vice Mayor Badame, and Council Members Hudes, Moore, and Rennie.

I am sending this email to you today and asking for your support to continue to fund KCAT's Producers Network program, under the leadership of Melissa Toren, with the second half of the original seed money used to launch this innovative initiative.

I was hired by KCAT in 2022 as the Project and Engagement Manager for the Producers Network. I am proud to report that in just one year's time we have created and executed from scratch a transformative program that has offered the 55+ year old community of Los Gatos a level of training, experience, creativity, learning, and involvement reaching well above and beyond what is typically offered to this demographic of my peers.

It is with extreme pride that I am able to report that we have developed and nurtured a network of 125 volunteers who have produced and edited roughly 20 show episodes of original content for KCAT, including 2 shows that are created and hosted by 94-year olds. Our shows reflect the relevant content, skill sets, life lessons, expertise, information, and impactful stories that need to be told. We are improving lives, addressing isolation and loneliness, providing socialization, and using our media platform to become a connector in our community.

Each and every week we are receiving word-of-mouth requests from Seniors asking to join The Producers and sharing their desire to become involved. So I invite you to come and join us at one of our monthly speakers series meetings or walk the red carpet with us for a new show or episode premiere watch party. Visit us for hands-on tech training to learn studio filming, editing, or floor directing. Share our excitement and enthusiasm as we embark on the creation of a group Murder Mystery Pilot for TV. Watch as our generations working together generate unparalleled magic! Read about the volunteer work we do and what we have accomplished in our online magazine (Zine).

Our community deserves KCAT's Producers Network to continue to thrive for all of us. I urge the town to continue to fund this essential program.

Thank you for your thoughtful consideration!

Sincerely,

Joni Russell  
The Producers Network  
Program and Engagement Manager

--



**The  
Producers  
Network**

Local Creators & Reporters

**Joni Russell**

Program & Engagement Manager

The Producers Network | KCAT Public Media



**From:** Mark Chow [REDACTED]  
**Sent:** Sunday, February 19, 2023 2:52 PM  
**To:** Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>; Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Cc:** Melissa Toren [REDACTED]; Mark Chow [REDACTED]  
**Subject:** a letter of support for KCAT funding

[EXTERNAL SENDER]

To: Mayor Ristow, Vice Mayor Badame, Councilmember Rennie, Councilmember Hudes, Councilmember Moore, and Town Manager Prevetti,

I'm writing to ask for your vote to support the funding of KCAT Public Media's Senior Citizen program "The Producer's Network." As you know, the town voted to fund half of the original program request, and this is a proposal to fund the remaining \$100,000 that will allow the program to reach self-sustainability.

I've been a resident of Los Gatos for 28 years and have served on the KCAT board of directors for 18 years. In that time, I've seen and participated in KCAT's development from a volunteer video non-profit to a business-driven innovative organization providing the community media services that the Town of Los Gatos deserves.

In addition to providing broadcast and streaming video for official Town functions and the technical infrastructure to support government transparency, KCAT has developed self-funded programs such as Youth Camps, media technology education, podcasting and internet radio, and television shows that capture the culture of Los Gatos. We partner with the High School to support academic and sports programs; the Chamber of Commerce and business community to promote local enterprise; and service groups providing media coverage for their good works such as the annual Holiday Parade.

"The Producer's Network" is a concept in the Silicon Valley tradition of thinking beyond the shuffleboard court to serve our senior population. It provides a creative and intellectually stimulating activity for participants that directly serves the media needs of our community since the decline of local newspaper coverage. It also provides a connection between our high school youth participants who bring their knowledge of new technology, and our seniors who bring the wisdom of their experience.

This is a special and innovative program that exemplifies the spirit of Los Gatos. We've proven that the KCAT team can deliver on the promise of enriching the lives of our senior participants. Los Gatos deserves "The Producer's Network" and this final round of funding will make it possible. I thank you for your consideration.

Sincerely,

Mark Chow  
Senior Producer, Google Developer Education  
Past KCAT Board President

**From:** Irving & Evelyn Mitsunaga [REDACTED]  
**Sent:** Sunday, February 19, 2023 5:54 PM  
**To:** Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>  
**Cc:** Town Manager <[Manager@losgatosca.gov](mailto:Manager@losgatosca.gov)>  
**Subject:** Senior Services Roadmap

[EXTERNAL SENDER]

Council members --

Thank you for endorsing the Senior Services Roadmap. You are to be commended for recognizing the professionalism and thoroughness of the road-map report.

A part-time coordinator position to serve as a central point of contact is critical to the implementation of this program, and I hope you will find a way to approve that staffing.

Regarding housing: As some of you know, I am immensely disappointed that the Meadows Project has apparently been shelved. I personally feel that the Town needs to reach out to such businesses and help find solutions to the senior housing needs, rather than present roadblocks to projects.

Thank you for your service. - Evelyn Mitsunaga, [REDACTED] Los Gatos.

**From:** Jane Hiatt [REDACTED]  
**Sent:** Monday, February 20, 2023 12:23 PM  
**To:** Maria Ristow <[MRistow@losgatosca.gov](mailto:MRistow@losgatosca.gov)>; Mary Badame <[MBadame@losgatosca.gov](mailto:MBadame@losgatosca.gov)>; Rob Rennie <[RRennie@losgatosca.gov](mailto:RRennie@losgatosca.gov)>; Matthew Hudes <[MHudes@losgatosca.gov](mailto:MHudes@losgatosca.gov)>; Rob Moore <[RMoore@losgatosca.gov](mailto:RMoore@losgatosca.gov)>  
**Cc:** Laurel Prevetti <[LPrevetti@losgatosca.gov](mailto:LPrevetti@losgatosca.gov)>  
**Subject:** KCAT funding request to support The Producers Network

[EXTERNAL SENDER]

Dear Town Council members,

My name is Jane Hiatt, and I am a long-time Los Gatos resident. I currently serve as secretary of the Board of Directors for KCAT Public Media. I am writing to urge you to provide a second (and final) year of funding to support KCAT's development of The Producers Network, a creative and innovative approach to involving senior adults as active and essential members of the Los Gatos community.

The Producers Network has accomplished a remarkable amount in the 13 short months of its existence. Easy-to-measure accomplishments include:

- the recruitment and training of over 125 seniors in all aspects of the creation and production of community media (with another 80 potential participants on the waiting list);
- the provision of monthly education and support meetings for program participants;
- the development of six new shows with a total of 19 episodes created and directed by members of The Producers Network; and
- the creation of a program infrastructure that will carry the program forward.

The less quantifiable accomplishments of The Producers Network, however, are perhaps more valuable:

- the provision of opportunities for program participants to become actively engaged in and feel a sense of commitment to community media;
- the sense of social connection that program participants report feeling as a result of the program participation;
- the interaction and cooperation between youth and seniors as they work together on Producers Network programming;

- the addition of a vital “senior perspective” into the general programming at KCAT; and
- the creation of a volunteer force that will support KCAT in its community initiatives.

The Producers Network is an impressive, innovative program of which the Town of Los Gatos can be proud. I encourage you to grant this KCAT funding request so that the important work of The Producers Network can continue and so that KCAT will be able to bring the program to the point of being self-sustaining.

Thank you for considering this funding request carefully. And thank you for all that you do to help Los Gatos thrive.

Jane Hiatt

KCAT Board member and secretary